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China New Town Development Company Limited
中國新城鎮發展有限公司

(Incorporated as a business company limited by shares under the laws of the British Virgin Islands)

Hong Kong Stock Code: 1278

Singapore Stock Code: D4N.si

MAJOR AND CONNECTED TRANSACTION UNDER HONG KONG LISTING RULES
AND
INTERESTED PERSON TRANSACTION AND MAJOR TRANSACTION UNDER
SINGAPORE LISTING RULES

ENTERING INTO LIMITED PARTNERSHIP AGREEMENT IN RESPECT OF THE
ESTABLISHMENT OF AN INVESTMENT PARTNERSHIP IN THE PEOPLE'S
REPUBLIC OF CHINA

The Board is pleased to announce that on 2 March 2016, CDB New Town (Beijing) AM and Sheng Qi IFM, wholly-owned subsidiaries of the Company, entered into the Agreement in relation to (i) the establishment of an investment partnership, CDB New Town New-type Urbanization Development Fund (Limited Partnership) (國開新城新型城鎮化發展基金（有限合夥）)(tentative name) comprising a total Capital Amount (as defined below) of RMB 5 billion, and (ii) the governance of the relationship between the investors of the Investment Partnership.

As CDBC is a controlling shareholder of the Company, and CDB Fund is an associate of CBDC, CDB Fund is a connected person of the Company under the Hong Kong Listing Rules and an interested person of the Company under the Singapore Listing Rules. The Agreement and the transactions contemplated thereunder therefore constitute a connected transaction and interested person transaction of the Company under the Hong Kong Listing Rules and Singapore Listing Rules respectively. As the applicable percentage ratios defined under Rule 14.07 of the Hong Kong Listing Rules for the transaction contemplated under the Agreement exceed 5%, the Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements and the independent shareholders' approval requirement of the Hong Kong Listing Rules. In addition, as the applicable ratio calculated under Rules 905 and

906 of the Singapore Listing Rules exceeds 5%, the Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements and the independent shareholders' approval requirement of the Singapore Listing Rules. Also, as one of the applicable ratios set forth under Rule 14.07 of the Hong Kong Listing Rules in respect of the Proposed Transaction is more than 25% but less than 75%, the Proposed Transaction constitutes a major transaction for the Company under Chapter 14 of the Hong Kong Listing Rules and is therefore subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Hong Kong Listing Rules.

Lastly, as the relative figure calculated under Rule 1006(c) of the Singapore Listing Rules, the Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements and the independent shareholders' approval requirement of the Singapore Listing Rules.

A circular containing, among other things, (i) further details of the Agreement and the Proposed Transaction; (ii) the recommendation of the independent board committee to the independent shareholders of the Company; (iii) the advice from the Singapore independent financial adviser to the independent directors and independent shareholders of the Company; (iv) the advice from the Hong Kong independent financial adviser to the independent board committee and the independent shareholders of the Company; and (iv) a notice of the EGM, will be despatched to the shareholders on or around 31 March 2016 in accordance with the relevant requirements of the Hong Kong Listing Rules and Singapore Listing Rules.

1. INTRODUCTION

The Board of directors (the “**Board**”) of China New Town Development Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce that on 2 March 2016, CDB New Town (Beijing) Asset Management Co., Ltd. (國開新城（北京）資產管理有限公司)(“**CDB New Town (Beijing) AM**”) and Sheng Qi Investment Fund Management Company Limited (晟麒（嘉興）投資管理有限公司揚州國開投資基金管理有限公司) (“**Sheng Qi IFM**”), two (2) wholly-owned subsidiaries of the Company, had entered into a limited partnership agreement (the “**Agreement**”) in relation to (i) the establishment of an investment partnership, CDB New Town New-type Urbanization Development Fund (Limited Partnership) (國開新城新型城鎮化發展基金（有限合夥）) (tentative name), comprising a total Capital Amount of RMB 5 billion (the “**Investment Partnership**”), and (ii) the governance of the relationship between the investors of the Investment Partnership (the “**Proposed Transaction**”).

2. TERMS OF THE AGREEMENT

2.1 Constitution of the Investment Partnership

The Investment Partnership will be constituted by the Limited Partnership Agreement under the laws of the People's Republic of China (“**PRC**”). There will be two categories of partners under the Investment Partnership, a General Partner (as defined below) and three (3) Limited Partners (as defined below) (collectively, the “**Partners**”). The rights and liabilities of each of the Partners under the Investment Partnership will be as set out under the terms of the Agreement and as prescribed by the laws of the PRC.

2.2 Partners

The general partner (“**General Partner**”) of the Investment Partnership is Sheng Qi IFM, a newly established wholly-owned subsidiary of the Group with a registered capital of RMB 1,000,000, and is engaged in the principal activity of operating and managing funds focusing on urbanization-related investments.

The Investment Partnership has three (3) limited partners (“**Limited Partners**”), differentiated in accordance with the priority of their rights to distributions from the Investment Partnership:

- (a) Senior-tranche limited partner – CIB Wealth Management Co., Ltd. (兴业财富资产管理有限公司)(“**Senior-Tranche Limited Partner**”), a subsidiary of CIB Fund Management Co., Ltd. (兴业基金管理有限公司), which is engaged in offering asset management services and other services permitted by the China Securities Regulatory Commission in the PRC.
- (b) Intermediate-tranche limited partner – CDB Jingcheng (Beijing) Investment Fund Company Limited (國開精誠(北京)投資基金有限公司)(“**Intermediate-Tranche Limited Partner**” or “**CDB Fund**”), a fund established by China Development Bank Capital Corporation Ltd (“**CDBC**”), a controlling shareholding of the Company, for various types of investment opportunities, among which urbanization is the core segment.
- (c) Junior-tranche limited partner (“**Junior-Tranche Limited Partner**”) – CDB New Town (Beijing) AM, a subsidiary of the Group, which is engaged in the principal business of investment management and advisory.

2.3 Capital Contribution under the Investment Partnership

Under the terms of the Agreement, the Investment Partnership will be established with the Capital Amounts agreed to be contributed, and at such times, by each of the General Partner and Limited Partners, as follows:

Name of Partner (Tranche)	Agreed Amounts (RMB'000) ("Capital Amounts")	Capital Committed Ratio to the Fund (%)	Time for Contribution of Capital Amounts
General Partner			
Sheng Qi Investment Fund Management Company Limited (General Partner)	1,000	0.02	Payable in full upon constitution of the Fund
Limited Partners			
CIB Wealth Management Co., Ltd. (Senior-Tranche)	3,750,000	75	Upon issue of a drawdown notice and within the period specified in

CDB Jingcheng 200,000	4	the drawdown notice, which will be not less than 12 days.
(Beijing) Investment Fund Company Limited (Intermediate-Tranche)		
CDB New Town 1,049,000	20.98	
(Beijing) Asset Management Co. Ltd (Junior-Tranche)		
Total	5,000,000	100

The General Partner shall be entitled to issue drawdown notices for the contribution of Capital Amounts by each Partner only after approval from the investment management office of the Investment Partnership, and in accordance with the amounts required for any approved investments by the Investment Partnership. Unless otherwise agreed by the Senior-Tranche Limited Partner, the contribution of the Capital Amount by the Senior-Tranche Limited Partner for any single project or investment will not exceed RMB937.5 million, and the Capital Amounts to be contributed by each Limited Partner will be in relative proportion to the committed capital ratio set out in the table above.

The total Capital Amount to be contributed by CDB New Town (Beijing) AM and Sheng Qi IFM collectively, of RMB 1,050,000,000, has been determined after taking into account, among other things, the intended investment opportunities as described in paragraph 2.5 below. The Board currently contemplates that the Company will fund its share of the Capital Amount through a mixture of internal resources of the Company and potential borrowings if necessary.

2.4 Investment period

The investment period is expected to be eight years in total, commencing from the date of establishment of the Investment Partnership. The investment period will be divided as follows:

- (a) there will be an initial four years, known as the “investment deployment period”, during which investments will be undertaken;
- (b) the ensuing four years, known as the “exit period”, will be the period during which no more new investment projects will be undertaken and the proceeds of investments that are realised will be distributed to all Partners within an agreed period of time from the receipt of such proceeds, subject to the conditions set out in paragraph 2.8 entitled “Profit sharing mechanisms”. If agreed to by all the Partners, this period may be extended for further periods of one year, subject to a maximum of two extensions.

All the Partners may agree to further extend or reduce the investment period, investment deployment period, and exit period.

2.5 Target investment area and structure

Not less than 90% of the aggregate Capital Amounts of the Investment Partnership will be invested in fixed-income investments (in the form of debt instruments (such as bonds or notes) or mezzanine-type investments (such as an equity investment into a project joint venture with clearly defined annual investment return and arrangements to exit the full amount of original investment at the end of an agreed horizon)), and should satisfy, *inter alia*, the following key requirements:

- (a) The project issuing such investments should have satisfied all legal requirements and obtained all consents and approvals;
- (b) There will be no rating requirements, and investments can be made as long as the projects satisfy the requirements under the Investment Partnership Agreement;
- (c) The gearing of the issuer of such investments will be evaluated in accordance with the criteria set out in the Investment Partnership Agreement;
- (d) The investments should provide guarantees and collaterals sufficient to cover the Capital Amounts invested, such investments preferably secured by a first fixed charge;
- (e) Investments repayable by government funds should have satisfied the relevant regulations of the Budget Law of the PRC (中華人民共和國預算法) and the Opinion of the State Council of the PRC on increasing governance over the administration of local government bonds (國務院關於加強地方政府性債務管理的意見); and
- (f) For investments relating to real estate projects, following the investments, the Investment Partnership shall continue to monitor the procurement of the relevant certificates and the repayment risks.

The remaining Capital Amounts, subject to an upper limit of 10% of the aggregate Capital Amounts, can be invested in pure equity type investments such as shares issued by companies that are listed on a stock exchange, subject further to consent by the Senior-Tranche Limited Partner to the specific investment.

The investment focus will be primarily on projects located in national economic zones, namely, the “Beijing-Tianjin-Hebei Zone”, the Yangtze River Delta, the Pearl River Delta, leading economic zones centered around provincial capital cities, and cities and counties with top rankings of GDP and fiscal position by the National Statistics Bureau and/or similar authorities. Where a project’s counterparty involves a government entity, then such government shall have debt servicing cash flow coverage of over 100%.

The investment focus will be on securities issued by government, government linked companies and commercial companies engaged in the following areas:

- (a) old town reformation and shanty town reformation, primary land development:
 - (i) In particular, the Investment Partnership will primarily focus on development projects which satisfy the local government’s regulations and which have

obtained the relevant approvals from the local governments, investment projects which have already implemented relocation and resettlement compensation plans for the residents, investment projects that are likely to progress in accordance with its clearing and development plans, investment projects with partners of strong financial standing, investment, and top standards development projects which have good prospects for transfer in future; and

- (ii) Joint venture parties of the projects will include local government linked companies with sufficient financial standing, market development agencies with experience in land development or significant standing in the relevant town, and real estate developers with sufficient experience and/or standing;
- (b) the provision of municipal facilities with exclusive rights in the operation or management of water, waste treatment, alternative energies and public utilities resources or services:
 - (i) In particular, the Investment Partnership will primarily support projects that are closely related to the livelihood of the citizens, projects that have obvious social benefits and transparent pricing mechanisms, projects that provide stable and long-term cash flow, and projects that return the Capital Amounts invested and provide the necessary returns;
 - (ii) In the event that the relevant governments have to subsidise any shortfall where the projects themselves do not generate sufficient cash flow to return to the Partners the Capital Amounts invested and provide the necessary returns, then such commitments are to be supported by official documents for the relevant fiscal subsidies or the regional People's Congress endorsing the government fiscal budget;
 - (iii) Public-Private-Partnership (PPP) projects undertaken shall be from the official PPP project list of the relevant Provincial Development and Reform Commission (省級發改委) and governed by relevant PPP contracts; and
 - (iv) Joint venture parties of the projects will include companies implementing market-oriented operations which have obtained the relevant authorisations and permits for the relevant projects and possess the relevant qualifications and experience for the relevant projects, such qualifications and experience to be proven by written records;
- (c) Secondary land development:
 - (i) In particular, the Investment Partnership will primarily focus on lands in the heart of the first and second tier cities where there is sufficient market capacity and low movements in property prices, lands in good geographical location with a good transport system completed with facilities nearby, competitive projects with clear and plausible development plans and which already have feasibility reports completed, developments that are simpler and will not require a long time to settle post-completion matters, developments with land premium requiring

not more than a reasonable capital out of the total Capital Amounts contributed (preferably less than 60% of the total Capital Amounts contributed), clean lands with relocation and clearing works already completed, projects with reasonable collaterals and are able to provide returns on the Capital Amounts contributed, projects with clear funding strategies and exit terms, and projects backed by asset management companies; and

- (ii) Joint venture parties of the projects will include the top real estate developers in the country, municipalities and cities.

2.6 Decision making of the Investment Partnership

Pursuant to the terms of the Agreement, the assessment procedures and standards of each investment undertaken by the Investment Partnership shall be primarily based on the existing assessment procedures and standards of the Company. The Company must have completed its full assessment of each target investment project, including project initiation, due diligence and approval by the Company's investment committee before such target investment project will be recommended to the investment management office of the Investment Partnership, an office dedicated to the Investment Partnership's investment deployment and exit executions and all the three (3) members of which will be appointed by the General Partner, for its final approval and decision making.

The General Partner shall issue drawdown notices to all Partners at least 12 working days prior to the required drawdown date. Such drawdown notices shall comprise the assessment report of the target investment project, the relevant meeting minutes of the Company's investment committee and the Investment Partnership's investment management office. The investment decision by the General Partner shall comply with the investment criteria and assessment standards as set out in the Limited Partnership Agreement (further details of the investment criteria and assessment standards of the Investment Partnership are set out in paragraph 2.5 entitled "Target investment area and structure"). Where the Senior-Tranche Limited Partner requires any clarification in respect of an investment decision, the Senior-Tranche Limited Partner shall request for clarification in writing within 10 working days of receiving the drawdown notice, upon which the General Partner is required to justify the investment decision in writing to the satisfaction of the Senior-Tranche Limited Partner.

The Limited Partners are required to contribute the required Capital Amounts to the designated bank accounts of the Investment Partnership on or before the drawdown date.

2.7 Preferential investment gains ("Preferential Investment Gains") of each tranche of Limited Partners

Senior-Tranche Limited Partner

Relevant PBOC benchmark rate for loans of tenor over 5 years (currently 4.90% per annum), such benchmark rate to be determined on the actual funding date, plus 1.65% per annum, subject to the terms and conditions set out in paragraph 2.8 entitled "Profit sharing mechanisms" below.

Intermediate-Tranche Limited Partner

Fixed rate of 11.6% per annum, subject to the terms and conditions set out in paragraph 2.8 entitled "Profit sharing mechanisms" below.

Junior-Tranche Limited Partners and the General Partner

Junior-Tranche Limited Partners and the General Partner are not entitled to preferential investment gains but shall enjoy the profit sharing of the Fund as set out in paragraph 2.8 entitled “Profit sharing mechanisms” below.

2.8 Profit sharing mechanisms

During the entire investment period, the proceeds and capital sum from the Capital Amounts contributed shall be distributed to the Partners within five (5) working days of duly receiving such proceeds. When distributed on a distribution date, such proceeds shall be distributed in the following manner:

- (a) Such proceeds and capital sums shall first be preferentially distributed to the Senior-Tranche Limited Partner until the relevant preferential investment gains and capital sums the Senior-Tranche Limited Partner is entitled to, for the respective cases of investment proceeds distributions and capital sum distributions, are satisfied. Such amounts are calculated based on: (i) the actual Capital Amounts paid up by the Senior-Tranche Limited Partner for such investment; (ii) the preferential investment gains formula stipulated in the Limited Partnership Agreement;
- (b) Next, the remainder, if any, shall be preferentially distributed to the Intermediate-Tranche Limited Partner until the relevant preferential investment gains and capital sums the Intermediate-Tranche Limited Partner is entitled to, for the respective cases of investment proceeds distributions and capital sum distributions, are satisfied. Such amounts are calculated based on: (i) the actual Capital Amounts paid up by the Intermediate-Tranche Limited Partner for such investment; (ii) the preferential investment gains formula stipulated in the Limited Partnership Agreement; and
- (c) Lastly, the remaining amounts shall be divided among the Junior-Tranche Limited Partner and the General Partner in proportion to the actual Capital Amounts paid up by each of them for such investment.

In the event that the amounts distributed on any distribution date for fixed-income investments or pure equity type investments (as the case may be) is insufficient to satisfy the preferential investment gains and capital attributable to the Senior-Tranche Limited Partner, the amounts distributable on the next distribution date for fixed-income investments or pure equity type investments (as the case may be) shall first be used to satisfy any such shortfall in payment to the Senior-Tranche Limited Partner on previous distribution dates.

The Investment Partnership shall pay the relevant business taxes, if any and subject to the applicable business tax rate for each investment, on the investment gains on behalf of the Partners. However, each Partner shall individually bear the relevant profit taxes payable on the amounts distributed to it by the Investment Partnership.

2.9 Obligations of General Partner and management fees

The General Partner has the right to manage daily operations of the Investment Partnership and shall ensure the legal compliance of the Investment Partnership with the regulations in the PRC. There is no management fee payable to the General Partner. However, expenses

incurred by the General Partner in the administration and management of the Investment Partnership will be borne by the Investment Partnership.

Pursuant to the terms of the Limited Partnership Agreement, the General Partner is required to indemnify the Limited Partners for losses caused to such Limited Partners due to the wilful default or material breach of the Limited Partnership Agreement by the General Partner.

2.10 Conditions precedent

The establishment of the Investment Partnership is conditional upon, amongst others:

- (a) approval of the independent shareholders of the Company being obtained to the entry into of the Proposed Transaction pursuant to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”) and the Listing Manual of the Singapore Exchange Securities Trading Limited (“**Singapore Listing Rules**”); and
- (b) business license being granted for the establishment of the Investment Partnership.

2.11 Termination

Pursuant to the terms of the Agreement, as long as the Senior-Tranche Limited Partner remains a Partner of the Investment Partnership, the Intermediate-Tranche Limited Partner and Junior-Tranche Limited Partner shall not be entitled to exit the Investment Partnership. Save for the above, Limited Partners shall exit the Investment Partnership upon the occurrence of any of the following events:

- (a) Upon the winding up, striking-off or liquidation of such Limited Partner;
- (b) In the event that the relevant regulations prevents such Limited Partner from maintaining its status as a Limited Partner in the Investment Partnership;
- (c) In the event that all of the assets of such Limited Partner in the Investment Partnership are seized by the courts; or
- (d) Upon the occurrence of any event under the Partnership Enterprise Law of the PRC (合夥企業法) resulting in the Limited Partner ceasing to be a Limited Partner of the Investment Partnership.

Upon the occurrence of any of the events mentioned above, the exiting Limited Partner shall recommend a new limited partner to replace it, such new limited partner to be unanimously agreed to by all other Partners.

Pursuant to the Agreement, the General Partner shall not exit the Investment Partnership unless the Investment Partnership is dissolved. In the event that the General Partner has to exit the Investment Partnership pursuant to the Partnership Enterprise Law, the Fund shall immediately appoint a new general partner, failing which, the Investment Partnership will dissolve.

The Investment Partnership shall be dissolved upon the occurrence of any of the following events:

- (a) Upon the Investment Partnership exiting all of its investments;
- (b) In the event that the Investment Partnership lacks a legal representative for 30 days or more;
- (c) The Investment Partnership's only General Partner is removed or exits the Investment Partnership, and the Partners fail to appoint a new general partner;
- (d) In the event that the business licence of the Investment Partnership is revoked;
- (e) Upon the Partners' resolution that the Investment Partnership is unable to continue operations, arising from the material breach of one (1) or more Partners of their obligations under the Limited Partnership Agreement;
- (f) Upon the unanimous consent of all Partners to dissolve the Investment Partnership; and
- (g) Upon the occurrence of any other reasons for dissolution of the Investment Partnership under the Partnership Enterprise Law or the Limited Partnership Agreement.

3. RATIONALE FOR THE PROPOSED TRANSACTION

3.1 Urbanization Investment as Principal Business of the Group

In view of the core competency of the CDB Group and the Group in urbanization investment, the management intends to strategically strengthen the investment portfolio in urbanization and township development projects, especially with the envisaged benefit of having a one-stop financing solution at attractive cost through the Proposed Transaction. It is expected investment income will become an increasingly important profit driver of the Group. Furthermore, an important growth strategy of the Group is to strategically leverage off its investment business and close ties with local governments established at project level as a result, to source attractive opportunities in downstream urbanization value-chains. Therefore, urbanization investment is also an important strategic growth driver to the Group. The management expects that going forward, investment income generated by the Group's urbanization investment will be recognized in its revenue to better align with our core strategies.

3.2 Rationale for the Proposed Transaction

The Proposed Transaction, if implemented, is in line with the Company's business in primary land development, and it is expected that the Proposed Transaction will deliver the following significant strategic benefits to the Company:

- (a) As evident from the Company's projects launched since the acquisition of the ordinary shares of the Company ("Shares") by CDBC through CDBIH (as defined below), a substantial portion of the Company's future projects are entered into on the terms of receiving fixed investment income, and are typically backed by solid credit enhancement measures from government entities in the form of listing the payment arrangements into local fiscal budgets and/or obtaining sufficient collateral headroom.

They represent safe investments which support the use of relatively high level of external funding to substantially improve the investment returns to shareholders, and exhibit the benefits the Company derived from the financing support, relationships with the government, and know-how of CDBC and its group;

- (b) Through the establishment of the Investment Partnership, each Partner's risks and returns are determined based on their investments, and no Partner has any recourse to the Group, despite the Group's role as General Partner and Junior-Tranche Limited Partner of the Investment Partnership. In addition, the preferred investment gains attributable to the Senior-Tranche Limited Partner and the Intermediate-Tranche Limited Partner as described in paragraphs 2.7 and 2.8 above are only effective upon actual drawdown and contribution of funding by the Senior-Tranche Limited Partner and Intermediate-Tranche Limited Partner, making this a flexible financing option for the Company in respect of the projects to be undertaken by the Investment Partnership;
- (c) With an aggregate committed capital of RMB 5 billion, the Investment Partnership represents a one-stop financing solution at attractive financing costs for the Group to support its urbanization investment projects for a few years. The Investment Partnership is therefore crucial for the Company in terms of fuelling its project growth, market share expansion, as well as opening up attractive downstream investment opportunities in the expanded new town project portfolio; and
- (d) Arising from the excellent track record, brand name and industry leadership in nationwide urbanisation investment of CDBC, the investment of CDB Fund as an Intermediate-Tranche Limited Partner will serve as a strong backing to the Investment Partnership's and the Group's businesses and investments, thus forming an integral role in the successful establishment of the Investment Partnership.

In addition, on the basis of opinion of the Singapore independent financial adviser that will be set out in the circular to be despatched to shareholders, the Audit Committee of the Company is of the view that the Proposed Transaction is on normal commercial terms, and is not prejudicial to the interests of the Company and its minority shareholders.

In light of the above, the Directors (excluding the independent non-executive Directors who will express their opinion after taking into consideration the advice of the Hong Kong independent financial adviser) consider that the terms of the Agreement are entered on normal commercial terms and are fair and reasonable, and the Proposed Transaction is in the interests of the Company and the Shareholders as a whole.

3.3 Risks and Rewards to the General Partner

The Company notes that the Company's subsidiary, Sheng Qi IFM, is the General Partner of the Investment Partnership. The general partner is a role required under the Partnership Enterprise Law, whereby limited partnerships are to be managed by its general partner. While legally, the General Partner has unlimited liability, the Company notes that the liability of the General Partner will be limited in reality and the risks to the Company will be contained, for the following reasons:

- (a) The intention is for the Investment Partnership to utilise the Capital Amounts actually contributed in undertaking investment projects, and Partners do not intend for the Investment Partnership to incur additional borrowings to fund the investment projects.

Accordingly, the risks the General Partner will be exposed to will not exceed the amount of Capital Amount actually contributed by the General Partner;

- (b) Sheng Qi IFM was recently incorporated by the Company as a special purpose vehicle, specifically for the purpose of acting as the general partner of the Investment Partnership. As at the Latest Practicable Date, Sheng Qi IFM does not have any material assets and liabilities. In the event that as general partner of the Investment Partnership, Sheng Qi IFM is called upon to assume any liabilities of the Investment Partnership that is over and above the Capital Amounts actually contributed by Sheng Qi IFM, the Group intends to wind up Sheng Qi IFM. Accordingly, any liabilities assumed by Sheng Qi IFM will not impact the Group; and
- (c) Investment projects to be undertaken by the Investment Partnership will be approved in accordance with the process further described in paragraph 2.6 entitled “Decision making of the Investment Partnership” above. As the investment projects will first be subject to the approval of the Company’s investment committee, the intention of the Company is to undertake investment projects which will (i) result in a return of equity to the Group, through the proceeds and capital sums distributed to CDB New Town (Beijing) AM and Sheng Qi IFM pursuant to paragraph 2.8 entitled “Profit sharing mechanisms”, that is higher than the preferential investment gains enjoyed by the Senior-Tranche Limited Partner and Intermediate-Tranche Limited Partner collectively; and (ii) will be commensurate with the risks undertaken by CDB New Town (Beijing) AM and Sheng Qi IFM.

4. THE PROPOSED TRANSACTION AS AN INTERESTED PERSON TRANSACTION AND A CONNECTED TRANSACTION

4.1 Implications under the Singapore Listing Rules

Pursuant to Rule 906 of the Singapore Listing Rules, an immediate announcement and shareholders’ approval is required in respect of an interested person transaction, namely, a transaction between an entity at risk and its interested persons, if the value of that transaction exceeds five per cent (5%) of the latest audited NTA value.

CDB New Town (Beijing) AM and Sheng Qi IFM, both being wholly-owned subsidiaries of the Company, are regarded as “entity at risk” within the meaning of Chapter 9 of the Singapore Listing Rules.

As at the date of this announcement, China Development Bank International Holding Limited (“CDBIH”) has a direct interest in 5,347,921,071 Shares in the Company, and CDBC, being the holding company of CDBIH, has an indirect interest in 5,347,921,071 Shares in the Company, representing 54.32% of the issued share capital of the Company. Accordingly, CDBIH and CDBC are controlling shareholders of the Company under the Singapore Listing Rules. CDB Fund, being a fund wholly managed by CDBC, is an associate of CDBC, and thus regarded as an “interested person” within the meaning of Chapter 9 of the Singapore Listing Rules.

Accordingly, the Proposed Transaction will be regarded as an interested person transaction and the requirements of Chapter 9 of the Singapore Listing Rules are applicable.

Based on the audited consolidated financial statements of the Group as at 31 December 2014, the NTA of the Group is approximately RMB 3,847,436,000. Pursuant to Rule 906 of the Singapore Listing Rules, Shareholders' approval for a transaction is required in the event that the aggregate transaction value exceeds RMB 192,372,000, which is five per cent (5%) of the NTA of the Group as at 31 December 2014.

The Group's aggregate Capital Amount to be contributed in respect of the Proposed Transaction is RMB 1,050,000,000, which represents 27.3% of the NTA of the Group as at 31 December 2014. As the value of the Group's investment in the Proposed Transaction represents more than 5% of the latest audited NTA of the Company, the Company will be seeking approval from shareholders of the Company for the Proposed Transaction as a specific interested person transaction at an extraordinary general meeting ("EGM") to be convened.

4.2 Implications under the Hong Kong Listing Rules

As CDBC is a controlling shareholder of the Company, CDBC is a connected person of the Company under the Hong Kong Listing Rules. The Agreement and the transactions contemplated thereunder therefore constitute a connected transaction of the Company.

As the applicable percentage ratios defined under Rule 14.07 of the Hong Kong Listing Rules for the transaction contemplated under the Agreement exceed 5%, the Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements and the independent shareholders' approval requirement of the Hong Kong Listing Rules.

While none of the Directors has an interest in the Agreement and the transactions contemplated thereunder, for good corporate governance purpose, each of Mr. Fan Haibin, Mr. Zuo Kun, Mr. Li Yao Min, Mr. Liu Heqiang, Ms. Yang Meiyu, Mr. Ren Xiaowei and Mr. Xie Zhen has abstained from voting on the resolutions of the Board approving the Agreement. Save as disclosed above, no Director is required to abstain from voting on the resolution of the Board approving the Agreement.

4.3 Shareholders' approval of the Proposed Transaction pursuant to Chapter 14 of Hong Kong Listing Rules

As one of the applicable ratios set forth under Rule 14.07 of the Hong Kong Listing Rules in respect of the Proposed Transaction is more than 25% but less than 75%, the Proposed Transaction constitutes a major transaction for the Company under Chapter 14 of the Hong Kong Listing Rules and is therefore subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Hong Kong Listing Rules.

5. TOTAL VALUE OF ALL INTERESTED PERSON TRANSACTIONS

The current total value of all interested person transactions, excluding transactions which are less than \$100,000, with (a) the CDBIH, CDBC and their associates; and (b) all interested persons of the Company, for the period from 1 January 2016 to the date of the announcement (prior to and including the Proposed Transaction), and the percentage of the Group's latest audited NTA as at 31 December 2014 represented by such values, are as follows:

	Prior to the Proposed Transaction		Including the Proposed Transaction	
	Amount (RMB'000)	Percentage of audited NTA	Amount (RMB'000)	Percentage of audited NTA
Total value of all transactions with CDBIH, CDBC and its associates	Nil	0%	1,050,000	27.3%
Total value of all transactions with all interested persons of the Company	Nil	0%	1,050,000	27.3%

Save as disclosed above, there are no other interested person transactions since the beginning of the current financial year beginning 1 January 2016 up to the date of this announcement.

6. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTION

The financial effects of the Proposed Transaction by the Group set out below are purely for illustrative purposes only and do not reflect the future financial position of the Company or the Group after the completion of the Proposed Transaction. The financial effects have been prepared on a proforma basis using the latest unaudited consolidated financial statements of the Group for the financial year ended 31 December 2015 (“FY2015”).

6.1 Effect of the Proposed Transaction on net tangible asset value (“NTA”) per Share

Assuming that the Proposed Transaction had been completed on 31 December 2015 and the Group’s latest unaudited consolidated financial statements for FY2015, the Proposed Transaction would have had the following effects on the Group’s NTA per share as presented in the following table:

As at 31 December 2015	Before Proposed Transaction	After Proposed Transaction
NTA (RMB'000)	3,884,422	3,884,422 ⁽¹⁾
Number of shares ('000)	9,846,120	9,846,120
NTA per share (RMB)	0.3945	0.3945

Notes:

- (1) As the Proposed Transaction involves the establishment of a new Investment Partnership instead of an acquisition of the existing business, the NTA per Share is calculated based on the assumption that the Proposed Transaction has not had any impact on the NTA of the Group.

6.2 Effect of the Proposed Transaction on earnings per Share (“EPS”)

Assuming that the Proposed Transaction had been completed on 1 January 2015 and the Group’s latest unaudited consolidated financial statements for FY2015, the Proposed Transaction would have had the following effects on the Group’s EPS as presented in the following table:

As at 31 December 2015	Before Transaction	Proposed	After Transaction	Proposed
Group profit/loss after tax (RMB'000)	65,141		65,141 ⁽¹⁾	
Weighted average number of shares ('000)	9,846,120		9,846,120	
Earnings (loss) per share (RMB cents)	0. 66		0. 66	

Notes:

- (1) As the Proposed Transaction involves the establishment of a new Investment Partnership instead of an acquisition of the existing business, the earnings per Share is calculated based on the assumption that the Proposed Transaction has not had any impact on the profits of the Group.

6.3 Effect of the Proposed Transaction on Group's gearing

Assuming that the Proposed Transaction has taken place on 31 December 2015 and the Group's latest audited consolidated financial statements for FY2015, the Proposed Transaction would have the following effects on the Group's gearing as presented in the following table:

As at 31 December 2015	Before the Proposed Transaction	After the Proposed Transaction
Gearing (times)	0.16	0.16

6.4 Effect of the Proposed Transaction on the Company's Share Capital

The Proposed Transaction will have no effect on the Company's share capital.

7. RELATIVE FIGURES UNDER CHAPTER 10 OF THE SINGAPORE LISTING RULES IN RELATION TO THE PROPOSED TRANSACTION

Based on the unaudited consolidated financial statements of the Group for the financial period ended 31 December 2015, the relative figures in respect of the Proposed Transaction, as computed on the bases set out in Rule 1006 of the Singapore Listing Rules, are as follows:

	Investment Partnership	Group	Relative Figures (%)
Rule 1006 (a) The net asset value of the assets to be disposed of, compared with the group's net asset value as at 31 December 2015.	Not applicable	Not applicable	Not applicable
Rule 1006 (b) The net profits attributable to the assets acquired or disposed of as at 31 December 2015, compared	Not applicable	Not applicable	Not applicable

with the Group's net profits as at 31 December 2015.			
Rule 1006 (c) Aggregate value of consideration given or received, compared with the market capitalisation of the Company as at 1 March 2016, being the last full market day immediately preceding the execution of the Agreement	RMB 1,050,000,000	S\$480,490,644 ⁽¹⁾ or RMB 2,236,972,241 ⁽²⁾	46.94%
Rule 1006 (d) The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable	Not applicable	Not applicable
Rule 1006(e) The aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves. This basis is only applicable to a disposal of mineral, oil and gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable	Not applicable	Not applicable

Notes:

- (1) The market capitalisation of the Company of approximately S\$480,490,644 is determined by multiplying 9,846,119,747 Shares in issue by the volume weighted average price of S\$0.0488 of such Shares transacted as at 1 March 2016, being the market day preceding the date of the Agreement.
- (2) The market capitalisation of the Company as at 1 March 2016 in RMB is calculated based on the exchange rate of S\$1: 4.6556RMB as at 1 March 2016.

As the relative figures computed on the bases set out in Rule 1006(c) of the Singapore Listing Rules exceeds 20%, the Proposed Transaction constitutes a major transaction as defined in Chapter 10 of the Singapore Listing Rules. Accordingly, the Proposed Transaction is subject to the approval by Shareholders in the EGM.

8. SHAREHOLDERS' APPROVAL AND DESPATCH OF CIRCULAR

The Company will in due course convene the EGM to seek approval from its independent shareholders for the Proposed Transaction. As additional time is required to prepare the information to be included in the circular, the circular setting out further information and details of the Proposed Transaction, together with the notice of EGM to be convened, will be despatched by the Company to its shareholders on or before 31 March 2016.

The EGM will be convened to consider and, if it thought fit, to pass the resolution(s) to approve the Agreement and CDBIH will abstain from voting at the EGM to approve the Agreement and the transactions contemplated thereunder.

9. INTERESTS OF DIRECTORS AND SHAREHOLDERS

Save as disclosed, none of the directors, controlling or substantial shareholders of the Company has any interest, direct or indirect, in the Agreement and/or Proposed Transaction.

No person is proposed to be appointed as a Director of the Company or any of its subsidiaries in connection with the Proposed Transaction. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

10. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Agreement and the Proposed Transaction, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.

11. DOCUMENTS FOR INSPECTION

Shareholders should note that a copy of the Agreement will be available for inspection during normal business hours at the Company's Singapore share transfer agent at Tricor Barbinder Share Registration Services at 80 Robinson Road, #02-00, Singapore 068898, and the Company's Hong Kong office at Suites 4506 – 4509, Two International Finance Centre, No. 8 Finance Street, Hong Kong, for three (3) months from the date hereof.

Shareholders and potential investors should note that the Proposed Transaction, which is subject to a number of conditions precedent, may or may not proceed to completion. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares, and where in doubt as to the action they should take, they should consult their legal, financial, tax or other professional advisers.

By Order of the Board
China New Town Development Company Limited
Liu Heqiang
Chief Executive Officer

Hong Kong and Singapore, 2 March 2016

As at the date of this announcement, the executive directors of the Company are Mr. Liu Heqiang (Chief Executive Officer), Ms. Yang Meiyu and Mr. Ren Xiaowei; the non-executive directors of the Company are Mr. Fan Haibin (Chairman), Mr. Zuo Kun (Vice Chairman), Mr. Li Yao Min (Vice Chairman) and Mr. Xie Zhen; and the independent non-executive directors of the Company are Mr. Henry Tan Song Kok, Mr. Kong Siu Chee, Mr. Zhang Hao and Mr. E Hock Yap.