

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

CIRCULAR DATED 21 DECEMBER 2016

This Circular is issued by the Company. If you are in any doubt in relation to any aspect of this Circular or as to the action that you should take, you should consult your stockbroker, a licenced securities dealer, registered dealer in securities or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser immediately.

If you have sold or transferred all your Shares in the Company, you should immediately hand this Circular together with the Notice of EGM and the accompanying proxy form, Tender Forms and (where applicable) the Address Update Form to the purchaser or transferee or to the bank, stockbroker, licenced securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

This Circular should be read in conjunction with the accompanying Tender Forms, the contents of which form part of the terms of the Selective Share Buyback.

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All capitalised terms in this cover page shall have the same meanings as those defined in this Circular.



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

- (1) **PROPOSED VOLUNTARY DELISTING FROM THE OFFICIAL LIST OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED PURSUANT TO A CONDITIONAL CASH EXIT OFFER BY WAY OF SELECTIVE SHARE BUYBACK; AND**
- (2) **NOTICE OF EXTRAORDINARY GENERAL MEETING**

Financial Advisers to the Company



BNP PARIBAS

BNP Paribas Securities (Asia) Limited
BNP Paribas, acting through its Singapore Branch

Independent Financial Adviser to the Independent Board Committee



ING Bank N.V., Singapore Branch and Hong Kong Branch

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	15 January 2017 at 2:30 p.m.
Date and time of Extraordinary General Meeting	:	17 January 2017 at 2:30 p.m.
Place of Extraordinary General Meeting	:	The Straits Room, Level 4 The Fullerton Hotel Singapore 1 Fullerton Square Singapore 049178

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CORPORATE INFORMATION

Board of Directors	:	Mr. Liu Heqiang (<i>Chief Executive Officer and Executive Director</i>) Ms. Yang Meiyu (<i>Executive Director</i>) Mr. Ren Xiaowei (<i>Executive Director</i>) Mr. Shi Janson Bing (<i>Executive Director</i>) Mr. Wei Wei (<i>Chairman and Non-executive Director</i>) Mr. Zuo Kun (<i>Vice Chairman and Non-executive Director</i>) Mr. Li Yao Min (<i>Vice Chairman and Non-executive Director</i>) Mr. Xie Zhen (<i>Non-executive Director</i>) Mr. Henry Tan Song Kok (<i>Lead Independent Non-executive Director</i>) Mr. Kong Siu Chee (<i>Independent Non-executive Director</i>) Mr. Zhang Hao (<i>Independent Non-executive Director</i>) Mr. E Hock Yap (<i>Independent Non-executive Director</i>)
Company Secretary	:	Kwok Siu Man
Auditors	:	Ernst & Young 22/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong
Registered Office	:	2/F Palm Grove House, P.O. Box 3340 Road Town, Tortola, British Virgin Islands
Financial Advisers	:	BNP Paribas Securities (Asia) Limited 59/F to 63/F Two International Finance Centre, 8 Finance Street, Central, Hong Kong BNP Paribas, acting through its Singapore Branch 20 Collyer Quay, #01-01, Singapore 049319

CORPORATE INFORMATION

Independent Financial Adviser	:	ING Bank N.V., Singapore Branch 9 Raffles Place, #19-02 Republic Plaza, Singapore 048619 ING Bank N.V., Hong Kong Branch 8/F Three Pacific Place 1 Queen's Road East Hong Kong
Hong Kong Branch Share Registrar	:	Tricor Investor Services Limited Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong
Singapore Share Transfer Agent	:	Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.) 80 Robinson Road, #11-02, Singapore 068898
Legal Advisers	:	<u>Singapore Law</u> Rajah & Tann Singapore LLP 9 Battery Road, #25-01, Straits Trading Building, Singapore 049910 <u>Hong Kong Law</u> Winston & Strawn 42nd Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong <u>British Virgin Islands Law</u> Forbes Hare Qwomar Building, P.O. Box 4649, Road Town, Tortola VG1110, British Virgin Islands

DEFINITIONS

In this Circular, the following definitions apply throughout unless otherwise stated:

- “Address Update Form” : The form to be sent to CDP Depositors and Company Registered Shareholders together with this Circular and Tender Forms for the purpose of allowing those Shareholders who prefer to continue to hold their Shares and trade their Shares on the SEHK subsequent to the Delisting Completion to state an address in Hong Kong (if any) for the delivery of their share certificates by ordinary post at their risk in respect of their Shares transferred from the Company Share Register to the HK Branch Register. CDP Depositors and Company Registered Shareholders who do not submit the Address Update Form will have their share certificates delivered by ordinary post at their risk to their existing addresses as set out in the records of the Company
- “Announcement Exchange Rate” : The applicable exchange rates of S\$1:HK\$5.5732, S\$1:RMB4.8444 and HK\$1:RMB0.8692, being the noon rate of exchange as displayed on Bloomberg on 17 October 2016, being the latest practicable date prior to the Delisting Announcement Date
- “Articles of Association” : The memorandum and articles of association of the Company (as amended and restated)
- “associate” : In relation to:
- (a) any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means: (i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more;
 - (b) a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more

DEFINITIONS

“Auditors”	:	The independent auditors and the independent reporting accountants of the Company, being Ernst & Young
“Available Shares”	:	The 2,405,576,650 Shares held by Shareholders other than the Non-Tendering Shareholders
“Board”	:	The Board of Directors of the Company
“Business Day”	:	Any day on which banks in Hong Kong and Singapore are generally open for business, excluding Saturdays, Sundays and any days on which a typhoon signal no. 8 or above or a black rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. to 5:00 p.m.
“BVI”	:	The British Virgin Islands
“BVI Business Companies Act”	:	The BVI Business Companies Act, 2004, as amended
“Capital Dynamics Group”	:	Represents the group entities under the Capital Dynamics group including <i>i</i> Capital Global Fund, Capital Dynamics (S) Pte Ltd, Capital Dynamics Asset Management (HK) Private Limited and Capital Dynamics (Australia) Limited
“CCASS”	:	The Central Clearing and Settlement System established and operated by HKSCC
“CDB”	:	China Development Bank Corporation
“CDP”	:	The Central Depository (Pte) Limited
“CDP Depositors”	:	Persons named in the Depository Register maintained by CDP and to whose securities accounts such Shares are credited
“CDP Securities Account”	:	Securities account maintained by a CDP Depositor with CDP, but does not include a securities sub-account
“Circular”	:	This Circular to the Shareholders dated 21 December 2016 containing, among other things, further details of the Delisting, recommendation of the Independent Board Committee to the Independent Shareholders on the terms of the Delisting, letter of advice from the IFA to the Independent Board Committee, and notice of the EGM

DEFINITIONS

“Closing Date”	:	3 February 2017, being the last day for receipt by the Singapore Share Transfer Agent, CDP or the HK Branch Share Registrar of the relevant Tender Forms and (where applicable) the Address Update Form
“Company”	:	China New Town Development Company Limited, a BVI business company incorporated in BVI with limited liability, the Shares of which are listed on the Official List of SGX-ST and the Main Board of the SEHK
“Company Concert Parties”	:	The Controlling Shareholder and other parties acting or presumed to be acting in concert with the Company under the definition of “acting in concert” in the Singapore Takeover Code or HK Takeovers Code
“Company Convertible Securities”	:	Convertible securities, warrants, options and derivatives in respect of the Shares or securities which carry voting rights in the Company
“Company Registered Shareholder”	:	Shareholder whose Shares are held under his/her/its own name on the Company Share Register
“Company Share Register”	:	The Company’s principal register of Shareholders
“Controlling Concert Group”	:	The Controlling Shareholder and parties acting or presumed to be acting in concert with the Controlling Shareholder to obtain or consolidate effective control of the Company under the definition of “acting in concert” in the Singapore Takeover Code or HK Takeovers Code
“Controlling Shareholder”	:	A person who: (a) holds directly or indirectly 15% or more of the total number of issued shares, excluding treasury shares, in a company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or (b) in fact exercises control over a company. In this case, the Controlling Shareholder of the Company is China Development Bank International Holdings Limited
“Delisting”	:	The proposed voluntary delisting of the Shares from the SGX-ST under Rules 1307 and 1309 of the SGX-ST Listing Manual pursuant to the Selective Share Buyback
“Delisting Announcement Date”	:	18 October 2016, being the date on which the Company’s announcement of the Delisting was made

DEFINITIONS

“Delisting Completion”	:	The completion of the Delisting and the Selective Share Buyback
“Delisting Resolution”	:	The resolution to approve the Delisting, including the conditional cash exit offer by way of the Selective Share Buyback at the EGM
“Directors”	:	The directors of the Company
“Effective Date”	:	The effective date of the Selective Share Buyback, expected to be no later than the seventh Business Day after the Closing Date, as determined by the Directors
“EGM”	:	The extraordinary general meeting of the Company to be convened and held to consider, and if thought fit, to approve the Delisting Resolution
“Encumbrances”	:	All liens, equities, charges, rights of pre-emption, encumbrances and any other third party rights or interests of any nature whatsoever
“EPS”	:	Earnings per Share
“Executive”	:	The Executive Director of the Corporate Finance Division of the Securities and Futures Commission in Hong Kong and any of its delegates
“Financial Advisers”	:	BNP Paribas Securities (Asia) Limited of 59/F to 63/F Two International Finance Centre, 8 Finance Street, Central, Hong Kong (in Hong Kong) and BNP Paribas, acting through its Singapore branch of 20 Collyer Quay, #01-01, Singapore 049319 (in Singapore), being the financial advisers to the Company in respect of the Delisting
“FY”	:	Financial year ended or ending (as the case may be) on 31 December of a particular year as stated
“FY2015 Results”	:	The audited consolidated financial statements of the Group for the financial year ended 31 December 2015
“Group”	:	The Company and its subsidiaries
“HK” or “Hong Kong”	:	Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“HK Branch Register”	:	The Company’s Hong Kong branch register of Shareholders
“HK Branch Registered Shareholder”	:	Shareholder whose Shares are held under his/her/its own name on the HK Branch Register
“HK Branch Share Registrar”	:	Tricor Investor Services Limited
“HK Form”	:	Tender Form (for HK Branch Registered Shareholders)
“HK Listing Rules”	:	Rules Governing the Listing of Securities on the SEHK
“HK Share Buy-back Code”	:	Hong Kong Code on Share Buy-backs
“HK Takeovers Code”	:	Hong Kong Code on Takeovers and Mergers
“HKSCC”	:	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	:	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC, which is a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HK\$”	:	Hong Kong dollars, being the lawful currency of Hong Kong
“IFA”	:	Independent financial adviser to the Delisting, in this case, being ING Bank. N.V., Singapore Branch and Hong Kong Branch
“immediate family”	:	In relation to a person, means the person’s spouse, child, adopted child, step-child, sibling and parent
“Independent Board Committee”	:	An independent committee of the Board for purposes of the Delisting and the Selective Share Buyback (comprising Henry Tan Song Kok, Kong Siu Chee, Zhang Hao and E Hock Yap) which has been established to advise and make its recommendation to the Independent Shareholders on the terms of the Delisting and the Selective Share Buyback
“Independent Shareholders”	:	All Shareholders of the Company other than the Controlling Concert Group and Directors (if they are Shareholders) and SRE Investment

DEFINITIONS

“investor participant”	:	A person admitted to participate in CCASS as an individual, joint individuals or a corporation
“Last Undisturbed Trading Day”	:	22 September 2016
“Latest Practicable Date”	:	16 December 2016, being the latest practicable date prior to the printing of this Circular
“Latest Tender Time”	:	The latest time for receipt by the Singapore Share Transfer Agent, CDP or the HK Branch Share Registrar (as the case may be) of the relevant Tender Forms and (where applicable) the Address Update Form, being 4:00 p.m. on the Closing Date ¹
“Long Stop Date”	:	The date expiring five calendar months from the date of the Delisting Announcement, being 17 March 2017 (subject to any extension thereof by the Company pursuant to consultations with the relevant regulatory authorities, including SIC and the Executive)
“LPD Exchange Rate”	:	The applicable exchange rates of S\$1:HK\$5.3772, S\$1:RMB4.8054, HK\$1:RMB0.8937 and US\$1:HK\$7.7631, being the noon rate of exchange as displayed on Bloomberg on 16 December 2016, being the Latest Practicable Date
“Market Day”	:	A day on which the SGX-ST and the SEHK is open for trading in securities
“NAV”	:	Net asset value
“Non-Registered Shareholder”	:	A Shareholder (other than a CDP Depositor) whose Shares are held in the name of a nominee (including but not limited to HKSCC Nominees) or a name other than his/her/its own
“Non-Tendering Shareholders”	:	The Controlling Concert Group and the Undertaking Shareholders

¹ The cut-off time is 4:00 p.m. in both Singapore and Hong Kong so as to allow sufficient time for the Company to prepare an announcement in relation to the outcome of the Selective Share Buyback as required under Rule 19.1 of the HK Takeovers Code. Under Rule 19.1 of the HK Takeovers Code, a draft of such announcement must be submitted to the Executive for comment by 6:00 p.m. on the Closing Date and be published by the Company by 7:00 p.m. on the Closing Date.

DEFINITIONS

“Notice of EGM”	:	Notice of EGM set out in this Circular
“Overseas Shareholders”	:	Shareholders who are not resident in Singapore or Hong Kong
“P/NAV”	:	Ratio of price per Share to NAV per Share
“PRC”	:	The People’s Republic of China, excluding for the purposes of this Circular only, Hong Kong, the Macau Special Administrative Region and Taiwan
“Registered Shareholders”	:	Company Registered Shareholders and HK Branch Registered Shareholders
“RMB”	:	Renminbi, the lawful currency of the PRC
“SEHK”	:	The Stock Exchange of Hong Kong Limited
“Selective Share Buyback”	:	The conditional cash exit offer extended to all Shareholders to be effected by way of a selective share buyback under the BVI Business Companies Act and the Articles and Association at the Tender Price of S\$0.07 in cash for each Tendered Share (or in respect of Tendered Shares registered in the HK Branch Register, the HK\$ equivalent at the Tendering Exchange Rate), in respect of any Shareholder who elects to Tender his Shares to be bought back and cancelled by the Company on the terms and subject to the conditions set out in this Circular
“SFC”	:	Securities and Futures Commission of Hong Kong
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“SGX-ST Listing Manual”	:	Listing Manual of the SGX-ST
“Shareholder’s Loan”	:	The loan of US\$75,000,000 (approximately HK\$582,232,500 at the LPD Exchange Rate) extended by the Controlling Shareholder to the Company for purposes of the Delisting

DEFINITIONS

“Shareholders”	:	Registered holders of the Shares, except that where the registered holder is CDP, the term “Shareholders” in relation to Shares held by CDP shall mean the persons named as CDP Depositors in the Depository Register maintained by CDP and to whose securities accounts such Shares are credited
“Shares”	:	The authorised ordinary shares in the Company
“SIC”	:	Securities Industry Council of Singapore
“Singapore Companies Act”	:	The Companies Act, Chapter 50 of Singapore
“Singapore Share Transfer Agent”	:	Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.)
“Singapore Takeover Code”	:	Singapore Code on Take-overs and Mergers
“SRE Investment”	:	SRE Investment Holdings Limited
“Substantial Shareholder”	:	A Shareholder who has an interest in not less than 5% of the Shares
“S\$”	:	Singapore dollars, the lawful currency of Singapore
“TAF”	:	Tender Authorisation Form (for CDP Depositors)
“TBF”	:	Tender Buyback Form (for Company Registered Shareholders)
“Tender”	:	The tender of Shares by a Shareholder to the Company to have such Shares bought back and cancelled by the Company pursuant to the Selective Share Buyback
“Tender Forms”	:	The relevant Tender forms, being: (a) the TAF (to be sent to CDP Depositors); (b) the TBF (to be sent to Company Registered Shareholders); and (c) the HK Form (to be sent to HK Branch Registered Shareholders),

DEFINITIONS

	accompanying this Circular and (where applicable) the Address Update Form
“Tender Price”	: The cash consideration to be paid to the Tendering Shareholders, being S\$0.07 in cash for each Tendered Share (or in respect of Tendered Shares registered in the HK Branch Register, the HK\$ equivalent at the Tendering Exchange Rate)
“Tendered Shares”	: Shares which are validly Tendered by Tendering Shareholders
“Tendering Exchange Rate”	: The exchange rate for the conversion of S\$ to HK\$ prevailing one Business Day immediately preceding the date of payment of the Tender Price by the Company, being the mid-price TT rates provided by the Hong Kong Association of Banks and published in the South China Morning Post
“Tendering Shareholder”	: Those Shareholders (other than the Non-Tendering Shareholders) who validly Tender their Shares
“Title Documents”	: The relevant share certificates, transfer receipts and/or any documents of title with respect to the ownership of the Tendered Shares (including any indemnity or indemnities required by the Company in respect thereof)
“Undertaking Shareholders”	: Shareholders who have provided irrevocable undertakings to the Company that they will vote in favour of the Delisting Resolution (save for SRE Investment, Henry Tan Song Kok and Li Yao Min which shall abstain from voting at the EGM) and will not participate in the Selective Share Buyback in respect of their Shares
“VWAP”	: Volume weighted average price
“%” or “per cent.”	: Percentage or per centum

The terms “**Depository**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 130A of the Singapore Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*.

References to persons shall, where applicable, include corporations.

DEFINITIONS

Any reference in this Circular to any enactment is a reference to the enactment as for the time being amended or re-enacted. Any word defined in applicable laws, regulations and rules and used in this Circular shall have the meaning assigned to it thereunder (or any modification thereof), as the case may be, unless the context otherwise requires.

Any reference to a time of the day in this Circular shall be a reference to Singapore and Hong Kong time unless otherwise stated.

Differences may arise between amounts and the totals thereof due to rounding and figures shown as totals may not be an arithmetic aggregation of the figures that precede them.

Unless otherwise stated, the Announcement Exchange Rate has been applied for purposes of conversion between currencies in this Circular.

INDICATIVE TIMETABLE

Despatch of this Circular and Tender Forms and (where applicable) Address Update Form	:	21 December 2016
Tender period for Shareholders who wish to Tender their Shares	:	21 December 2016 to 3 February 2017
Latest time to lodge transfer of Shares in order to be entitled to attend and vote at the EGM	:	4:30 p.m. on 10 January 2017
Closure of Company Share Register and HK Branch Register	:	11 January 2017 to 17 January 2017 (Inclusive)
Last date and time for lodgement of proxy form for the EGM	:	2:30 p.m. on 15 January 2017
Date and time of the EGM	:	2:30 p.m. on 17 January 2017
Announcement of: (a) the results of the EGM; and (b) subject to the Delisting Resolution being approved at the EGM, the last date of trading of Shares on the SGX-ST, the commencement date of suspension of trading of Shares on the SGX-ST and the date of Delisting	:	17 January 2017
Latest time to lodge removal documents and remittances to the Singapore Transfer Agent or HK Branch Share Registrar for the removal of Shares between Company Share Register and HK Branch Register	:	4:30 p.m., on 17 January 2017
Suspension for removal of Shares between Company Share Register and HK Branch Register	:	from 18 January 2017 onwards
Last date of trading of Shares on the SGX-ST	:	26 January 2017
Commencement of suspension of trading of Shares on the SGX-ST	:	27 January 2017
Settlement in respect of trades in Shares made on the last date of trading of Shares on the SGX-ST	:	31 January 2017
Closing Date	:	3 February 2017
Latest time to lodge transfers of Shares on the HK Branch Registrar together with the HK Form and Title Documents in order to be entitled to participate in the Selective Share Buyback	:	4:00 p.m. on 3 February 2017

INDICATIVE TIMETABLE

Latest Tender Time ^{(1), (2)}	:	4:00 p.m. on 3 February 2017
Announcement of the results of the Selective Share Buyback ⁽¹⁾	:	No later than 7:00 p.m. on 3 February 2017 ⁽¹⁾
Latest date for despatch of cheques to Tendering Shareholders ^{(2), (3)}	:	14 February 2017
Effective Date	:	14 February 2017
Delisting of the Shares from the SGX-ST	:	9:00 a.m. on 17 February 2017
Despatch of share certificates registered on the HK Branch Register to CDP Depositors and Company Registered Shareholders who continue to hold Shares subsequent to the Delisting	:	3 March 2017
Date upon which former CDP Depositors and former Company Registered Shareholders who continue to hold Shares subsequent to the Delisting can start to trade their Shares on the SEHK	:	6 March 2017

The timetable set out above is indicative only and may be subject to change. Any changes to the timetable will be announced by the Company.

Notes:

1. Assuming that the Delisting Resolution is approved by the Independent Shareholders at the EGM, the Selective Share Buyback will remain open for a period of at least 14 days thereafter.
2. If a typhoon signal no. 8 or above or a black rainstorm warning is hoisted or remains hoisted in Hong Kong at any local time:
 - (a) before 12:00 noon but no longer in force after 12:00 noon on the last date for acceptance of the Selective Share Buyback and the last date for despatch of cheques for the amounts due under the Selective Share Buyback in respect of valid acceptances, the latest time for acceptance of the Selective Share Buyback and the despatch of cheques will remain at 4:00 p.m. on the same business day; or
 - (b) between 12:00 noon and 4:00 p.m. on the last date for acceptance of the Selective Share Buyback and the last date for despatch of cheques for the amounts due under the Selective Share Buyback in respect of valid acceptances, the latest time for acceptance of the Selective Share Buyback and the despatch of cheques will be postponed to 4:00 p.m. on the following business day.
3. Remittance for the total amount due to each Tendering Shareholder will be made by the Company within seven business days from the later of (a) the day on which the Delisting Resolution is approved and (b) the date of receipt of the duly completed relevant Tender Form accompanied by the Title Documents in accordance with the instructions in this Circular and the relevant Tender Form.

ACTION TO BE TAKEN

HIGHLIGHTS OF THE PROPOSAL

- (A) The Company proposes to make a conditional cash exit offer extended to all Shareholders by way of a selective share buyback under the BVI Business Companies Act and Articles of Association at the Tender Price of S\$0.07 in cash for each Tendered Share (or in respect of Tendered Shares registered in the HK Branch Register, the HK\$ equivalent at the Tendering Exchange Rate).
- (B) **The proposed voluntary delisting of the Shares from the SGX-ST under Rules 1307 and 1309 of the SGX-ST pursuant to a conditional cash exit offer by way of a selective Share buyback under the BVI Business Companies Act and Articles of Association (“Delisting”) is not a privatisation exercise and the Company intends to maintain its primary listing on the Main Board of the SEHK**, so Shareholders who currently trade their Shares on the SGX-ST and who prefer to continue to hold their Shares and trade their Shares on the SEHK subsequent to the Delisting Completion can have their Shares transferred to the HK Branch Register. Shareholders will thereafter be able to trade their Shares freely on the SEHK upon setting up investor participant stock accounts in CCASS or stock accounts with designated CCASS participants, either through brokerages in Hong Kong or brokerages in Singapore which offer such services, and depositing their Shares in such accounts or otherwise trading through a stockbroker or bank. **The Delisting will not result in any compulsory acquisition or squeeze-out of any minority Shareholders by the Company or otherwise, and the Shares will continue to be listed on the Main Board of the SEHK.**
- (C) Shareholders who do not wish to continue holding their Shares and trade on the SEHK may elect to have all or some of their Shares bought back and cancelled by the Company at a Tender Price of S\$0.07 in cash per Tendered Share (which, at the Announcement Exchange Rate and LPD Exchange Rate, represents HK\$0.39 and HK\$0.38 per Tendered Share, respectively). The cash payable in respect of the Tender Price will be denominated in Singapore dollars, save for that Tendering Shareholders with Tendered Shares which are registered in the HK Branch Register will receive cash consideration in Hong Kong dollars based upon the Tendering Exchange Rate. As at the Latest Practicable Date, the closing prices of the Shares on the SGX-ST and SEHK are S\$0.078 and HK\$0.425, respectively. Shareholders should also refer to the opinion of the IFA in **Appendix I** on the fairness and reasonableness of the Selective Share Buyback.
- (D) The Delisting is conditional upon the satisfaction of the conditions described in Section 2.3 of this Circular, including the approval of the Delisting Resolution by Independent Shareholders at the EGM and receipt of an opinion from the IFA confirming that the terms of the Delisting is fair and reasonable and not prejudicial to the interests of Shareholders, by not later than the Long Stop Date of 17 March 2017 (subject to any extension thereof by the Company pursuant to consultations with the relevant regulatory authorities, including SIC and the Executive, failing which the Delisting will not proceed).
- (E) **Independent Shareholders are entitled to approve the Delisting at the EGM without any obligation or need to Tender any Shares in the Delisting.**

ACTION TO BE TAKEN

Detailed instructions on the ACTION TO BE TAKEN are set out in this Circular and are summarised below:

1. INSTRUCTIONS FOR VOTING AT EGM

The resolution to approve the Delisting Resolution will require approval at the EGM to be held at The Straits Room, Level 4, The Fullerton Hotel Singapore, 1 Fullerton Square, Singapore 049178 on 17 January 2017 at 2:30 p.m..

Shareholders who are unable to attend the EGM and who wish to appoint a proxy to attend and vote at the EGM must complete and return the Proxy Form, to be received by no later than 2:30 p.m. on 15 January 2017.

The completion and return of Proxy Form will not prevent you from attending and voting at the EGM, or any adjournment thereof, in person should you wish to do so. In such event, the appointment of the proxy will be deemed to have been revoked.

If you do not appoint a proxy and you do not attend and vote at the EGM, you will still be bound by the outcome of the EGM. You are therefore strongly urged to attend and vote at the EGM in person or by proxy.

Further details of the EGM and how to exercise your vote in respect of the Delisting Resolution are set out in the Notice of EGM in this Circular.

2. OPTIONS IN RESPECT OF YOUR SHARES

(a) TO TENDER YOUR SHARES FOR SELECTIVE SHARE BUYBACK AND RECEIVE THE TENDER PRICE:

- (i) If you are a CDP Depositor, please complete and sign the TAF and return it in the enclosed pre-addressed envelope either by hand, to:

China New Town Development Company Limited
c/o The Central Depository (Pte) Limited
9 North Buona Vista Drive,
#01-19/20, The Metropolis,
Singapore 138588

or by post, at your own risk, to:

China New Town Development Company Limited
c/o The Central Depository (Pte) Limited
Robinson Road Post Office,
P.O. Box 1984,
Singapore 903934

ACTION TO BE TAKEN

so as in either case to arrive not later than 4:00 p.m. on the Closing Date.

- (ii) If you are a Company Registered Shareholder, please complete and sign the TBF and send it together with the relevant Title Documents and/or any other relevant documents required by the Company, in the enclosed pre-addressed envelope either by hand or by post to:

China New Town Development Company Limited
c/o Tricor Barbinder Share Registration Services
(a division of Tricor Singapore Pte. Ltd.)
80 Robinson Road, #11-02,
Singapore 068898

so as to arrive not later than 4:00 p.m. on the Closing Date.

- (iii) If you are a HK Branch Registered Shareholder, please complete and sign the HK Form and send it together with the relevant Title Documents and/or any other relevant documents required by the Company, in the enclosed pre-addressed envelope either by hand or by post to:

China New Town Development Company Limited
c/o Tricor Investor Services Limited
Level 22, Hopewell Centre,
183 Queen's Road East,
Hong Kong

so as to arrive not later than 4:00 p.m. on the Closing Date.

- (iv) If you hold your Shares through a nominee or in CCASS, please instruct your nominee company, or other nominee to Tender your Shares in accordance with instructions given by your nominee or CCASS nominees.

Please refer to Appendices III and IV for the Tender procedures.

(b) TO RECEIVE YOUR SHARE CERTIFICATES IN RESPECT OF YOUR SHARES TRANSFERRED FROM THE COMPANY SHARE REGISTER TO THE HK BRANCH REGISTER SUBSEQUENT TO THE DELISTING AT YOUR HONG KONG ADDRESS:

If you are a CDP Depositor or Company Registered Shareholder, and wish to receive your share certificates in respect of your Shares transferred from the Company Share Register to the HK Branch Register subsequent to the Delisting at your Hong Kong address, please fill in the Address Update Form and deliver it to:

China New Town Development Company Limited
c/o Tricor Barbinder Share Registration Services

ACTION TO BE TAKEN

(a division of Tricor Singapore Pte. Ltd.)
80 Robinson Road,
#11-02,
Singapore 068898

so as to arrive not later than 4:00 p.m. on the Closing Date.

Otherwise, your share certificates in respect of your Shares transferred from the Company Share Register to the HK Branch Register subsequent to the Delisting will be mailed to your address as maintained in the records of CDP or the Company (as the case may be).

(c) IF YOU DO NOTHING:

- (i) If you are a CDP Depositor, your Shares will be removed from CDP and automatically transferred from the Company Share Register to the HK Branch Register, and you will receive share certificates in respect of your Shares registered on the HK Branch Register. The Company will bear the costs of the transfer of Shares from the Company Share Register to the HK Branch Register and issue of new share certificates registered on the HK Branch Register incurred for the purpose of the Delisting. You will thereafter be able to trade your Shares freely on the SEHK through a stockbroker or bank or otherwise upon setting up investor participant stock accounts in CCASS or stock accounts with designated CCASS participants, either through brokerages in Hong Kong or brokerages in Singapore which offer such services, and depositing your Shares in such accounts. The costs of setting up investor participant stock accounts in CCASS or stock accounts with designated CCASS participants will be borne by you.
- (ii) If you are a Company Registered Shareholder, your Shares will be automatically transferred from the Company Share Register to the HK Branch Register, and you will receive new share certificates in respect of your Shares registered on the HK Branch Register. Your existing share certificates in respect of your Shares registered on the Company Share Register will also be automatically cancelled. The Company will bear the costs of the transfer of Shares from the Company Share Register to the HK Branch Register and issue of new share certificates registered on the HK Branch Register incurred for the purpose of the Delisting. You will thereafter be able to trade your Shares freely on the SEHK through a stockbroker or bank or otherwise upon setting up investor participant stock accounts in CCASS or stock accounts with designated CCASS participants, either through brokerages in Hong Kong or brokerages in Singapore which offer such services, and depositing your Shares in such accounts.
- (iii) If you are a HK Branch Registered Shareholder or hold your Shares through a nominee arrangement in CCASS, nothing will change and you will continue as a Shareholder as you did prior to the Delisting.

3. OTHER IMPORTANT INFORMATION

- (a) Shareholders may choose to Tender all or part of their Shares at any time after the date hereof up until the Latest Tender Time. However, any such Tender is conditional upon the Delisting Resolution being approved.

ACTION TO BE TAKEN

- (b) Shareholders should note that if the Delisting Resolution is not approved at the EGM, the Selective Share Buyback will lapse.
- (c) Should you require any assistance in completing a Tender Form, the Address Update Form or have any enquiries regarding the Selective Share Buyback or this Circular, please contact (as applicable):
- (in Hong Kong) the HK Branch Share Registrar at its hotline at +852 2980 1333 during the period from the date hereof to the Closing Date (both days inclusive) between 9:00 a.m. and 5:00 p.m. from Mondays to Fridays (other than public holidays);
 - (in Singapore) the Singapore Share Transfer Agent at its hotline at +65 6236 3550 or +65 6236 3555 during the period from the date hereof to the Closing Date (both days inclusive) between 9:00 a.m. and 5:00 p.m. from Mondays to Fridays (other than public holidays); or
 - (in Singapore) The Central Depository (Pte) Limited at +65 6535 7511 during the period from the date hereof to the Closing Date (both days inclusive) between 9:00 a.m. and 5:00 p.m. from Mondays to Fridays (other than public holidays).
- (d) Shareholders (particularly CDP Depositors) should note that based on the indicative timetable, trading of Shares on the SGX-ST will be suspended with effect from 27 January 2017, the Shares will be delisted from the SGX-ST with effect from 9:00 a.m. on 17 February 2017, and former CDP Depositors and former Company Registered Shareholders who continue to hold Shares subsequent to the Delisting can start to trade their Shares on the SEHK on 6 March 2017.

IMPORTANT NOTICES

IMPORTANT NOTICE TO NON-REGISTERED SHAREHOLDERS AND THEIR NOMINEES:

If you are a Shareholder (other than a CDP Depositor) with your Shares held in the name of a nominee (including but not limited to HKSCC Nominees) or a name other than your own, you will only receive this Circular. The relevant Tender Form is dispatched to your nominees who hold your Shares on your behalf. You should at once contact your securities dealer, broker, custodian bank, nominee or trustee and take the applicable course of action promptly so as to allow your securities dealer, broker, custodian bank, nominee or trustee sufficient time to complete the Tender procedure on your behalf by the Latest Tender Time. It is essential for you, as a beneficial owner of Available Shares, with your Shares registered in the name of your nominee to provide instructions to your nominee of your intention with regard to the Selective Share Buyback as soon as possible. Non-Registered Shareholders who want to participate in the Selective Share Buyback in their own names instead of through their nominees should contact their securities dealers, brokers, custodian banks, nominees or trustees to arrange for their Available Shares to be registered in their own names through the share registrar as soon as possible so that they are eligible to accept the Selective Share Buyback in their own name before the Latest Tender Time.

To ensure equality of treatment of all Shareholders, those Registered Shareholders who hold Available Shares as nominees for more than one beneficial owner (i.e. the Non-Registered Shareholders) should, as far as practicable, treat the holding of each Non-Registered Shareholder separately and give sufficient notification, guidance and assistance to the Non-Registered Shareholders with regard to the Selective Share Buyback so that their intention with regard to the Selective Share Buyback can be processed as soon as possible and the Registered Shareholders as nominees can take appropriate action on behalf of the Non-Registered Shareholders by the Latest Tender Time.

IMPORTANT NOTICE TO OVERSEAS SHAREHOLDERS:

Neither this Circular nor the Tender Forms constitute an invitation to participate in the Selective Share Buyback in any jurisdiction in which, or to any person to or from whom, it is unlawful to make such invitation or for there to be such participation under applicable securities laws. The distribution of this Circular in certain jurisdictions may be restricted by law. Persons into whose possession this Circular comes are required to inform themselves about and to observe any such restrictions.

If you are an Overseas Shareholder, you are reminded that the making and implementation of the Selective Share Buyback to you may be subject to restrictions and/or compliance requirements under any applicable securities legislation of your jurisdiction and the requirements of any competent regulatory body and/or the laws of the relevant jurisdictions in which you are located or domicile. You should inform yourself about and observe any applicable legal and/or regulatory requirements. You are recommended to consult independent professional advisers on any restrictions and/or compliance requirements to which you are/may be subject in relation to the Selective Share Buyback.

IMPORTANT NOTICES

IMPORTANT NOTICE TO SHAREHOLDERS IN UNITED STATES:

The Selective Share Buyback is being made for the securities of a BVI company and is subject to Hong Kong and Singapore disclosure requirements, which are different from those of the United States. The financial information included in this document has been prepared in accordance with International Financial Reporting Standards and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.

The receipt of cash pursuant to the Selective Share Buyback by a US holder of Shares may be a taxable transaction for US federal income tax purposes and under applicable state and local, as well as foreign and other tax laws. Each holder of Shares is urged to consult his independent professional advisor immediately regarding the tax consequences of participating in the Selective Share Buyback.

It may be difficult for US holders of Shares to enforce their rights and claims arising out of the US federal securities laws, since the Company is located in a country other than the United States, and some or all of their officers and directors may be residents of a country other than the United States. US holders of Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgment.

IMPORTANT NOTICE TO SHAREHOLDERS IN UNITED KINGDOM:

The communication of this Circular, the Tender Forms and any other documents or materials relating to the Selective Share Buyback are not being made, and such documents and/or materials have not been approved, by an authorised person for the purposes of Section 21 of the Financial Services and Markets Act 2000. Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “**Financial Promotion Order**”)) or persons who are within Article 43 of the Financial Promotion Order or any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (such persons together being the “**Relevant Persons**”). The Selective Share Buyback is only available to Relevant Persons and the transactions contemplated herein will be available only to, or engaged in only with, Relevant Persons, and this financial promotion must not be relied or acted upon by persons other than Relevant Persons.

IMPORTANT NOTICE TO SHAREHOLDERS IN MACAU:

This Circular and the Tender Forms have not been, and will not be, registered or approved in Macau. The Selective Share Buyback does not, and is not intended to, constitute an offer in Macau within the meaning of Macau Financial System Act. Shareholders who receive this

IMPORTANT NOTICES

Circular, the Tender Forms and any accompanying document must not mail or otherwise forward, distribute or send them to any person or entity in Macau. Any Shareholder who is resident in Macau is receiving this Circular, the Tender Forms and any accompanying document by virtue of the fact that it holds Shares. Any Shareholder who is resident in Macau and who wishes to Tender in the Selective Share Buyback must do so in accordance with their terms, to ensure that the Selective Share Buyback is completed in Singapore and not Macau.

IMPORTANT NOTICE TO SHAREHOLDERS IN INDIA:

This Circular and the Tender Forms are issued and distributed in respect of the Delisting, and is personal to each Shareholder. The Selective Share Buyback does not constitute an exit opportunity under the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009. The information contained herein is not for publication or distribution to the general public in India and there is no intention to register this Circular and the Tender Forms in India or to conduct a public offering of securities in India.

IMPORTANT NOTICE TO SHAREHOLDERS IN MALAYSIA:

The Company is not licenced in Malaysia under the Capital Markets and Services Act 2007. The information set out in this Circular and the Tender Forms should not be considered as constituting investment advice and the Circular, Tender Forms and Selective Share Buyback should not be construed as containing any proposal to make available to you, or to offer to you for subscription or purchase, or to invite you to apply or subscribe for or purchase, any security described herein.

IMPORTANT NOTICE TO SHAREHOLDERS IN FRANCE:

Pursuant to French law, no separate offering of this Circular will be made in France.

IMPORTANT NOTICE TO SHAREHOLDERS IN TAIWAN:

The issue of the securities as described in this Circular and the Tender Forms have not been, and will not be, registered with the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations, and the securities may not be offered or sold in Taiwan through a public offering or in circumstance which constitutes an offer within the meaning of the Securities and Exchange Act of Taiwan that requires a registration or approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorized to offer or sell the securities in Taiwan.

FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “seek”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs

IMPORTANT NOTICES

such as “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the current expectations, beliefs, hopes, intentions or strategies of the party making the statements regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders and investors should not place undue reliance on such forward-looking statements, and the Company does not undertake any obligation to update publicly or revise any forward-looking statements.

WAIVER IN RESPECT OF RULE 8.6 OF THE HK TAKEOVERS CODE

The Executive has granted a waiver in respect of Rule 8.6 of the HK Takeovers Code in order to waive the requirement for a Chinese translation of this Circular and accompanying documentation to be despatched to CDP Depositors and Company Registered Shareholders. Accordingly, the physical copies of the Chinese translation of this Circular will not be despatched to CDP Depositors and Company Registered Shareholders. If any CDP Depositors or Company Registered Shareholders wish to receive a copy of the Chinese translation of this Circular, they may request so at the office of the Singapore Share Transfer Agent, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02, Singapore 068898 or may access the Chinese translation of this Circular on the SEHK’s website (www.hkex.com.hk).

LETTER TO SHAREHOLDERS



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

Directors

Mr. Liu Heqiang (*Chief Executive Officer and Executive Director*)

Ms. Yang Meiyu (*Executive Director*)

Mr. Ren Xiaowei (*Executive Director*)

Mr. Shi Janson Bing (*Executive Director*)

Mr. Wei Wei (*Chairman and Non-executive Director*)

Mr. Zuo Kun (*Vice Chairman and Non-executive Director*)

Mr. Li Yao Min (*Vice Chairman and Non-executive Director*)

Mr. Xie Zhen (*Non-executive Director*)

Mr. Henry Tan Song Kok (*Lead Independent Non-executive Director*)

Mr. Kong Siu Chee (*Independent Non-executive Director*)

Mr. Zhang Hao (*Independent Non-executive Director*)

Mr. E Hock Yap (*Independent Non-executive Director*)

Registered Office

2/F Palm Grove House

P.O. Box 3340 Road Town

Tortola, British Virgin Islands

21 December 2016

To the Shareholders

Dear Sir or Madam

- (1) **PROPOSED VOLUNTARY DELISTING FROM THE OFFICIAL LIST OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED PURSUANT TO A CONDITIONAL CASH EXIT OFFER BY WAY OF SELECTIVE SHARE BUYBACK; AND**
- (2) **NOTICE OF EXTRAORDINARY GENERAL MEETING**

1. INTRODUCTION

Reference is made to the Company's announcements of 18 October 2016 and 19 October 2016 in relation to the proposed voluntary delisting of the Shares from the SGX-ST under Rules 1307 and 1309 of the SGX-ST pursuant to a conditional cash exit offer by way of a selective Share buyback under the BVI Business Companies Act and Articles of Association ("**Delisting**").

LETTER TO SHAREHOLDERS

The Directors propose to convene an EGM to be held on 17 January 2017 at 2:30 p.m. at The Straits Room, Level 4, The Fullerton Hotel Singapore, 1 Fullerton Square, Singapore 049178 to seek the approval of Shareholders for the Delisting. The purpose of this Circular is to explain the reasons for and to provide the Shareholders with relevant information pertaining to the same. Shareholders are advised to read this Circular together with the Company's earlier aforementioned announcements, which are accessible at www.sgx.com and www.hkex.com.hk.

2. DELISTING

2.1 Introduction

As announced by the Company on 18 October 2016, the Company proposes to seek a voluntary delisting of its Shares from the Official List of the SGX-ST pursuant to Rules 1307 and 1309 of the SGX-ST Listing Manual. Pursuant thereto, the Company proposes to make a conditional cash exit offer extended to all Shareholders by way of a selective share buyback under the BVI Business Companies Act and Articles of Association at the Tender Price of S\$0.07 in cash for each Tendered Share (or in respect of Tendered Shares registered in the HK Branch Register, the HK\$ equivalent at the Tendering Exchange Rate).

The Delisting is not a privatisation exercise and the Company intends to maintain its primary listing on the Main Board of the SEHK, so Shareholders who currently trade their Shares on the SGX-ST and who prefer to continue to hold their Shares and trade their Shares on the SEHK subsequent to the Delisting Completion can have their Shares transferred to the HK Branch Register. Shareholders will thereafter be able to trade their Shares freely on the SEHK upon setting up investor participant stock accounts in CCASS or stock accounts with designated CCASS participants, either through brokerages in Hong Kong or brokerages in Singapore which offer such services, and depositing their Shares in such accounts or otherwise trading through a stockbroker or bank. **The Delisting will not result in any compulsory acquisition or squeeze-out of any minority Shareholders by the Company or otherwise, and the Shares will continue to be listed on the Main Board of the SEHK.**

Shareholders who do not wish to continue holding their Shares and trade on the SEHK may elect to have all or some of their Shares bought back and cancelled by the Company at a Tender Price of S\$0.07 in cash per Tendered Share (which, at the Announcement Exchange Rate and LPD Exchange Rate, represents HK\$0.39 and HK\$0.38 per Tendered Share, respectively). The cash payable in respect of the Tender Price will be denominated in Singapore dollars, save for that Tendering Shareholders with Tendered Shares which are registered in the HK Branch Register will receive cash consideration in Hong Kong dollars based upon the Tendering Exchange Rate. As at the Latest Practicable Date, the closing prices of the Shares on the SGX-ST and SEHK are S\$0.078 and HK\$0.425, respectively. Shareholders should also refer to the opinion of the IFA in **Appendix I** on the fairness and reasonableness of the Selective Share Buyback.

The Delisting is conditional upon the satisfaction of the conditions described in Section 2.3 of this Circular, including the approval of the Delisting Resolution by Independent Shareholders at the EGM and receipt of an opinion from the IFA confirming that the terms of

LETTER TO SHAREHOLDERS

the Delisting is fair and reasonable and not prejudicial to the interests of Shareholders, by not later than the Long Stop Date of 17 March 2017 (subject to any extension thereof by the Company pursuant to consultations with the relevant regulatory authorities, including SIC and the Executive), failing which the Delisting will not proceed.

The Delisting is not conditional on any minimum number of Tendered Shares. The Controlling Shareholders and parties acting or presumed to be acting in concert with the Controlling Shareholder to obtain or consolidate effective control of the Company under the definition of ‘acting in concert’ in the Singapore Takeover Code or HK Takeovers Code (“**Controlling Concert Group**”) is required to abstain from voting on the Delisting Resolution at the EGM as a condition imposed by the SGX-ST in confirming it has no objection to the Delisting and pursuant to SIC’s rulings relating to the Delisting, as well as by virtue of the Controlling Concert Group’s interest in the Delisting arising from the Shareholder’s Loan extended by the Controlling Shareholder to the Company for purposes of the Delisting. In the event the Delisting Resolution is not approved by the requisite majority of Independent Shareholders at the EGM, the conditional cash exit offer by way of the Selective Share Buyback shall automatically lapse.

Fourteen (14) Shareholders holding in aggregate approximately 21.3% of the entire issued Shares as at the Latest Practicable Date (“**Undertaking Shareholders**”) have provided irrevocable undertakings to the Company as follows:

- (a) SRE Investment (a substantial Shareholder), Henry Tan Song Kok (Lead Independent Non-executive Director of the Company) and Li Yao Min (Vice Chairman and Non-executive Director of the Company), holding in aggregate approximately 15% of the entire issued Shares as at the Latest Practicable Date, all of which shall abstain from voting at the EGM, have provided irrevocable undertakings to the Company not to participate in the Selective Share Buyback in respect of their Shares; and
- (b) Shi Kangmei, Qian Xiaomei, Lee Chong Onn, Li Xinqiang, Sun Ludong, Capital Dynamics Group, Yu Songming, Peng Qi Jin, Yu Hai Sheng, Peng Rui, Mao Yiping, holding in aggregate approximately 6.2% of the entire issued Shares as at the Latest Practicable Date have provided irrevocable undertakings to the Company to vote in favour of the Delisting Resolution at the EGM and not to participate in the Selective Share Buyback in respect of their Shares.

Save for SRE Investment, Henry Tan Song Kok and Li Yao Min who are non-public Shareholders, all other Undertaking Shareholders are public Shareholders.

The Controlling Concert Group which directly and indirectly own in aggregate approximately 54.3% of the entire issued Shares as at the Latest Practicable Date, have undertaken that they will not tender any Shares in the Delisting and that they will not sell, transfer or otherwise dispose of their Shares until after the Closing Date (as described in Section 2.11 of this Circular). In addition, the Company has received irrevocable undertakings

LETTER TO SHAREHOLDERS

in writing from the Undertaking Shareholders holding in aggregate approximately 21.3% of the entire issued Shares as at the Latest Practicable Date that they will not tender any Shares in the Delisting and that they will not sell, transfer or otherwise dispose of their Shares until after the Closing Date (as described in Section 2.11 of this Circular). Other than the Controlling Concert Group and the Undertaking Shareholders, all other Shareholders may tender their Shares in the Delisting (except under the circumstances mentioned in Section 2.11 of this Circular).

Independent Shareholders are entitled to approve the Delisting at the EGM without any obligation or need to Tender any Shares in the Delisting.

The Delisting will be made in compliance with all applicable laws and regulations, including the BVI Business Companies Act, SGX-ST Listing Manual, Singapore Takeover Code, HK Takeovers Code, HK Share Buy-back Code and Articles of Association.

The in-principle no objection of the SGX-ST to the Delisting is not to be taken as an indication of the merits of the Delisting.

2.2 Principal Terms of the Delisting

The principal terms of the Delisting are as follows:

- (a) the Company will make the Selective Share Buyback offer to all Shareholders conditional on the requisite approval by Independent Shareholders of the Delisting Resolution at the EGM and the fulfilment of the other conditions, as more particularly described in Section 2.3 of this Circular by not later than the Long Stop Date. For the avoidance of doubt, none of those conditions may be waived by the Company;
- (b) the Tender Price is S\$0.07 per Tendered Share in cash;
- (c) the Tender Price is final and will not be further increased or revised;
- (d) the Tender Price payable will be denominated in Singapore dollars, save for that Tendering Shareholders with Tendered Shares which are registered in the HK Branch Register will receive cash consideration in Hong Kong dollars based upon the Tendering Exchange Rate;
- (e) Shareholders may proceed to tender all or some of their Shares to be bought back and cancelled at any time after receipt of this Circular and the accompanying Tender Forms and, subject to the Delisting becoming unconditional, such Shares shall be cancelled on the Effective Date in consideration of the payment by the Company to Tendering Shareholders of the Tender Price;
- (f) if the Delisting becomes unconditional, Shareholders will be able to tender their Shares to be bought back and cancelled for a further period of 14 days thereafter;

LETTER TO SHAREHOLDERS

- (g) Tender Forms duly received by or on behalf of the Company will be irrevocable and will not be capable of withdrawal;
- (h) Tendered Shares will not be entitled to any dividend declared for any record date set subsequent to the Delisting Announcement Date;
- (i) Shareholders shall be deemed to represent and warrant to the Company that their Tendered Shares are fully paid and free from all liens, equities, mortgages, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever, including the right to any dividends or distributions declared, made or paid after the Delisting Announcement Date, and have attached all rights, benefits and entitlements thereto as at the Delisting Announcement Date;
- (j) Shareholders who currently trade their Shares on the SGX-ST and who prefer to continue trading their Shares on the SEHK subsequent to the Delisting Completion may transfer their Shares to the HK Branch Register, and will thereafter be able to trade their Shares freely on the SEHK upon setting up investor participant stock accounts in CCASS with the HKSCC or stock accounts with designated CCASS participants, either through brokerages in Hong Kong or brokerages in Singapore which offer such services, and depositing their Shares in such accounts or otherwise trading through a stockbroker or bank; and
- (k) the Delisting will not be conditional on any minimum number of Tendered Shares.

2.3 Conditions

The Delisting is subject to the approval of the SGX-ST and both the Delisting and the Selective Share Buyback are subject to the following conditions being fulfilled by not later than the Long Stop Date:

- (a) the Delisting Resolution being passed by the Independent Shareholders at the EGM, provided that:
 - (i) the Delisting Resolution is approved by a majority of at least 75% of the total number of issued Shares held by Independent Shareholders present and voting, on a poll, either in person or by proxy at the EGM; and
 - (ii) the Delisting Resolution is not voted against by 10% or more of the total number of Shares held by Independent Shareholders present and voting, on a poll, either in person or by proxy at the EGM;
- (b) the receipt of an opinion from the IFA to the Independent Board Committee confirming that the terms of the Delisting is fair and reasonable and not prejudicial to the interests of Shareholders;
- (c) compliance with all applicable laws and regulations, including the BVI Business Companies Act, SGX-ST Listing Manual, HK Listing Rules, Singapore Takeover Code, HK Takeovers Code, HK Share Buy-back Code and Articles of Association; and

LETTER TO SHAREHOLDERS

- (d) no governmental authority or court of competent jurisdiction having enacted, issued, promulgated, enforced, or entered any law, rule, regulation, judgment, decree, executive order or award having the effect of making the Delisting illegal or otherwise prohibiting consummation thereof.

For the avoidance of doubt, none of these conditions may be waived by the Company. As at the date of this circular, only the condition (b) above has been satisfied.

2.4 Reasons for and Benefits of the Delisting

The Delisting is proposed by the Board for the following reasons:

- (a) A single listing may help to consolidate the trading of the Shares and broaden the shareholder base, as well as enhance the attraction of the Company as an investment target.
- (b) The SEHK is geographically more aligned with the Company's business operations and core business competencies (which are based in the PRC).
- (c) There will be savings in compliance costs and management resources if the Company is required to comply only with the listing rules and laws and regulations of SEHK, as opposed to both exchanges. It will also reduce the constraints in operational flexibility faced by the Company.
- (d) Shareholders continue to be protected by the ongoing listing compliance requirements of the SEHK, as the SEHK is a respected and reputable global stock exchange.

In addition, the Board considers that the Delisting would potentially provide opportunities for Shareholders who wish to retain their shareholdings and participate in the Company's future prospects to increase their proportionate interests in the Company after the Delisting Completion by not accepting the Selective Share Buyback.

2.5 Relevant Regulatory Considerations

(1) SGX-ST

- (a) Under Rule 1307 of the SGX-ST Listing Manual, the SGX-ST may agree to an application by the Company to delist from the Official List of the SGX-ST if:
 - (i) the Company convenes an EGM to obtain Shareholders' approval for the Delisting;
 - (ii) the Delisting is approved by a majority of at least 75% of the total number of issued Shares held by Shareholders present and voting, on a poll, either in person or by proxy at the EGM; and

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- (iii) the Delisting is not voted against by 10% or more of the total number of Shares held by Shareholders present and voting, on a poll, either in person or by proxy at the EGM.
 - (b) In addition, Rule 1309 of the SGX-ST Listing Manual requires that if the Company is seeking to delist from the Official List of the SGX-ST:
 - (i) a reasonable exit alternative, which should normally be in cash, should be offered to Shareholders and holders of any other classes of listed securities to be delisted; and
 - (ii) the Company should normally appoint an IFA to advise on the exit offer.
 - (c) Pursuant to consultations by the Company with the SGX-ST, the SGX-ST has stated that it has no objection to the Delisting subject to the following conditions:
 - (i) the Delisting must comply with Rules 1307 and 1309 of the SGX-ST Listing Manual;
 - (ii) (A) any Shareholder who (1) holds directly or indirectly 15% or more of the total number of issued Shares (excluding treasury Shares) in the Company; or (2) in fact exercises control over the Company, being the Controlling Shareholder;
 - (B) the Directors; and
 - (C) their associatesmust abstain from voting on the Delisting Resolution.
- Shareholders who have nominees on the Board shall be considered as associates of such nominees;
- (iii) the opinion to be rendered by the IFA, which must be a firm acceptable to the SGX-ST, must be that the terms of the Delisting is fair and reasonable and not prejudicial to the interests of Shareholders; and
 - (iv) sufficient notice must be given to Shareholders of the date of the Delisting.

The in-principle no objection of the SGX-ST to the Delisting is not to be taken as an indication of the merits of the Delisting.

(2) *SIC*

- (a) Pursuant to consultations by the Company with the SIC, the SIC has ruled that:

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- (i) the Selective Share Buyback is exempted from the following provisions of the Singapore Takeover Code:

- (A) Rule 20.1 of the Singapore Takeover Code on keeping an offer open for at least 14 days after revision;
- (B) Rule 22 of the Singapore Takeover Code on offer timetable;
- (C) Rule 28 of the Singapore Takeover Code on acceptances of offer; and
- (D) Rule 29 of the Singapore Takeover Code on acceptors' right to withdraw,

subject to the following conditions:

- (1) the Selective Share Buyback remaining open to Shareholders for at least 14 days after the date of the announcement of shareholder approval of the Delisting;
 - (2) the Controlling Concert Group abstaining from voting on the Selective Share Buyback;
 - (3) the Directors who are also directors of any member of the Controlling Concert Group, if any, abstain from making a recommendation on the Selective Share Buyback to Shareholders; and
 - (4) the appointment of an IFA to advise Shareholders other than the Controlling Concert Group on the Delisting and Selective Share Buyback;
- (ii) the Undertaking Shareholders will not be regarded as acting in concert with the Controlling Concert Group by virtue of their undertakings, subject to the Controlling Concert Group and the Undertaking Shareholders each providing a written confirmation to SIC to the effect that each is not acting in concert with the other; and
- (iii) the provisions of the Singapore Takeover Code that apply to the offeror would, where appropriate, apply to the Controlling Shareholder in the context of the Delisting.

(3) *HK Listing Rules and HK Share Buy-back Code*

- (a) The cash exit offer by way of the Selective Share Buyback is a share buy-back by way of general offer for the purposes of the HK Share Buy-back Code.

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- (b) As discussed in Section 2.14 of this Circular, if (i) the Delisting proceeds; and (ii) where a high proportion of Available Shares (more than 30.8% of Available Shares) are tendered by Shareholders, the Company may not have sufficient Shares held in the public hand as prescribed under the HK Listing Rules and trading in the Shares on the SEHK may be suspended. It is the Company's intention to take such steps as it considers reasonable and appropriate to restore the public float such that, following the completion of the Selective Share Buyback, there is a genuine open market in the Shares and the Shares are not concentrated in the hands of a few shareholders to the detriment of the investing public. Should it consider that an immediate placement of Shares is the best course of action, the Company will consider placement of new Shares and for this purpose the Company has obtained waivers (A) from the SEHK of the provisions of Rule 10.06(3) of the HK Listing Rules; and (B) from the Executive of the provisions of Rule 7 of the HK Share Buy-back Code, in order to allow such placement to be conducted immediately after the completion of the Selective Share Buyback.
- (c) Shareholders may also refer to Section 2.9 of this Circular for the changes in shareholdings (including public float) arising from possible scenarios dependent on the number of Available Shares tendered.

(4) *BVI Business Companies Act*

Pursuant to the BVI Business Companies Act, the Company may, subject to the approval of Shareholders by way of ordinary resolutions, undertake the Selective Share Buyback, which will be effective upon updating of the Company's share register. There are no public filings required to be made in respect of the Selective Share Buyback.

2.6 Analysis of Tender Price

The Tender Price for each Share is S\$0.07 in cash, which values the entire issued and outstanding Shares as at the Delisting Announcement Date at S\$689,228,382 (approximately HK\$3,841,207,620 at the Announcement Exchange Rate).

The Tender Price represents in Singapore dollars:

- (a) a premium of approximately 18.6% over the closing price of the Shares of S\$0.0590 as quoted on SGX-ST at the close of business on the Last Undisturbed Trading Day;
- (b) a premium of approximately 19.7% over the VWAP of the Shares of approximately S\$0.0585 as quoted on SGX-ST for the five consecutive trading days immediately prior to and including the Last Undisturbed Trading Day;
- (c) a premium of approximately 18.2% over the VWAP of the Shares of approximately S\$0.0592 as quoted on SGX-ST for the ten consecutive trading days immediately prior to and including the Last Undisturbed Trading Day;

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- (d) a premium of approximately 20.5% over the VWAP of the Shares of approximately S\$0.0581 as quoted on SGX-ST for one calendar month prior to and including the Last Undisturbed Trading Day;
- (e) a premium of approximately 26.8% over the VWAP of the Shares of approximately S\$0.0552 as quoted on SGX-ST for three calendar months prior to and including the Last Undisturbed Trading Day;
- (f) a premium of approximately 27.4% over the VWAP of the Shares of approximately S\$0.0550 as quoted on SGX-ST for six calendar months prior to and including the Last Undisturbed Trading Day;
- (g) a premium of approximately 30.4% over the VWAP of the Shares of approximately S\$0.0537 as quoted on SGX-ST for nine calendar months prior to and including the Last Undisturbed Trading Day; and
- (h) a discount of approximately 7.8% to the VWAP of the Shares of S\$0.0759 as quoted on SGX-ST on the Latest Practicable Date.

On the basis of the Announcement Exchange Rate, the Tender Price represents in Hong Kong dollars:

- (a) a premium of approximately 14.7% over the closing price of the Shares of HK\$0.340 as quoted on SEHK at the close of business on the Last Undisturbed Trading Day;
- (b) a premium of approximately 13.4% over the average closing price of the Shares of approximately HK\$0.344 as quoted on SEHK for the five consecutive trading days immediately prior to and including the Last Undisturbed Trading Day;
- (c) a premium of approximately 14.2% over the average closing price of the Shares of approximately HK\$0.342 as quoted on SEHK for the ten consecutive trading days immediately prior to and including the Last Undisturbed Trading Day;
- (d) a premium of approximately 15.4% over the average closing price of the Shares of approximately HK\$0.338 as quoted on SEHK for one calendar month prior to and including the Last Undisturbed Trading Day;
- (e) a premium of approximately 29.1% over the average closing price of the Shares of approximately HK\$0.302 as quoted on SEHK for three calendar months prior to and including the Last Undisturbed Trading Day;
- (f) a premium of approximately 31.5% over the average closing price of the Shares of approximately HK\$0.297 as quoted on SEHK for six calendar months prior to and including the Last Undisturbed Trading Day;
- (g) a premium of approximately 36.6% over the average closing price of the Shares of approximately HK\$0.286 as quoted on SEHK for nine calendar months prior to and including the Last Undisturbed Trading Day; and

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- (h) a discount of approximately 8.2% to the closing price of the Shares of HK\$0.425 as quoted on SEHK on the Latest Practicable Date.

Based on the Announcement Exchange Rate, the P/NAV multiple implied by the Tender Price (in Singapore dollars) is as follows:

Tender Price per Share (S\$)	NAV per Share⁽¹⁾ (S\$)	Implied P/NAV ratio (time)
0.0700	0.0826	0.85

Based on the Announcement Exchange Rate, the P/NAV multiple implied by the Tender Price (in Hong Kong dollars) is as follows:

Tender Price per Share (HK\$)	NAV per Share⁽¹⁾ (HK\$)	Implied P/NAV ratio (time)
0.390	0.461	0.85

Note:

- (1) NAV per Share is calculated based on the Company's unaudited consolidated NAV as at 30 September 2016 and 9,846,119,747 Shares in issue as at the Delisting Announcement Date.

2.7 Financing

If all of the Available Shares are bought back and cancelled, this would result in the Company paying, at the Tender Price, approximately S\$168,390,366 (approximately HK\$905,468,673 at the LPD Exchange Rate) to the Tendering Shareholders in cash. The Delisting will be funded by internal cash resources of the Company and the Shareholder's Loan. The Shareholder's Loan is for a term of three months from the date of drawdown which can be extendable up to further three months by the Company. The interest for the Shareholder's Loan is at the rate of 2.5% per annum and will be payable on the maturity date. As the Shareholder's Loan was provided to the Company on normal commercial terms or better to the Group and it is not secured by the assets of the Group, the Shareholder's Loan is fully exempt under Chapter 14A of the HK Listing Rules.

The Directors are of the opinion that, in the event the maximum aggregate amount of Tender Price is payable in the Delisting, the Group will still maintain sufficient working capital on Delisting Completion to pay its liabilities as they become due and to meet the normal operating requirements of the Group.

2.8 Confirmation of Financial Resources

BNP Paribas, acting through its Singapore Branch, as the Company's Singapore financial adviser, confirms in accordance with the Singapore Takeover Code that the Company, together with the Controlling Shareholder (to whom SIC has ruled the provisions of the Singapore

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Takeover Code that apply to the offeror would apply, where appropriate, in the context of the Delisting), have sufficient financial resources available for the payment in full of the cash required to satisfy all Available Shares (if tendered).

BNP Paribas Securities (Asia) Limited, as the Company's Hong Kong financial adviser, confirms in accordance with the HK Share Buy-back Code and the HK Takeovers Code that the Company has sufficient financial resources available for the payment in full of the cash required to satisfy all Available Shares (if tendered).

2.9 Changes in Shareholdings

As at the Latest Practicable Date, the Company has a market capitalization of approximately S\$767,997,340 based on the closing price of the Shares on the SGX-ST and a market capitalization of approximately HK\$4,184,600,892 based on the closing price of the Shares on the SEHK.

As at the Latest Practicable Date, the percentage of Shares held by public Shareholders on SGX-ST and SEHK is 30.6%.

The current shareholding structure of the Company, representing all Shares traded on SGX-ST and SEHK, is as follows:

Shareholder	Aggregate Number of Shares on SGX-ST and SEHK	Percentage of total issued Shares on SGX-ST and SEHK
Controlling Concert Group	5,347,921,071	54.3%
Undertaking Shareholders		
– SRE Investment (<i>Note</i>)	1,468,356,862	14.9%
– Li Yao Min (<i>Note</i>)	8,352,672	0.1%
– Henry Tan Song Kok (<i>Note</i>)	600,000	0.0%
– public Undertaking Shareholders	615,312,492	6.2%
Non-public Shareholders		
– Shi Jian	6,104,938	0.1%
Other Public Shareholders	2,399,471,712	24.4%

Note: SRE Investment, Henry Tan Song Kok and Li Yao Min are non-public Shareholders

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Shareholder	Number of Shares on SGX-ST	Percentage of issued Shares on SGX-ST	Number of Shares on SEHK	Percentage of issued Shares on SEHK	Number of Shares on SGX-ST and SEHK	Percentage of issued Shares on SGX-ST and SEHK
Controlling Concert Group	–	–%	5,347,921,071	59.7%	5,347,921,071	54.3%
Undertaking Shareholders						
– SRE Investment (<i>Note</i>)	–	–%	1,468,356,862	16.4%	1,468,356,862	14.9%
– Henry Tan Song Kok (<i>Note</i>)	600,000	0.1%	–	–%	600,000	0.0%
– Li Yao Min (<i>Note</i>)	–	–%	8,352,672	0.1%	8,352,672	0.1%
– public Undertaking Shareholders	94,655,900	10.7%	520,656,592	5.8%	615,312,492	6.2%
Non-public Shareholders						
– Shi Jian	–	–%	6,104,938	0.1%	6,104,938	0.1%
Other Public Shareholders	<u>787,199,216</u>	<u>89.2%</u>	<u>1,612,272,496</u>	<u>18.0%</u>	<u>2,399,471,712</u>	<u>24.4%</u>
Total number of Shares on SGX-ST	<u><u>882,455,116</u></u>	<u><u>100.0%</u></u>				
Total number of Shares on SEHK			<u><u>8,963,664,631</u></u>	<u><u>100.0%</u></u>		
Total number of Shares on SGX-ST and SEHK					<u><u>9,846,119,747</u></u>	<u><u>100.0%</u></u>

Note: SRE Investment, Henry Tan Song Kok and Li Yao Min are non-public Shareholders

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For the purposes of illustration, depending on the number of Available Shares that are bought back and cancelled, potential shareholdings of the Controlling Shareholder, Undertaking Shareholders, non-public Shareholders and public Shareholders on the Delisting Completion are set out below:

Shareholder	Shareholding Percentage in the Company on the Delisting Completion				
	Scenario 1 0% ⁽²⁾	Scenario 2 25.0% ⁽⁴⁾	Scenario 3 50.0% ⁽⁵⁾	Scenario 4 75.0% ⁽⁶⁾	Scenario 5 100.0% ⁽⁷⁾
Controlling Concert Group	54.3%	57.8%	61.9%	66.5%	71.9%
Undertaking Shareholders					
– SRE Investment	14.9%	15.9%	17.0%	18.3%	19.7%
– Henry Tan Song Kok	0.0%	0.0%	0.0%	0.0%	0.0%
– Li Yao Min	0.1%	0.1%	0.1%	0.1%	0.1%
– public Undertaking Shareholders	6.2%	6.7%	7.1%	7.7%	8.3%
Non-public Shareholders					
– Shi Jian	0.1%	0.0%	0.0%	0.0%	–
Other Public Shareholders	24.4%	19.5%	13.9%	7.5%	–
Public Float	30.6%	26.1%	21.0%	15.1%	8.3%

Notes:

- (1) Computed based on an entire issued share capital of 9,846,119,747 Shares and 2,405,576,650 Available Shares as at the Latest Practicable Date.
- (2) Scenario 1 contemplates no Shares being tendered.
- (3) In Scenario 2, 3, 4 and 5, it is assumed that the tendering ratio for Mr. Shi Jian is the same as the tendering ratio of the other public Shareholders such that he has tendered 1,526,235, 3,052,469, 4,578,704 and 6,104,938 Shares, respectively.
- (4) Scenario 2 contemplates 599,867,928 Shares held by Other Public Shareholders, comprising approximately 6.1% of the entire issued Shares and approximately 25.0% of their Shares being tendered, so that on Delisting Completion, the entire issued share capital comprises 9,244,725,585 Shares.
- (5) Scenario 3 contemplates 1,199,735,856 Shares held by Other Public Shareholders, comprising approximately 12.2% of the entire issued Shares and approximately 50.0% of their Shares being tendered, so that on Delisting Completion, the entire issued share capital comprises 8,643,331,422 Shares.
- (6) Scenario 4 contemplates 1,799,603,784 Shares held by Other Public Shareholders, comprising approximately 18.3% of the entire issued Shares and approximately 75.0% of their Shares being tendered, so that on Delisting Completion, the entire issued share capital comprises 8,041,937,260 Shares.
- (7) Scenario 5 contemplates 2,399,471,712 Shares held by Other Public Shareholders, comprising approximately 24.4% of the entire issued Shares and approximately 100.0% of their Shares being tendered, so that on Delisting Completion, the entire issued share capital comprises 7,440,543,097 Shares.

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For the purposes of illustration, where only Available Shares which are on SGX-ST are bought back and cancelled, depending on the number of such Available Shares which are on SGX-ST which are bought back and cancelled, the potential shareholdings of the Controlling Shareholder, Undertaking Shareholders, non-public Shareholders and public Shareholders on the Delisting Completion are set out below:

Shareholder	Shareholding Percentage in the Company on the Delisting Completion				
	Scenario 1 0% ⁽²⁾	Scenario 2 25.0% ⁽⁴⁾	Scenario 3 50.0% ⁽⁵⁾	Scenario 4 75.0% ⁽⁶⁾	Scenario 5 100.0% ⁽⁷⁾
Controlling Concert Group	54.3%	55.4%	56.6%	57.8%	59.0%
Undertaking Shareholders					
– SRE Investment	14.9%	15.2%	15.5%	15.9%	16.2%
– Henry Tan Song Kok	0.0%	0.0%	0.0%	0.0%	0.0%
– Li Yao Min	0.1%	0.1%	0.1%	0.1%	0.1%
– public Undertaking Shareholders	6.2%	6.4%	6.5%	6.6%	6.8%
Non-public Shareholders					
– Shi Jian	0.1%	0.1%	0.1%	0.1%	0.1%
Other Public Shareholders	24.4%	22.8%	21.2%	19.5%	17.8%
Public Float	30.6%	29.2%	27.7%	26.2%	24.6%

Notes:

- (1) Computed based on an entire issued share capital of 9,846,119,747 Shares and 787,199,216 Available Shares which are on SGX-ST.
- (2) Scenario 1 contemplates no Shares being tendered.
- (3) In Scenario 2, 3, 4 and 5, it is assumed that Mr. Shi Jian does not tender his shares.
- (4) Scenario 2 contemplates 196,799,804 Shares held by Other Public Shareholders, comprising approximately 2.0% of the entire issued Shares and approximately 25.0% of Available Shares which are on SGX-ST being tendered, so that on Delisting Completion, the entire issued share capital comprises 9,649,319,943 Shares.
- (5) Scenario 3 contemplates 393,599,608 Shares held by Other Public Shareholders, comprising approximately 4.0% of the entire issued Shares and approximately 50.0% of Available Shares which are on SGX-ST being tendered, so that on Delisting Completion, the entire issued share capital comprises 9,452,520,139 Shares.
- (6) Scenario 4 contemplates 590,399,412 Shares held by Other Public Shareholders, comprising approximately 6.0% of the entire issued Shares and approximately 75.0% of Available Shares which are on SGX-ST being tendered, so that on Delisting Completion, the entire issued share capital comprises 9,255,720,335 Shares.
- (7) Scenario 5 contemplates 787,199,216 Shares held by Other Public Shareholders, comprising approximately 8.0% of the entire issued Shares and approximately 100.0% of Available Shares which are on SGX-ST being tendered, so that on Delisting Completion, the entire issued share capital comprises 9,058,920,531 Shares.

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2.10 Financial Effects

For illustrative purposes only, the financial effects of the Selective Share Buyback set out below were prepared based on the FY2015 Results, the interim results for the six months ended 30 June 2016 and subject to the following assumptions:

- (a) for the purposes of computing the effect of the Selective Share Buyback on NAV per share and gearing, it is assumed that the Selective Share Buyback had been completed on 30 June 2016;
- (b) for the purpose computing the effect of the Selective Share Buyback on EPS, it is assumed that the Selective Share Buyback had been completed on 1 January 2015;
- (c) 100% of Available Shares are Tendered pursuant to the Selective Share Buyback; and
- (d) converted based on LPD Exchange Rate.

Note: in RMB'000 unless otherwise stated

Share Capital	As at 30 June 2016	After the Delisting
Number of Shares	9,846,119,747	7,440,543,097
Total Equity	4,002,766	3,181,360
NAV	As at 30 June 2016	After the Delisting
NAV ⁽¹⁾	3,702,784	2,881,378
NAV per Share (RMB)	0.376	0.387
Earnings Per Share	For the year ended 31 December 2015	After the Delisting
Earnings attributable to Shareholders ⁽²⁾	65,141	65,141
EPS (RMB)	0.0066	0.0088
Gearing⁽³⁾	As at 30 June 2016	After the Delisting
Net debt	(438,501)	382,905
Equity attributable to shareholders	3,702,784	2,881,378
Gearing ratio (times)	(0.12)	0.13

Notes:

- (1) The amount of cash to be paid for the Selective Share Buyback represents the maximum amount payable by the Group under the Offer of S\$168,390,366 (approximately RMB809,183,062) which is based on the repurchase of up to 2,405,576,650 Shares at a price of S\$0.07 (approximately RMB0.34 at the LPD Exchange Rate) per Share and the estimated expenses of approximately RMB12,223,171 directly attributable to the Selective Share Buyback.
- (2) NAV represents the equity attributable to shareholders which is the aggregate amount of the Company's share capital, other reserves and accumulated losses excluding non-controlling interests.
- (3) The Selective Share Buyback will be mainly funded by internal cash resources of the Company and Shareholder's Loan of US\$75,000,000, which is charged at interest rate of 2.5% per annum and the annual interest is RMB13,008,750. The unaudited pro forma basic earnings per share does not take into

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account the annual interest of RMB13,008,750. Had the annual interest been taken into account, the unaudited pro forma profit attributable to the equity holders of the parent would be RMB52,132 thousand and the unaudited pro forma basic earnings per Share would be RMB0.0070.

- (4) Gearing is computed based on total borrowings less cash and bank balances divided by equity attributable to shareholders.

The unaudited proforma financial information of the Group taking into account the Selective Share Buyback (including the independent reporting accountants' assurance report in relation thereto) are set out in **Appendix X**.

2.11 Irrevocable Undertakings

The Controlling Concert Group, which directly and indirectly own in aggregate approximately 54.3% of the entire issued and outstanding Shares as at the Delisting Announcement Date, have undertaken that they will not participate in the Selective Share Buyback in respect of the Shares directly or indirectly held by them and that they will not sell, transfer or otherwise dispose of their Shares until after the Closing Date.

The Company has received irrevocable undertakings in writing from the following Undertaking Shareholders holding in aggregate approximately 21.3% of the entire issued Shares that they will not tender their Shares nor take any action which would conflict with or diminish their obligations under the undertakings or otherwise frustrate the Delisting or its implementation (including directly or indirectly selling, transferring, encumbering or otherwise disposing of any interest in any of their Shares or interest therein (whether conditionally or unconditionally)):

Undertaking Shareholders	Number of Shares held	%
SRE Investment	1,468,356,862	14.9
Shi Kangmei	214,500,000	2.2
Li Xinqiang	92,233,222	0.9
Lee Choong Onn	90,000,000	0.9
Qian Xiaomei	85,400,000	0.9
Sun Ludong	42,467,500	0.4
Capital Dynamics Group	39,655,900	0.4
Yu Songming	38,977,500	0.4
Li Yao Min	8,352,672	0.1
Peng Qi Jin	4,057,500	0.1
Yu Hai Sheng	2,925,870	0.0
Peng Rui	2,600,000	0.0
Mao Yiping	2,475,000	0.0
Henry Tan Song Kok	600,000	0.0
	2,092,622,026	21.3

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Save for SRE Investment, Henry Tan Song Kok and Li Yao Min which shall abstain from voting at the EGM, the remaining Undertaking Shareholders holding in aggregate approximately 6.2% of the entire issued Shares have further irrevocably undertaken to vote in favour of the Delisting Resolution at the EGM. Save for SRE Investment, Henry Tan Song Kok and Li Yao Min who are non-public Shareholders, all other Undertaking Shareholders are public Shareholders.

Such undertakings shall lapse upon the earlier of the Closing Date or the termination of the Delisting (for whatever reason, including failure to obtain Shareholders' approval).

2.12 Effect of the Delisting on Shareholders

Subject to the Delisting Resolution being approved by the Independent Shareholders at the EGM and the approval of the SGX-ST, Delisting Completion is expected to take place within three weeks of the Closing Date, to be announced by the Company. As mentioned in Section 2.5(1)(c) of this Circular, the SGX-ST has indicated that it has no objection to the Delisting provided the stated conditions are satisfied.

Following Delisting Completion, the Company will no longer be subject to compliance with the SGX-ST Listing Manual and the Singapore Takeover Code, though it will continue to comply with the HK Listing Rules, HK Takeovers Code and HK Share Buy-back Code, for so long as it remains listed on the SEHK. The Company will also continue to be subject to compliance with the BVI Business Companies Act.

The in-principle no objection of the SGX-ST to the Delisting is not to be taken as an indication of the merits of the Delisting.

2.13 No Compulsory Acquisition Rights

The Delisting will not result in any compulsory acquisition or squeeze-out of any minority Shareholders by the Company or otherwise under the BVI Business Companies Act, and the Shares will continue to be listed on the Main Board of the SEHK.

2.14 Intention of the Group to Maintain the Primary Listing on the Main Board of the SEHK

Following Delisting Completion, the Company intends to maintain its primary listing on the Main Board of the SEHK. Shareholders should therefore note that the Delisting is not a privatisation exercise (and will not result in any compulsory acquisition or squeeze-out of any minority Shareholders by the Company or otherwise), and the Shares will continue to be listed on the Main Board of the SEHK.

Shareholders and other investors should note that if (a) the Delisting proceeds; and (b) where a high proportion of Available Shares (more than 30.8% of Available Shares) are tendered by Shareholders, the Company may not have sufficient Shares held in the

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public hand as prescribed under the HK Listing Rules and trading in the Shares on the SEHK may be suspended. The SEHK has stated that if, at the close of the Selective Share Buyback, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued shares, are held by the public, or if the SEHK believes that:-

- a false market exists or may exist in the trading of the Shares; or
- that there are insufficient Shares in public hands to maintain an orderly market;

it will consider exercising its discretion to suspend dealings in the Shares.

The Company intends it to remain listed on the SEHK. The Directors have jointly and severally undertaken to the SEHK to take appropriate steps to ensure that sufficient public float exists in Company's shares. It is the Company's intention to take such steps as it considers reasonable and appropriate to restore the public float such that, following the closing of the Selective Share Buyback, there is a genuine open market in the Shares and the Shares are not concentrated in the hands of a few shareholders to the detriment of the investing public. Should it consider that an immediate placement of Shares is the best course of action, the Company will consider placement of new Shares and for this purpose the Company has obtained waivers (i) from the SEHK of the provisions of Rule 10.06(3) of the HK Listing Rules; and (ii) from the Executive of the provisions of Rule 7 of the HK Share Buy-back Code, in order to allow such placement to be conducted immediately after the closing of the Selective Share Buyback.

Having said that, the Company does not currently expect high level of tendering of the Shares by the Shareholders in the Selective Share Buyback which may result in the breach of the public float requirement after taking into account of the following reasons and factors:

- (i) During the period from 26 October 2016 up to the Latest Practicable Date, the majority of the closing trading price of the Shares is above the Tender Price. As at the Latest Practicable Date, the closing prices of the Shares on the SGX-ST and SEHK are S\$0.078 and HK\$0.425, respectively. Therefore, if the Shareholders would like to dispose of their Shares, it is in their interest to sell their Shares on the market rather than participating in the Selective Share Buyback.
- (ii) The percentage of shareholding held by Shareholders in Hong Kong is much higher than those in Singapore. As at 30 November 2016, the percentage of shareholding held by Shareholders in Singapore and Hong Kong were 8.96% and 91.04% respectively. 99.9% of shareholding in Singapore are held by the public Shareholders, whereas 23.8% of shareholding in Hong Kong are held by the public Shareholders. Compared to the Shareholders in Singapore, it is less likely for the Shareholders in Hong Kong to participate in Selective Share Buyback solely due to the reasons such as higher costs for transacting or holding cross-border traders, avoidance of market or regulatory risks associated with foreign markets.

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The Company has no intention to privatise the Company or delist the Shares from the Main Board of the SEHK. The Company will take steps to ensure that sufficient Shares are held in public hands as is required by the HK Listing Rules. It is the intention of the Company to place Shares to investors to restore public float and shareholders' spread immediately following the closing of the Selective Share Buyback, subject to the then prevailing market conditions. However, as the level of public float that need to be restored, if required, is still an unknown, it is premature and not in the interest of Shareholders and the Company as a whole for the purpose of achieving the best placing price for its Shares to fix the terms of the placing at this moment.

In an effort to expedite the placing of Shares to ensure that the Company can restore its public float where required as soon as possible following the closing of the Selective Share buyback, the Company and BNP Paribas Securities (Asia) Limited have entered into a placing agreement on the date of the despatch of the Circular. Under the placing agreement, BNP Paribas Securities (Asia) Limited will place new Shares to be issued by the Company on a best effort basis to restore public float and shareholders' spread for the Shares where necessary as soon as possible and in any event not more than 30 days from the closing of the Selective Share Buyback. Furthermore, the Company will closely monitor the trading price and volume of the Shares and the acceptance level for the Selective Share Buyback and understand that BNP Paribas Securities (Asia) Limited will be reaching out to its investors network to identify potential investors for the Company to pave its readiness in capturing the earliest placing window.

The obligations of BNP Paribas Securities (Asia) Limited under the placing agreement will be conditional upon (1) the Selective Share Buyback having been completed and the Company failing to have sufficient Shares held in the public hands as prescribed by the HK Listing Rules immediately following the completion of the Selective Share Buyback as evidenced by a written report from Tricor Investor Services Limited on the number of Shares validly tendered and repurchased under the Selective Share Buyback; and (2) the price determination agreement having been entered into by the parties thereto and the Company and BNP Paribas Securities (Asia) Limited having agreed on the number of placing shares, in any event before the long stop date of the placing agreement.

The Company has obtained waivers (i) from the SEHK of the provisions of Rule 10.06(3) of the HK Listing Rules; and (ii) from the Executive of the provisions of Rule 7 of the HK Share Buy-back Code to allow for an issue of new Shares during the period of 30 days immediately after the closing of the Selective Share Buyback.

2.15 Information on the Company and Future Plans

There will not be material change to the business and management of the Group and, as discussed in Section 2.14 of this Circular, the Company's primary listing on the Main Board of the SEHK will be maintained following the Delisting Completion. Additionally, neither the Company nor the Controlling Shareholder has any intention to:

- (a) propose any changes to the existing businesses of the Group;
- (b) redeploy the fixed assets of the Group; or

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- (c) discontinue the employment of the employees of the Group.

I. Industry Overview

Urbanisation is the process whereby a country modernises from a transitional rural-based society to an urbanised society. This is a natural stage for a country's economic development. As one of the world's largest developing countries with an ancient history of agricultural feudalism, the PRC has a very lengthy, complicated and ongoing urbanisation process.

Since its reform and opening up in the 1970s, the PRC has entered into a stage of large-scale urbanisation. A large number of agricultural population migrated to urban areas to live and work and the contribution of agriculture to the overall economy output has been decreasing year by year. However, due to the PRC's vast agricultural land areas and population base, the urbanisation process is far from complete and it remains a critical and paramount objective and national policy in the PRC's modern economic development.

The urbanisation level in the PRC is relatively low compared with other developed countries. As of 2015, its urbanisation rate was 55.6%, much lower than Europe (73.6%), United States (81.6%), Japan (93.5%) and South Korea (82.5%). As the rural population typically has much lower consumption per capita compared with urban residents, the migration of rural dwellers to urban area can stimulate domestic consumption demand to the economy. This has been a major driver of the PRC's expanding economy for decades, and is likely to remain a key future driver for economy and domestic consumption. Therefore urbanisation has always been upheld as a key national policy.

Over the past 40 years, urbanisation in the PRC had been more focused on "creating cities", which to a large extent equated urbanisation to real estate development. There was a general misconception that the process of urbanisation was a movement of residents from rural housing to modern housing. Whilst this resulted in large-scale urban construction across the nation in a relatively short period of time and helped improve the living conditions of residents, the drawback was inapt and unsuited city layouts and the neglect of city planning. Moreover, this was followed by a shortage of hospitals, schools, sports and green spaces, and other essential facilities for a conducive city living environment. The distance between residential and working areas also led to the undesirable emergence of "ghost cities" and "sleep cities", with a large number of housing inventory backlog in certain cities. Large-scale people flows between these areas also put great pressure on urban transports, resulting in traffic jams and poor air quality. These shortcomings reduced the attraction of city living, and made it difficult to promote urbanisation.

The PRC government has since begun to fine tune the urbanisation process in a way that is more scientific, sustainable and beneficial to the population. The Eighth Central Committee introduced the concept of "new-type urbanisation", and was followed by the issuance of several policy documents to facilitate such process e.g. the National New-type Urbanisation Plan (2014-2020) (《國家新型城鎮化規劃(2014-2020年)》), the Opinion of the State Council on Further Promoting the Reform of Household Registration System (《國務院關於進一步推進戶籍制度改革的意見》), and the Notice of the General Office of the State Council on Further Strengthening Re-development of Shanty Town Areas (《國務院辦公廳關於進一步加強棚戶區改造工作的通知》).

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As CDB's core platform for urbanisation development and operation, the Group fully inherits the deep understanding and interpretation of urbanisation policies from the controlling Shareholders, CDB and CDBC. The new-type urbanisation is no longer equivalent to mere real estate development, but emphasizes more on the creation of integrated areas for both life and work for the majority of residents living in the cities. These people can enjoy the modern urban living and working environment with better education, healthcare, retirement services and tourism services and an improved overall quality of life. With strong support from national policies and tremendous endogenous demand, there is a broadening depth for development of new urbanisation products are broadened. This is also the Group's major business development direction.

As the PRC has a vast land area, it is apparent that there would be an imbalance of economic development across different regions and as a result, the new-type urbanisation is bound to be a relatively long process. In this process, the high-quality land resources in Beijing, Shanghai, Shenzhen and other first-tier cities, as well as the Yangtze River Delta, Pearl River Delta and other developed areas are becoming increasingly scarce with prices rising over years. On the other hand, the large influx of high-quality population in these regions has created abundant demand of various high-quality urbanised products on education, medical, healthcare, etc. However, due to the high land price, the key to successfully developing and operating these urbanised products is to obtain the land resources in the core area of these regions at a reasonable cost.

II. Overview of the Company and its controlling shareholder

The Company is the sole listed urbanisation platform of CDB and CDB Capital.

CDB, established in 1994, is one of the largest policy-oriented financial institutions in the PRC, with a mandate to provide medium-and long-term financing for infrastructure development, basic industries and pillar industries in the PRC. CDB is the largest lender in the PRC for government projects with close working relationship with all levels of authorities nationwide. As the largest development finance institution in the PRC, CDB has critical insights into national government policy as well as a mandate to finance projects that improve the livelihood of the population, particularly engaging in urbanisation and shanty town redevelopment. CDB has a strong asset base with total assets of nearly RMB13 trillion as at the end of 2015, with a non-performing loan ratio of only 0.8% as of 30 June 2016. CDB is also a sovereign rated bank (Moody's Aa3, S&P AA-).

CDB has a dominant influence in urbanisation Since 1998, it has been providing financing support for urban infrastructure projects, developing the model of government-bank partnership in urban development, and has accumulated a team of highly experienced professionals in the urban development sector. In 2013, CDB lent RMB996.8 billion to support new urbanisation projects, accounting for 65% of the RMB-denominated loans it has issued in the year and RMB106 billion was for shanty town development. In 2014, CDB established a residential financing department to provide financing support for shanty town redevelopment in the PRC. In 2015, CDB continued to increase shanty town financing support with an annual loan of RMB750.9 billion. As at the end of 2015, the CDB shanty town renovation loan balance was RMB1.31 trillion.

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CDB Capital (“CDBC”), a wholly-owned subsidiary of CDB, was established on 24 August 2009 with the approval of the State Council. CDBC is the only investment institution in the PRC banking industry licenced by the State Council to directly utilise the RMB capital injected by its state-owned parent to invest in the PRC, thus positioned to execute a unique and synergetic “investment-lending” strategy to integrate into the CDB’s core business presence to serve national strategic objectives. Built upon investment portfolio inherited from CDB, CDBC is CDB’s core business segment and enjoys extensive synergies with CDB including its lending capabilities, branding, government relationships, client network and full coverage of its domestic and international branches. Furthermore, as the sole direct investment arm of CDB, CDBC benefits from CDB’s policy insights in devising investment strategies. CDBC is the partner of choice with central and local governments in the PRC to set up and operate developmental entities focusing on people’s livelihood, town planning and development, and environmental protection. As at the end of 3Q 2016, CDBC’s balance assets were approximately RMB131.4 billion with total assets under management of RMB212 billion, and have invested over RMB162.1 billion in more than 500 projects on a cumulative basis.

Leading direct investment institution in urbanisation CDBC has leveraged CDB’s strong government relationships and extensive infrastructure and client base, to develop its investment and investment management businesses in several core business segments, including new-type urbanisation, that reflect key national priorities. CDBC is committed to providing integrated solutions for the urbanisation and development of all regions in the PRC. In particular, as CDB is the sole financial institution in the PRC to provide project-specific loans to shanty town re-development projects, CDBC, through the Company, is proactively engaged in shanty town re-development projects such as the Nanjing Project. As the direct investment arm of CDB and fully utilising CDB’s strengths and resources, CDBC partners with local governments in investment platforms that focus on businesses along urban development value chains. As at 30 September 2016, CDBC has invested in township development projects in 250 projects covering more than 30 cities with key cities such as Beijing, Shanghai, Shenzhen, etc., for a cumulative investment amount of over RMB70.9 billion.

III. Strategic positioning and importance of the Company within CDB Group

As the sole listed urbanisation platform of CDBC, the Company combines its expertise in primary land development and urban operations with the CDBC’s investment and financing strengths, to provide integrated new town development solutions to local governments.

(i) Strategic positioning of the Company within CDB Group

As CDBC’s operating platform in the new-type urbanisation business, the Company has received continuous and strong support from CDB and CDBC as well as benefitted from CDB’s unique policy insights, management expertise and abundant resources in optimising its business strategies and driving its high quality decision making process. CDBC has extensive experience in new town development and has invested in over 30 new towns in many cities, via investment funds it manages and direct investments. By leveraging CDBC’s experience and integrating the strategic resources available to it, the

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Company is well positioned to extend CDBC's urban development business to downstream operation, completing the business value chain of urbanisation within CDB system, strengthening CDBC's core competitiveness with the ultimate goal to establish a national leading brand in the urbanisation and new town development business.

(ii) Strategic importance of the Company to CDB

CDBC, through its wholly-owned subsidiary CDBIH, completed its acquisition of a 54.3% controlling stake of the Company's equity interest on 28 March 2014. The composition of the senior management team in the Company demonstrates the unique position of the Company within the CDB group: Mr. Wei Wei who is Chairman of the Company is President of CDBC; Mr. Zuo Kun, Vice Chairman of the Company is Vice President of CDBC; Mr. Liu Heqiang, CEO of the Company was the General Manager of the Direct Investment Division III of CDBC before the acquisition with rich experience in the urbanisation industry. The board and management of the Company effectively serve as a bridge in coordinating CDB's resources and support with their CDB background and prominent positions within CDB group.

(iii) Strong support from CDBC

The Company enjoys CDBC's full support in terms of management expertise, brand awareness, financing capacity, government connections and nationwide industry resources. CDBC, on the other hand, enjoys full support of CDB and ultimately the PRC government. As the only listed township development platform of CDBC, the Company is strategically positioned as the urbanisation resources consolidator within CDB group. The Company has received strong support from CDBC in various aspects, including:

Deal sourcing: The Company has priority right to participate in all new urbanisation projects sponsored by CDBC and may select from the projects recommended by CDBC based on its own strategic plans.

Credit support: CDBC provides credit support to the Company, such as onshore guarantee and keepwell for offshore financing. In April 2015 CDB Capital provided an unconditional guarantee for a subsidiary of the Company to obtain RMB260 million loan at favorable interest rate, followed by another unconditional guarantee of RMB180 million loan in August 2015.

Cash injections: The Company injected approximately RMB1.1 billion into the Company through share subscription in April 2014, and provided a RMB500 million 6-month unsecured bridge loan to the Company in June 2014 to facilitate the Company to refinancing its high-cost trust loans, thus reducing its financing costs.

Human resources: CDBC dispatched experienced core staff to the Company to assume key positions. Several directors and heads of key departments such as Investment Department and Operational Management Department are experienced members from CDBC.

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IV. Developments since the acquisition by CDBC

Subsequent to the acquisition by CDB and CDBC, the Company has undergone substantial restructuring and financial turnaround in the past two and a half years, paving way for longer term strategic deployments and more sustainable growth. Specifically, with our policy insights inherited from the parent group and unwavering execution, the Company has fundamentally evolved in the following key aspects:

(i) Disposal of non-core assets and projects in economies with greater uncertainties, and strengthening the Company's cash positions for future strategic deployments

After extensive and careful strategic review during the acquisition, the Company identified a series of assets unrelated to the Company's core business of urbanisation development post acquisition ("Disposal Assets"). As a schedule to the subscription agreement whereby CDBC subscribed for 54.3% effective interest of the Company, the Company and SRE Investment entered into the Disposal Master Agreement, pursuant to the terms and conditions of which the parties agreed the Company would dispose the Disposal Assets to SRE Investment for total consideration of approximately RMB2.07 billion. The disposal is now near full completion.

Further, the Company constantly reviews its portfolio of projects and seeks to optimise its project mix through disposing projects either with less attractive business model or located in cities with less viability. As a result, the Company disposed the entire Wuxi Project Group and the 30% stake in the Changchun Project in 2014 and 2015 respectively; in 2016, the Company further restructured the remaining equity stake in the Changchun Project into an investment generating fixed rate of return. These disposal and restructuring initiatives generated, respectively, RMB621.04 million, RMB60.38 million and RMB99.53 million of before-tax gain for financial year 2014, 2015 and nine months ended 30 September 2016.

Thanks to the decisive restructuring initiatives and effective execution, the Company has turned its balance sheet with predominantly assets and projects with long cash recovery cycles, low level of visibility and profitability, and high level of uncertainty, into a much more liquid position with cash and cash equivalents standing at RMB1.86 billion as of 30 September 2016. This has well positioned the Company to redeploy its financial resources to pursue its growth strategies to benefit shareholders and other stakeholders.

(ii) Adopted a differentiated fixed income investment model on township development, capable of delivering highly stable and recurring cashflow with good financial visibility

While the Company executed its restructuring plan, cash has been constantly re-deployed into new project investments with more visible viability and return profile, and in which the Company is well positioned to take advantage of the strategic resources

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of its parent company. In particular, leveraging CDB's business network and its dedicated support to urbanisation and infrastructure development in the PRC, the Company adopted a fixed income investment model to township and/or urbanisation development and have built a sizeable investment portfolio year-to-date. Specifically, the Company provides a one-stop solution to government joint venture partners covering value-added services such as financing, master planning, execution and sourcing for investors and operators. In return for such expertise, the Company is able to obtain attractive guaranteed rates of return on its invested capital from its joint venture partners. Furthermore, to enhance the safety of its investment and investment returns, the Company typically imposes prudent credit enhancement measure requirements, including but not limited to, requiring the specified future return on investment and principal redemption to be included in the district government's fiscal budget and requiring approval by the People's Congress, and/or guaranteed by a higher level of government entity with strong asset base.

This investment model has favourable characteristics of visible and predictable rate of return and investment horizon, which mitigates the characteristics of long cycle and capital intensity associated with land development business itself. Moreover, the Company's investment business benefits largely from the government know-how and proprietary debt metrics from CDB through long-time nationwide support to the urbanisation sector. This provides valuable guidance to the Company in making well balanced investment allocation decisions. Evidently, the high level of safety coefficient of the business model allowed the Company to pursue innovative financing structures such as the CIT Partnership established in April 2016, through which the Company can effectively use leverage to drive its fixed income investments at low cost and without recourse in the leverage. This further reduces the capital outlay of undertaking larger size projects while improving the return on the Company's invested capital as and when appropriate, and provides the Company access to first hand market knowledge and a robust pipeline in the downstream sectors.

As at 30 September 2016, the Group has a portfolio of RMB1.94 billion fixed income investments in aggregate, securing a total contractually guaranteed annual return before tax on investment of approximately RMB253 million.

(iii) Strategically strengthening the Group's integrated township development capabilities through consolidating CDB's strategic resources and brand, and securing large-scale township development project and pipeline in strategically attractive locations

As discussed in the industry overview, the definition of urbanisation keeps evolving. In particular, the PRC Government introduced the concept of "new-type urbanisation" focusing on people's livelihood, highlighting that urbanisation will no longer centre around property development, but focus on comprehensive economic planning, city layouts, city infrastructure, living support facilities, as well as overall planning and development of other essential facilities for a conducive city living environment such as education and healthcare. This has raised the barrier to entry for the urbanisation and land development industry in terms of the developer's branding and corporate value, as well as the ability to consolidate strategic resources across the urbanisation value chain.

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As the sole listed platform of CDB in the field of urbanisation, the Company is well positioned to leverage the excellent policy insights, branding, governmental relationship, partnership network and financing capability of CDB. Moreover, driven by the Company's execution track record in its past projects, especially the Shanghai Luodian Project and the Nanjing Yuhuatai Project, we sublimed our brand and value proposition from a strategic resource consolidator to a trusted one-stop solution provider for township development. As a result, the Company has been able to secure a number of pipeline projects in which it is entitled to the exclusive development and operating rights of large towns in the nation's top tiered cities, and as and when appropriate, acquire part or all of the land use rights in the region at highly competitive cost.

The recently announced Junzhuang Project, which is to be co-developed with Beijing Vanke Enterprise Group in Beijing Mentougou District, evidences such strategy of the Company. In this project, through unrivalled insights on relevant land policies and a strong and convincing one-stop development proposal for the town centering around tourism and integrated consumption, the Company was able to secure exclusive development and operating rights of over 4 sq.km. of land in the Junzhuang Town. In particular, under the district government's support and witness, the Company can secure long-term land use right for a large site area of construction land at highly attractive price. Meanwhile, it is expected that through securing such rights in attractive location of Beijing City, the economic and consumption centre of the PRC, the Company has firmly secured the foundation to extend its long-term core business to fast growth consumption sectors such as tourism, healthcare and parent-child relationship and education etc.

V. Future plans and strategies

Going forward, the Company will commit to accelerating growth and creating value for shareholders through executing the following strategies:

(i) Accelerate land sale at the Shanghai project, improving asset turnover and liquidity of the Company's balance sheet

In the past two and half years, the Company proactively restructured and revitalized its balance sheet, and successfully unlocked substantial cash value from its assets and strengthened its financial position for future growth. The Company intends to continue to improve its asset mix, improving the return on its assets and creating more value for shareholders.

Specifically, in the Company's latest published financial statements for the 9 months ended 30 September 2016, the Company's had RMB1.55 billion of land development for sale, which primarily represents the Company's economic entitlement to land sale proceeds from legacy projects, namely the Shanghai Luodian Project and the Shenyang Lixiang Project. The book value on the balance sheet represents the Company's historical investment cost in these projects and does not necessarily reflect the current market value of the land parcels. The Company intends to sell in the market the remaining saleable

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residential and commercial land parcels in the Shanghai Luodian New Town in the near term to realize the land sale proceeds to which it is entitled to. In addition, the Company intends to seek, as early as practicable, partial or full disposal of its interest in the Shenyang Project. These continued efforts to optimize its asset mix will help the Company to convert assets with either long investment cycles or uncertain viability into cash resources for redeployment into more value accretive businesses.

(ii) Continue to grow the fixed income investment portfolio, primarily focusing on top economic zones in the PRC and high quality counterparties

The Company's unique fixed income investment approach to urbanisation and land development is the most optimal strategy for the Company to benefit from CDB's core competencies. Its fixed income investment model affords the Company stability and visibility, and it can largely enhance its risk-reward ratio through the CDB's governmental relationship, industry know-how and risk management infrastructure, while the CDB's unique role in the PRC's urbanisation and township development enable the Company to systematically increase its scale of operation and enhance return. Going forward, the Company intends to continue to grow its fixed income investment portfolio, further strengthening its market leadership and brand name in township development which in turn will enable the Company to capture investment opportunities in selected downstream business.

Dividend Policy: As the Company's fixed income investment portfolio can be expected to generate stable and recurring cash flows, the Company intends to adopt and implement a sustainable dividend policy by distributing a majority of the profits which may be generated from such portfolio to Shareholders.

(iii) Strengthen the Company's role as township resources consolidator and one-stop township development solution provider; strategically secure large scale integrated land development opportunities in top tiered cities at attractive land cost

The Company's recent cooperation with Vanke in the Junzhuang Project highlights the strategic value of its unique positioning as an integrated township developer, enables it to consolidate the various vital elements of high quality township development, and extract value in its vertically integrated approach through competitive entry cost of land. Going forward, the Company seeks to replicate the Junzhuang Project's model in the nation's most economically vibrant and fastest growing cities or regional centres of leading economic zones, namely, Beijing, Shanghai, Nanjing, Hangzhou and Ningbo etc. In order to strengthen its core competency as a one-stop development solution provider for urbanisation, the Company will continue to look for high quality large scale integrated land development opportunities in partnership with strong operating partner(s). The CDB brand name, its extensive network of global industry leading partners as well as CDB's influence on various industries in the PRC, would greatly enhanced the Company's competitiveness in gaining access to and executing highly attractive development

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projects. For example, in May 2015 the Company entered into a Strategic Cooperative Framework Agreement with the National Integrated Circuit Fund, a state-grade industrial fund with over RMB120 billion of funds under management raised and managed by CDBC, in respect of nationwide cooperation in building industrial parks across the country. The Company intends to foster cooperation of this nature to improve its asset mix and financial performance.

(iv) Leverage business network and land bank under the Company's control to strategically capture joint development and operating business opportunities with strong partners in the fields of education and healthcare

As a leading land developer in the PRC, the Company's strategy of pursuing land development in the PRC's top tiered cities and effectively increasing supply of land resources is consistent with both national policies and prevailing economic conditions. The Company is uniquely positioned to exert its influence as the township master planner and developer in bridging the communication and cooperation between local governments and operating partners from selected downstream value chains (such as tourism, education and healthcare), to largely facilitate the successful launching of downstream projects within the towns it develops. The Company is confident that such favorable position provides a unique leverage to seek cooperation with strong operating partners at project level and/or corporate level. The Company can also enjoy attractive operating income from these downstream operations to complement its investment income from the urbanisation portfolio. Furthermore, we believe that the value creation of this strategy will grow alongside with network of cooperative partners and project portfolio, creating value for Shareholders and other stakeholders.

2.16 Intention of Directors

Each Director has confirmed that he/she shall not participate in the Selective Share Buyback in respect of any Shares he/she may hold.

2.17 Advice of IFA

The recommendations of the IFA appointed to advise the Independent Board Committee are summarised in italics below:

“Having regard to the foregoing, as at the date of this letter, we are of the opinion that on balance:

- (a) the terms of the Selective Share Buyback are fair and reasonable so far as the Independent Shareholders are concerned; and***
- (b) the Selective Share Buyback is not prejudicial to the interests of the Independent Shareholders.***

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(The following paragraphs apply to Independent Shareholders on the HK Branch Register)

Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders vote in favour of the Delisting Resolution at the EGM and participate in the Selective Share Buyback.

In the event that the market price of the Shares exceeds the Tender Price during the period when the Selective Share Buyback is open for participation and the sales proceeds (net of transaction costs) exceeds the amount receivable under the Selective Share Buyback, Independent Shareholders should consider not participating in the Selective Share Buyback and consider seeking to sell their Shares in the market if they are able to do so.

Independent Shareholders who, having taken the Tender Price into consideration, would like to hold the Shares for a longer term and who are confident and optimistic about their equity investments in the Company and the prospects of the Group following the Delisting, and are ready to hold Shares listed on the SEHK should consider not participating in the Selective Share Buyback.

The Independent Board Committee should advise Independent Shareholders that their decision to realise or to hold their investment in the Shares depends on their own individual circumstances and investment objectives.”

The opinion of the IFA is set out in **Appendix I**.

2.18 Independent Board Committee’s Recommendation

The Independent Board Committee has reviewed the terms of the Selective Share Buyback and carefully considered the factors and reasons considered by, and the opinion of, the IFA.

The Independent Board Committee unanimously concurs with the assessment of the IFA and its recommendations thereon. Accordingly, the Independent Board Committee recommends that:

- (a) Independent Shareholders **VOTE IN FAVOUR** of the Delisting Resolution and participate in the Selective Share Buyback.
- (b) In the event that the market price of the Shares exceeds the Tender Price during the period when the Selective Share Buyback is open for participation and the sales proceeds (net of transaction costs) exceeds the amount receivable under the Selective Share Buyback, Independent Shareholders should consider not participating in the Selective Share Buyback and consider seeking to sell their Shares in the market if they are able to do so.

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- (c) Independent Shareholders who, having taken the Tender Price into consideration, would like to hold the Shares for a longer term and who are confident and optimistic about their equity investments in the Company and the prospects of the Group following the Delisting, and are ready to hold Shares listed on the SEHK should consider not participating in the Selective Share Buyback.

In rendering the above opinion and giving the above recommendations, the Independent Board Committee has not had regard to the specific investment objectives, financial situation, tax position or particular needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, the Independent Board Committee recommends that any Shareholder who may require specific advice in relation to his investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately. Accordingly, the Independent Board Committee advises that the opinion and advice of the IFA should not be relied upon by any Shareholder as the sole basis for deciding whether or not to approve the Delisting Resolution or to participate in the Selective Share Buyback.

The letter from the Independent Board Committee to the Independent Shareholders containing its recommendations is set out on pages 61 to 62 of this Circular.

3. OVERSEAS SHAREHOLDERS

3.1 Overseas Shareholders

It is the responsibility of each Overseas Shareholder who wishes to participate in the Selective Share Buyback to satisfy itself, himself or herself as to the full observance of the laws of the relevant jurisdictions in that connection, including, but not limited to, the obtaining of any governmental or other consents which may be required or the compliance with other necessary formalities or legal requirements. Any election by any person to participate in the Selective Share Buyback shall be deemed to constitute a representation and warranty from such person to the Company that all applicable local laws and requirements have been complied with, and that he is in full compliance with all necessary formalities or legal requirements and the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. As at 15 December 2016, there are 86 Overseas Shareholders who in aggregate own 14,961,097 Shares being approximately 0.15% of the entire issued Shares as at the Latest Practicable Date. These Overseas Shareholders are either resident in Australia, Canada, France, Germany, India, Indonesia, Japan, Macau, Malaysia, New Zealand, PRC, Taiwan, Thailand or the United Kingdom. The Company has obtained advice from legal advisers in Australia, Canada, France, Germany, India, Indonesia, Japan, Macau, Malaysia, New Zealand, PRC, Taiwan, Thailand or the United Kingdom that no local regulatory compliance is required to be made in these jurisdictions for the Company in respect of the Selective Share Buyback to the Shareholders who reside in these jurisdictions, save for a filing is required for Alberta securities commission in Canada. Accordingly, the Selective Share Buyback will be extended to such Overseas Shareholders with addresses in these jurisdictions.

Any Overseas Shareholder who is in any doubt about his position should consult his professional adviser in the relevant jurisdiction.

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3.2 Notice

The Company also reserves the right to notify any matter, including the despatch of this Circular, the Tender Forms and the Address Update Form, any formal documentation relating to the Selective Share Buyback and the fact that the Selective Share Buyback has been made, to any or all Shareholders (including Overseas Shareholders) by announcement(s) on the websites of the SGX-ST (www.sgx.com) and SEHK (www.hkex.com.hk) and if necessary, paid advertisement in newspaper(s) published and circulated in Singapore and Hong Kong, in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder to receive or see such announcement or advertisement.

4. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out in this Circular, will be held at The Straits Room, Level 4, The Fullerton Hotel Singapore, 1 Fullerton Square, Singapore 049178 on 17 January 2017 at 2:30 p.m. for the purpose of considering and, if thought fit, passing with or without modifications the resolution set out therein.

The Company Share Register and the HK Branch Register will be closed from 11 January 2017 to 17 January 2017 (inclusive) during which period no transfer of Shares will be effected. In order to be entitled to attend and vote at the EGM, all transfers, accompanied by relevant Share certificates, should be lodged with the Singapore Share Transfer Agent in respect of Shares on the Company Share Register and HK Branch Share Registrar in respect of Shares on the HK Branch Register, no later than 4:30 p.m. on 10 January 2017.

5. ABSTENTION FROM VOTING IN RESPECT OF THE DELISTING RESOLUTION

The Controlling Concert Group, the Directors and SRE Investment as well as their respective associates are required to abstain from voting on the Delisting Resolution at the EGM. Shareholders who have nominees on the Board are considered as associates of such nominees. None of them shall accept nominations as proxies in respect of the Delisting Resolution unless specific instructions have been given in the proxy form by the Shareholders appointing them on how they wish their votes to be cast in respect of the Delisting Resolution.

6. ACTION TO BE TAKEN BY SHAREHOLDERS

6.1 Voting at the EGM

Shareholders who are unable to attend the EGM and who wish to appoint a proxy to attend and vote at the EGM on their behalf must complete, sign and return the proxy form attached to this Circular in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the office of the Singapore Share Transfer Agent or the HK Branch Share Registrar not less than 48 hours before the time fixed for the EGM. The completion and return of a proxy form by a Shareholder does not preclude him from attending and voting in person at the EGM should he subsequently decide to do so, although the appointment of the proxy shall be deemed to be revoked by such attendance.

LETTER TO SHAREHOLDERS

A Depositor shall not be regarded as a Shareholder and is not entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register at least 48 hours before the EGM.

6.2 Tender Forms

The Tender Forms will be despatched together with this Circular and (where applicable) the Address Update Form. Subject to the terms and conditions set out herein, the Selective Share Buyback may only be accepted by the relevant Shareholder to whom it is addressed.

If you hold Shares that are deposited with CDP, you may obtain a copy of the TAF from CDP, at 9 North Buona Vista Drive, #01-19/20, The Metropolis, Singapore 138588, upon production of satisfactory evidence that you are a Shareholder.

If you hold Shares that are represented by share certificates and are not deposited with CDP, you may obtain a copy of the TBF from the office of the Singapore Share Transfer Agent at 80 Robinson Road, #11-02, Singapore 068898, upon production of satisfactory evidence that you are a Shareholder.

If you hold Shares that are represented by share certificates on the HK Branch Register, you may obtain a copy of the HK Form from the office of the HK Branch Share Registrar upon production of satisfactory evidence that you are a shareholder with your name entered on the HK Branch Register.

6.3 Address Update Form

The Address Update Form (where applicable) will be despatched together with this Circular and the Tender Forms. CDP Depositors and Company Registered Shareholders who prefer to continue to hold their Shares and trade their Shares on the SEHK subsequent to the Delisting Completion may submit the Address Update Form to stipulate a Hong Kong address (if any) for the delivery of their share certificates by ordinary post at their risk in respect of their Shares transferred from the Company Share Register to the HK Branch Register. Shareholders who do not submit the Address Update Form will have their share certificates delivered by ordinary post at their risk to their addresses as stated in the Company's records. Shareholders will thereafter be able to trade their Shares freely on the SEHK through a stockbroker or bank or otherwise upon setting up investor participant stock accounts with CCASS with the HKSCC or stock accounts with designated CCASS participants, either through brokerages in Hong Kong or brokerages in Singapore which offer such services, and depositing their Shares in such accounts.

Shareholders may obtain a copy of the Address Update Form from the office of the Singapore Share Transfer Agent upon production of satisfactory evidence that you are a Shareholder.

LETTER TO SHAREHOLDERS

7. DIRECTORS' RESPONSIBILITY STATEMENTS

Names of Directors

As at the Latest Practicable Date, the executive Directors are Mr. Liu Heqiang (Chief Executive Officer), Ms. Yang Meiyu, Mr. Ren Xiaowei and Mr. Shi Janson Bing; the non-executive Directors are Mr. Wei Wei (Chairman), Mr. Zuo Kun (Vice Chairman), Mr. Li Yao Min (Vice Chairman) and Mr. Xie Zhen and the independent non-executive Directors are Mr. Henry Tan Song Kok, Mr. Kong Siu Chee, Mr. Zhang Hao and Mr. E Hock Yap.

As at the Latest Practicable Date, the sole director of the Controlling Shareholder is Mr. Wei Wei.

Singapore Takeover Code

The Directors (including those who may have delegated detailed supervision of the preparation of this Circular) have taken all reasonable care to ensure that the facts stated and opinions expressed in this Circular are fair and accurate and no material facts have been omitted from this Circular, and they jointly and severally accept responsibility accordingly.

Where any information has been extracted from published or publicly available sources, the sole responsibility of the Directors has been to ensure that, through reasonable enquiries, such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Circular. The Directors do not accept any responsibility for any information relating to or opinions expressed by the Controlling Shareholder.

The sole director of the Controlling Shareholder has taken all reasonable care to ensure that the facts stated and opinions expressed in this Circular are fair and accurate and no material facts have been omitted from this Circular, and he accepts responsibility accordingly.

Where any information has been extracted from published or publicly available sources, the sole responsibility of the sole director of the Controlling Shareholder has been to ensure that, through reasonable enquiries, such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Circular. The sole director of the Controlling Shareholder does not accept any responsibility for any information relating to or opinions expressed by the Company nor its Directors.

SGX-ST Listing Manual

The Directors (including any Director who may have delegated detailed supervision of the preparation of this Circular) collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Delisting, the Selective Share Buyback and the Group, and the Directors are not aware of any facts the omission of which would make any statement

LETTER TO SHAREHOLDERS

in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

HK Takeovers Code

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this Circular (other than that relating to the Controlling Shareholder) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Circular (other than those expressed by the Controlling Shareholder) have been arrived at after due and careful consideration and there are no other facts not contained in this Circular, the omission of which would make any statement in this Circular (other than that relating to the Controlling Shareholder) misleading.

The sole director of the Controlling Shareholder accepts full responsibility for the accuracy of information contained in this Circular (other than that relating to the Company or its Directors) and confirms, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed in this Circular (other than those expressed by the Company or its Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Circular, the omission of which would make any statement in this Circular (other than that relating to the Company or its Directors) misleading.

Independent Board Committee

The recommendations of the Independent Board Committee to Shareholders in this Circular are the sole responsibility of the Independent Board Committee.

8. FINANCIAL ADVISER'S RESPONSIBILITY STATEMENT

Pursuant to Rule 1206(6) of the SGX-ST Listing Manual, to the best of knowledge and belief of BNP Paribas, acting through its Singapore Branch, the financial adviser to the Company in Singapore, this Circular constitutes full and true disclosure of all material facts about the Delisting, the Selective Share Buyback and the Group, and BNP Paribas, acting through its Singapore Branch, are not aware of any facts the omission of which would make any statement in this Circular misleading.

9. CONSENTS

The Financial Advisers have given and have not withdrawn their written consent to the issue of this Circular with the inclusion of their statements in this Circular, and all references to their names and addresses thereto in the form and context in which they appear in this Circular in such capacity in relation to this Circular.

The IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name in this Circular, its opinion contained in **Appendix I**, and all references thereto in the form and context in which they appear in this Circular in such capacity in relation to this Circular.

LETTER TO SHAREHOLDERS

The Auditors have given and have not withdrawn their written consent to the issue of this Circular with the inclusion of its name in this Circular and all references thereto in the form and context in which they appear in this Circular in such capacity in relation to the Circular.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected (i) during normal business hours at the office of the Singapore Share Transfer Agent; (ii) during normal business hours at the office of the HK Branch Share Registrar; (iii) on the website of the Company at www.china-newtown.com; and (iv) on the website of the SEHK at www.hkexnews.hk for three months from the date hereof:

- (a) the Articles of Association;
- (b) annual reports of the Company for FY2013, FY2014 and FY2015 (including its audited consolidated accounts);
- (c) the letter from the Board to Shareholders, the text of which is set out on pages 24 to 60 of this Circular;
- (d) the letter from the Independent Board Committee to Independent Shareholders, the text of which is set out on pages 61 to 62 of this Circular;
- (e) the letter of opinion from the IFA, the text of which is set out in **Appendix I**;
- (f) the report of the Auditors in relation to the unaudited proforma financial information of the Group taking into account the Selective Share Buyback, the text of which is set out in **Appendix X**;
- (g) the letters of consent of each of the Financial Advisers, the IFA and the Auditors stating that they have given and not withdrawn their consent to the publication of their names in this Circular;
- (h) copies of the irrevocable undertakings from the Undertaking Shareholders; and
- (i) a copy of the agreement for the Shareholder's Loan.

LETTER TO SHAREHOLDERS

11. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices which form part of this Circular.

Yours faithfully,

For and on behalf of the Board of Directors

Liu Heqiang

Chief Executive Officer and Executive Director



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.sj

21 December 2016

To the Independent Shareholders

Dear Sir or Madam

**PROPOSED VOLUNTARY DELISTING FROM THE OFFICIAL LIST OF
THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED
PURSUANT TO A CONDITIONAL CASH EXIT OFFER
BY WAY OF SELECTIVE SHARE BUYBACK**

We have been appointed as members of the Independent Board Committee to advise you in respect of the Selective Share Buyback. Details of the Selective Share Buyback are set out in the letter from the Board contained in the document of the Company dated 21 December 2016 (“**Circular**”) of which this letter forms part of. Capitalised terms used in this letter shall have the same meanings as defined in this Circular unless the context requires otherwise.

Your attention is drawn to the opinion of the IFA set out in **Appendix I** to this Circular, which contains its advice to the Independent Board Committee and the Independent Shareholders in respect of the Delisting, as well as the principal factors and reasons for its advice.

Having considered the factors and reasons considered by, and the opinion of, the IFA as stated in the aforementioned opinion, we unanimously concur with the assessment of the IFA and its recommendations thereon. Accordingly, we recommend that:

- (a) Independent Shareholders **VOTE IN FAVOUR** of the Delisting Resolution and participate in the Selective Share Buyback.
- (b) In the event that the market price of the Shares exceeds the Tender Price during the period when the Selective Share Buyback is open for participation and the sales proceeds (net of transaction costs) exceeds the amount receivable under the Selective Share Buyback, Independent Shareholders should consider not participating in the Selective Share Buyback and consider seeking to sell their Shares in the market if they are able to do so.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

- (c) Independent Shareholders who, having taken the Tender Price into consideration, would like to hold the Shares for a longer term and who are confident and optimistic about their equity investments in the Company and the prospects of the Group following the Delisting, and are ready to hold Shares listed on the SEHK should consider not participating in the Selective Share Buyback.

In rendering the above opinion and giving the above recommendation, the Independent Board Committee has not had regard to the specific investment objectives, financial situation, tax position or particular needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, the Independent Board Committee recommends that any Shareholder who may require specific advice in relation to his investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately. Accordingly, the Independent Board Committee advises that the opinion and advice of the IFA should not be relied upon by any Shareholder as the sole basis for deciding whether or not to approve the Delisting Resolution or to participate in the Selective Share Buyback.

Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of participating, or not participating, in the Selective Share Buyback.

Yours faithfully,

Independent Board Committee

China New Town Development Company Limited

Henry Tan Song Kok

(Lead Independent

Non-executive Director)

Kong Siu Chee

(Independent

Non-executive Director)

Zhang Hao

(Independent

Non-executive Director)

E Hock Yap

(Independent

Non-executive Director)

LETTER FROM ING BANK N.V., SINGAPORE BRANCH
AND HONG KONG BRANCH TO THE
INDEPENDENT BOARD COMMITTEE OF
CHINA NEW TOWN DEVELOPMENT COMPANY LIMITED



ING Bank N.V., Singapore Branch
9 Raffles Place
#19-02 Republic Plaza
Singapore 048619

ING Bank N.V., Hong Kong Branch
8/F Three Pacific Place
1 Queen's Road East
Hong Kong

21 December 2016

Independent Board Committee
China New Town Development Company Limited
Suites 4506-4509
Two International Finance Centre
No. 8 Finance Street
Central, Hong Kong

Dear Sirs,

**PROPOSED VOLUNTARY DELISTING FROM THE OFFICIAL LIST OF
THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED
PURSUANT TO A CONDITIONAL CASH EXIT OFFER BY WAY OF
SELECTIVE SHARE BUYBACK**

You, the Independent Board Committee (as defined herein) of China New Town Development Company Limited (“**you**”) have asked us, the Corporate Finance Division of ING Bank N.V., Singapore Branch and Hong Kong Branch, pursuant to an engagement (the “**Engagement**”) set out in an Engagement letter dated 4 November 2016, to give you our opinion (the “**Opinion**”) with respect to the fairness and reasonableness of the terms of the conditional cash exit offer to Shareholders¹ by way of a selective share buyback (the “**Selective Share Buyback**”) and recommendation on voting in relation to the proposed voluntary delisting of China New Town Development Company Limited (“**CNTD**”, or the “**Company**”) from the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) pursuant to Rules 1307 and 1309 of the mainboard rules of the listing manual of the SGX-ST (the “**Listing Manual**”) (the “**Delisting**”) (the “**Transactions**”).

¹ Registered holders of the authorized ordinary shares in CNTD, except that where the registered holder is the Central Depository (Pte) Limited (“**CDP**”), the term “**Shareholders**” in relation to shares held by CDP shall mean the persons named as CDP Depositors in the Depository Register maintained by CDP and to whose securities accounts such shares are credited.

In arriving at our Opinion, we have reviewed and considered CNTD's circular to Shareholders dated 21 December 2016 (the "**Circular**"), the annual and interim reports of CNTD. We have also discussed with the management of CNTD in respect of the business operation and future prospects of the Company.

We have also compared the data provided to us with similar publicly available data for various other companies in your business sector, and we have considered, to the extent publicly available, the financial terms of other transactions which have recently been effected by such companies. We also considered such other information, financial studies, analyses and investigations and financial, economic and market criteria which we deemed relevant for the purposes of producing our Opinion.

1. INTRODUCTION

On 18 October 2016 (the "**Delisting Announcement Date**"), CNTD proposed to seek a voluntary delisting of the shares of the Company (the "**Shares**" or "**CNTD Shares**") from the Official List of the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual. Pursuant thereto, the Company proposes to make the Selective Share Buyback to Shareholders, which will involve the Company buying back and cancelling all Tendered Shares (as defined below). The Selective Share Buyback is a share buy-back by way of general offer for the purposes of the Hong Kong Code on Share Buy-Backs.

Pursuant to the Singapore Code on Take-overs and Mergers and the Hong Kong Code on Takeovers and Mergers (the "**Hong Kong Takeovers Code**"), an independent committee (the "**Independent Board Committee**") of the board of directors (the "**Directors**") of the Company (comprising Henry Tan Song Kok, Kong Siu Chee, Zhang Hao and E Hock Yap, being all the independent non-executive Directors who have no direct or indirect interest in the Delisting other than as Shareholders) has been established to advise and make its recommendation to the Shareholders other than China Development Bank International Holdings Limited (the "**Controlling Shareholder**") and Directors (if they are Shareholders) and SRE Investment Holding Limited (the "**Independent Shareholders**") on the terms of the Delisting and the Selective Share Buyback. ING Bank N.V., Singapore Branch and Hong Kong Branch (collectively, "**ING**") have been appointed as the independent financial advisors ("**IFA**") to advise the Independent Board Committee for the purpose of making its recommendation to the Independent Shareholders on the terms of the Delisting and the Selective Share Buyback.

This letter forms part of the Circular which provides, *inter alia*, further details of the Delisting and the Selective Share Buyback, the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Delisting and Selective Share Buyback and the notice of the EGM (as defined below). Unless otherwise defined or where the context otherwise requires, capitalised terms used in this letter shall have the same meaning as defined in the Circular.

2. TERMS OF REFERENCE

We have been appointed to give our Opinion to the Independent Board Committee in respect of the Transactions.

In formulating our Opinion and recommendation with regards to the Transactions:

1. We have not assumed any responsibility for independent verification of, and we have not independently verified, any of the foregoing information and have relied on all such information as being sufficient, complete and accurate and not misleading in all material respects, without any additional check being undertaken to verify the completeness and accuracy of such disclosure. For the avoidance of doubt, we have assumed that no information has been withheld from us that could have an impact on this Opinion. However, we have made such enquiries and exercised our judgment, as we deemed necessary and have found no reason to doubt the reliability of such information and representations made to us;
2. We have not assumed any responsibility for any aspect of the work that any professional advisors have produced regarding the Transactions and we have assumed as true and accurate and not misleading any work produced by such advisors. We have not provided, obtained or reviewed any legal, tax, regulatory, accounting, actuarial or other advice and as such assume no liability or responsibility in connection therewith. Accordingly, in providing this Opinion, we have not taken into account the possible implications of any such advice;
3. We have assumed that all corporate and other action required by the Company, its subsidiaries and its other affiliates (the “**Group**”, or the “**CNTD Group**”) to complete the Transactions and carry out the Group’s obligations thereunder has been or will be duly taken, that the Transactions documentation will constitute a valid and legally binding obligation of the Group, that the Group has sufficient financial resources to honour all of its financial obligations in respect of the Transactions without any breach of covenants or other negative financial impact, and that the execution, delivery and performance by the Group of the Transactions will not violate or be prohibited by either its internal constitution or by any provision of any existing law applicable to it or any agreement or instrument binding on it or any of its assets or constitute a default or termination event (however described) under any such agreement or instrument;
4. In addition, we have not been requested to make (and therefore have not made) an independent evaluation or appraisal of the assets and liabilities of the Group (contingent or otherwise), nor have we been furnished with any such evaluations or appraisals. Our Opinion is necessarily based upon publicly available information collated by us up to 16 December 2016 (the “**Latest Practicable Date**”), and the financial, economic, political and social market and other relevant conditions to the Opinion as they exist and can be evaluated, as at the Latest Practicable Date;

5. Save for the discussion with CNTD senior management with respect to the general business plan, strategies and prospects, we did not have access to any business plan, budget, forecast and financial projections of CNTD and/or the Group. We also do not express an opinion herein as to the prices at which the shares of CNTD may trade or the future value, financial performance or condition of CNTD and/or its subsidiaries and other affiliates, upon or after completion of the Transactions. ING has not conducted due diligence with respect to CNTD other than its review of certain publicly available information related to CNTD. Accordingly, for the purposes of its Opinion, ING has assumed that there is no non-public information with respect to CNTD and/or its subsidiaries and other affiliates made available to ING that would, or would reasonably be likely to, have an adverse impact on the price of the CNTD Shares;
6. We have assumed that the Group is complying in all material respects with all relevant applicable laws and regulations and promptly discloses to the extent required under applicable laws and regulations any price sensitive information to the public;
7. We have assumed that all consents and approvals of regulatory bodies, shareholders, exchanges, creditors and others which are required under any applicable law, regulation, agreement or instrument to consummate the Transactions will be obtained with no detriment in any aspect which may be material for our analysis. Subsequent developments may affect this Opinion and the assumptions made in its preparation; and
8. We have assumed that the Transactions will not constitute an event of default or a potential event of default under any of the Group's debt obligations and that, following completion of the Transactions, the Group will continue to be able to meet all of its debts and other obligations as they fall due.

We have been engaged by CNTD to act as IFA for the purpose of producing this Opinion and recommendation and we will receive a fee from CNTD for our services. This fee is not contingent on the consummation of the Transactions.

In the ordinary course of business, ING Bank N.V. (of which we, the Corporate Finance Divisions of ING forms part) and its affiliates may actively trade the Group's debt and equity securities for its own account and for the accounts of clients and accordingly, may at any time hold a long or short position in such securities.

This Opinion and recommendation is supplied to you, the Independent Board Committee, on the understanding that it has been produced for your benefit as part of the information you require in contemplation of the Transactions. We do not otherwise express any views on the Transactions, or its effect on CNTD's business or any part of it.

This Opinion and recommendation exclusively focuses on the fairness and reasonableness of the Transactions and does not address any other issues such as the underlying business decision to recommend the Transactions or its commercial merits, which are matters solely for the management. Subsequent developments in the aforementioned conditions may affect this Opinion and recommendation and the assumptions made in preparing this Opinion.

Independent Shareholders will be notified by the Directors of any material changes and our Opinion (where it stays the same or being updated) as soon as possible if such material change arises after the despatch of the Circular during the period from the Delisting Announcement Date and ending on the date the Selective Share Buyback is declared to have closed or lapsed.

This Opinion is confidential and may not be quoted or referred to, in whole or in part, in any registration statement, prospectus or proxy statement save for the Circular, nor shall this Opinion be used for any other purposes, without our prior written consent.

This Opinion is issued in the English language and reliance may only be placed on this Opinion as issued in the English language. If any translations of this Opinion are delivered they are provided only for ease of reference, have no legal effect and ING makes no representation as to (and accepts no liability in respect of) the accuracy of any such translation.

This Opinion, the recommendation and ING's contractual and non-contractual obligations to the Independent Board Committee hereunder shall be governed by and construed in accordance with Singapore law and any claims or disputes arising out of, or in connection with, this letter shall be subject to the exclusive jurisdiction of the Singapore courts.

3. TERMS AND CONDITIONS OF THE DELISTING AND THE SELECTIVE SHARE BUYBACK

The full text of information on the terms and conditions of the Selective Share Buyback has been set out in section 2 of the "Letter to Shareholders" in the Circular. In particular, we note:

- (i) the Company will make the Selective Share Buyback offer to all Shareholders conditional on the requisite approval by Independent Shareholders as further described below;
- (ii) the cash consideration (the "**Tender Price**") to be paid to the Shareholders (the "**Tendering Shareholders**") who validly tender their shares (the "**Tendered Shares**") is S\$0.07 per Tendered Share in cash;
- (iii) the Tender Price is final and will not be further increased or revised;

- (iv) the Tender Price payable will be denominated in Singapore dollars, save for that Tendering Shareholders with Tendered Shares which are registered in the Company's Hong Kong branch register of Shareholders (the "**HK Branch Register**") will receive the Tender Price based upon the exchange rate of Hong Kong dollars to Singapore dollars one business day immediately preceding the date of payment of the Tender Price (the "**Tendering Exchange Rate**");
- (v) Shareholders may proceed to tender all or some of their Shares;
- (vi) Tendered Shares will not be entitled to any dividend declared for any record date set subsequent to the Delisting Announcement Date;
- (vii) Shareholders who currently trade their Shares on the SGX-ST and who prefer to continue trading their Shares on The Stock Exchange of Hong Kong Limited (the "**SEHK**") subsequent to the completion of the Delisting and the Selective Share Buyback (the "**Delisting Completion**") may transfer their Shares to the HK Branch Register (the cost of the transfer will be borne by the Company), and will thereafter be able to trade their Shares freely on the SEHK upon setting up investor participant stock accounts in The Central Clearing and Settlement System ("**CCASS**") with the Hong Kong Securities Clearing Company Limited ("**HKSCC**") or stock accounts with designated CCASS participants, either through brokerages in Hong Kong or brokerages in Singapore which offer such services, and depositing their Shares in such accounts or otherwise trading through a stockbroker or bank; and
- (viii) the Delisting will not be conditional on any minimum number of Tendered Shares.

The Selective Share Buyback is subject to, among others, the resolution in relation to the Delisting (the "**Delisting Resolution**") approved by the Independent Shareholders at the extraordinary general meeting of the Company to be held to consider the Delisting Resolution (the "**EGM**") provided that: (i) the Delisting Resolution is approved by a majority of at least 75% of the total number of issued Shares held by Independent Shareholders present and voting, on a poll, either in person or by proxy at the EGM; and (ii) the Delisting Resolution is not voted against by 10% or more of the total number of Shares held by Independent Shareholders present and voting, on a poll, either in person or by proxy at the EGM.

4. INFORMATION ON THE GROUP

The Group is the sole listed urbanization platform of China Development Bank Capital Corporation Limited ("**CDBC**"). CDBC is a wholly-owned subsidiary of China Development Bank Corporation ("**CDB**").

CDB was established on 17 March 1994 and is one of the largest policy-oriented financial institutions in the People's Republic of China ("**PRC**"), with a mandate to provide medium- and long-term financing for infrastructure development, basic industries and pillar industries in the PRC. CDB has been providing financing support for urban infrastructure projects since 1998.

CDBC was established on 24 August 2009 with the approval of the State Council of the PRC (the “**State Council**”). CDBC, through its wholly-owned subsidiary China Development Bank International Holdings Limited (“**CDBIH**”), completed its acquisition of a 54.3% controlling stake of the Company’s equity interest on 28 March 2014.

After CDBIH became the controlling shareholder, the Company adopted a fixed income investment model to township and/or urbanisation development and gradually built its investment portfolio. The Company provides a one-stop solution to government joint venture partners covering value-added services such as financing, master planning, execution and sourcing for investors and operators. In return for such expertise, the Company is able to obtain guaranteed rates of return on its invested capital from its joint venture partners. The partnerships usually come with return protection measures such as guaranteed returns on investment and principal redemption requirement to be included in the government’s fiscal budget with approval by the People’s Congress, and/or guaranteed by a higher level of government entity with strong asset base. As at 30 September 2016, the Group has a portfolio of RMB1.94 billion fixed income investments in aggregate.

5. RATIONALE OF THE DELISTING

The full text of information on the rationale for the Delisting has been set out in section 2 of the “Letter to Shareholders” in the Circular. The commentary below should be read in conjunction with, and interpreted, in the full context of section 2 of the “Letter to Shareholders” in the Circular.

In particular, we note that the Delisting is not a privatisation exercise and the Company intends to maintain its primary listing on the SEHK. We further note the following comments made by the Company:

- (i) A single listing may help to consolidate the trading of the Shares and broaden the shareholder base and enhance the attraction of the Company as an investment target. Such liquidity is typically an important consideration for market indices in determining their constituent stocks.
- (ii) The SEHK is geographically more aligned with the Company’s business operations and core business competencies (which are based in the PRC).
- (iii) There will be savings in compliance costs and management resources if the Company is required to comply only with the listing rules and laws and regulations of SEHK, as opposed to both exchanges. It will also reduce the constraints in operational flexibility faced by the Company.
- (iv) Shareholders continue to be protected by the ongoing listing compliance requirements of the SEHK, as the SEHK is a respected and reputable global stock exchange.

We further note that the Delisting would potentially provide opportunities for Shareholders who wish to retain their shareholdings and participate in the Company's future prospects to increase their proportionate interests in the Company after the Delisting Completion by not accepting the Selective Share Buyback.

6. EVALUATION OF THE SELECTIVE SHARE BUYBACK

In the course of our evaluation of the Selective Share Buyback, we have given due consideration to, *inter alia*, the following factors:

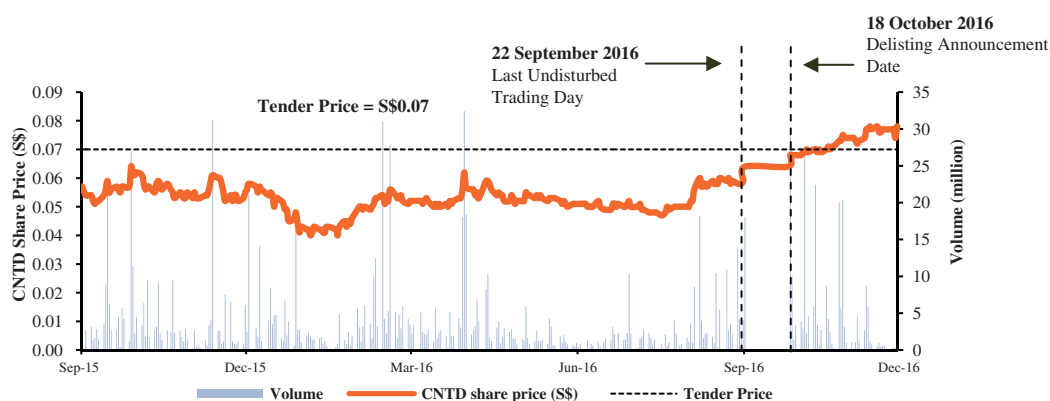
- (i) market performance of CNTD shares;
- (ii) historical financial performance and position of CNTD;
- (iii) future prospects of the CNTD Group;
- (iv) valuation analysis of selected listed companies comparable to CNTD;
- (v) delisting of selected companies listed on the SGX-ST;
- (vi) financial effects of the Selective Share Buyback on the Group; and
- (vii) other relevant considerations.

6.1 Market performance of CNTD Shares

6.1.1 SGX-ST

We set out below in Chart (a) the daily market closing prices and trading volume of CNTD Shares on the SGX-ST to illustrate the market performance of CNTD Shares against the Tender Price for the period commencing 23 September 2015 to the Latest Practicable Date.

**Chart (a): Market price and trading volume of the Company Shares on the SGX-ST
From 23 September 2015 to the Latest Practicable Date**



Source: Bloomberg

From the above market price and trading volume information, we set out the trading statistics of CNTD Shares in Tables (1) and (2) below for the following periods:

- (a) the period from 23 September 2015 to 22 September 2016 (the “**Pre-Delisting Announcement Period**”), being the Last Undisturbed Trading Day for CNTD Shares prior to the announcement of the Delisting; and
- (b) the period from 18 October 2016 to the Latest Practicable Date (the “**Post-Delisting Announcement Period**”).

Table (1): CNTD Shares market prices on the SGX-ST

	CNTD Shares market price (S\$)	Premium/ (discount) implied by the Tender Price
Pre-Delisting Announcement Period		
Highest closing price (20 October 2015)	0.064	9.4%
Lowest closing price (27 January 2016)	0.040	75.0%
Closing price on the Last Undisturbed Trading Day	0.059	18.6%
5-day VWAP ⁽¹⁾ prior to and including the Last Undisturbed Trading Day	0.058	19.7%
1-month VWAP prior to and including the Last Undisturbed Trading Day	0.058	20.5%
3-month VWAP prior to and including the Last Undisturbed Trading Day	0.055	26.8%
6-month VWAP prior to and including the Last Undisturbed Trading Day	0.055	27.4%
12-month VWAP prior to and including the Last Undisturbed Trading Day	0.055	27.5%
Post-Delisting Announcement Period		
Closing price on the Delisting Announcement Date	0.068	2.9%
Highest closing price (1 December 2016, 5 December 2016 and 16 December 2016)	0.078	(10.3%)
Lowest closing price (18 October 2016 to 24 October 2016)	0.068	2.9%
VWAP	0.071	(1.7%)
Closing price on the Latest Practicable Date	0.078	(10.3%)

Sources: Bloomberg and ING's computation

Note:—

(1) VWAP refers to volume-weighted average price.

Based on the above statistics, we note that:—

- (i) during the Pre-Delisting Announcement Period, the CNTD Shares closed within a range of S\$0.040 to S\$0.064;
- (ii) the Tender Price represents a premium of approximately 75.0% over CNTD Shares' lowest closing price of S\$0.040 and a premium of approximately 9.4% to the highest closing price of S\$0.064 during the Pre-Delisting Announcement Period;

- (iii) the Tender Price represents a premium of approximately 18.6% over CNTD Shares' closing price of S\$0.059 on the Last Undisturbed Trading Day;
- (iv) the Tender Price represents a premium of approximately 19.7% to 27.5% over the 5-day, 1-month, 3-month, 6-month and 12-month CNTD Share VWAPs of S\$0.058, S\$0.058, S\$0.055, S\$0.055 and S\$0.055 respectively, preceding and including the Last Undisturbed Trading Day;
- (v) On 23 September 2016, the last trading day prior to the announcement of the Delisting, the CNTD Shares closed at S\$0.064, representing an abnormal 8.5% increase compared with the closing price of S\$0.059 on the Last Undisturbed Trading Day. Furthermore, on 23 September 2016, the trading volume was 18.0 million shares, compared with the average daily trading volume of 3.8 million during the Pre-Delisting Announcement Period. We therefore exclude 23 September 2016 from the Pre-Delisting Announcement Date Period as we consider the share price movement and trading activities on 23 September 2016 as unusual. The Company advised us that it received a "no objection" letter on the proposed delisting from the SGX on 22 September 2016. Other than the receipt of the "no objection" letter, the Company is not aware of any information concerning its activities that has not already been announced that could be an explanation for the increase in trading volume and share price of the Company on 23 September 2016. Hence, the Company applied for trading halt from 26th September 2016. Trading in CNTD Shares resumed on 18 October 2016 after the announcement of the Delisting. The Tender Price represents a premium of approximately 9.4% over the closing price of S\$0.064 on 23 September 2016 and approximately 16.5% to 27.2% over the 5-day, 1-month, 3-month, 6-month and 12-month CNTD Share VWAPs of S\$0.060, S\$0.059, S\$0.056, S\$0.055 and S\$0.055 respectively, preceding and including 23 September 2016;
- (vi) the Tender Price represents a premium of approximately 2.9% over CNTD Shares' closing price of S\$0.068 on the Delisting Announcement Date;
- (vii) during the Post-Delisting Announcement Period, the CNTD Shares closed between a low of S\$0.068 and a high of S\$0.078, with a VWAP of S\$0.071. The Tender Price represents a premium of approximately 2.9%, a discount of approximately 10.3% and a discount of approximately 1.7% to such low, high and VWAP of the CNTD Shares, respectively; and
- (viii) the Tender Price represents a discount of approximately 10.3% over the closing price of CNTD Shares of S\$0.078 on the Latest Practicable Date. The closing prices of CNTD Shares were above the Tender Price for 27 trading days on 8 November 2016, from 10 November 2016 to 12 December 2016 and from 14 December 2016 to 16 December 2016.

We note, however, that there is no assurance that the share price of CNTD will remain at current levels if the Selected Share Buyback lapses or does not become unconditional. We further wish to highlight that our analysis of historical share price performance is not indicative of future price levels, which will be governed by factors beyond the scope of our review.

Table (2): CNTD Shares trading volume on the SGX-ST

	Average daily trading volume on the SGX-ST ⁽¹⁾ (million)	As a percentage of total number of CNTD Shares ⁽²⁾	As a percentage of public float ⁽³⁾
Pre-Delisting			
Announcement Period			
5-day prior to and including the Last Undisturbed Trading Day	5.216	0.053%	0.173%
1-month prior to and including the Last Undisturbed Trading Day	4.776	0.049%	0.158%
3-month prior to and including the Last Undisturbed Trading Day	2.698	0.027%	0.089%
6-month prior to and including the Last Undisturbed Trading Day	3.082	0.031%	0.102%
12-month prior to and including the Last Undisturbed Trading Day	3.773	0.038%	0.125%
Post-Delisting			
Announcement Period	5.129	0.052%	0.170%

Sources: Bloomberg and ING's computation

Notes:—

- (1) Number of CNTD Shares traded on the SGX-ST
- (2) Based on approximately 9,846 million CNTD Shares in issue as at the Latest Practicable Date
- (3) Based on approximately 3,015 million CNTD Shares considered as public float as at the Latest Practicable Date as per Bloomberg

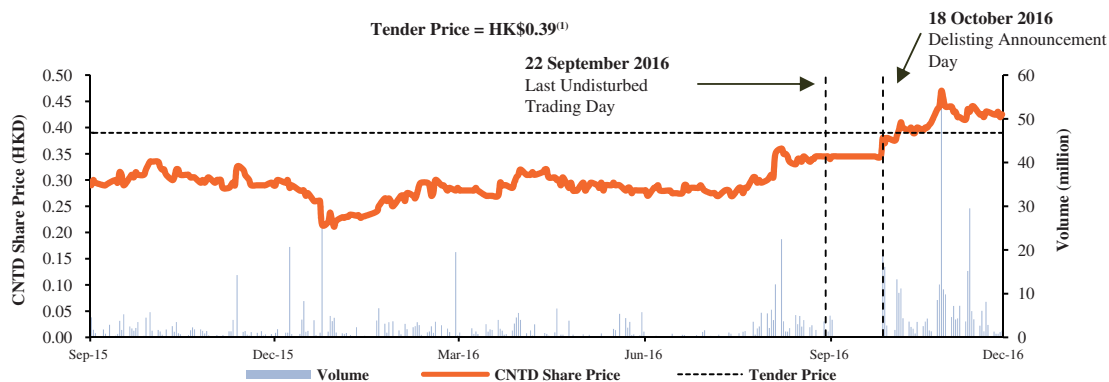
Based on the above statistics, we note that:–

- (i) the average daily trading volume of CNTD Shares on the SGX-ST during the 5-day, 1-month, 3-month, 6-month, and 12-months periods prior to and including the Undisturbed Trading Date ranges from 0.027% to 0.053% of the total number of CNTD Shares in issue; and
- (ii) the average daily trading volume was approximately 5.1 million CNTD Shares, or 0.052% of CNTD Shares in issue as at the Latest Practicable Date, during the Post-Delisting Announcement Period.

6.1.2 SEHK

To illustrate the market performance of CNTD Shares against the Tender Price on the SEHK, we set out below in Chart (b) the daily market closing prices and trading volume of CNTD Shares and in Tables (3) and (4) the trading statistics on the SEHK for the period commencing 23 September 2015 to the Latest Practicable Date. For the purpose of the analysis in relation to Hong Kong trading, we use HK\$0.39 per CNTD Share as the Tender Price.

**Chart (b): Market price and trading volume of The Company Shares on the SEHK
From 23 September 2015 to the Latest Practicable Date**



Source: Bloomberg

Note:

- (1) Based on the S\$:HK\$ exchange rate of S\$1.00:HK\$5.5732, being the noon rate of exchange as displayed on Bloomberg on 17 October 2016, being the latest practicable date prior to the Delisting Announcement Date

Table (3): CNTD Shares market prices on the SEHK

	CNTD Shares market price (HK\$)	Premium/ (discount) implied by the Tender Price
Pre-Delisting Announcement Period		
Highest closing price (29 August 2016)	0.360	8.3%
Lowest closing price (21 January 2016)	0.211	84.8%
Closing price on the Last Undisturbed Trading Day	0.340	14.7%
5-day average closing price prior to and including the Last Undisturbed Trading Day	0.344	13.4%
1-month average closing price prior to and including the Last Undisturbed Trading Day	0.338	15.4%
3-month average closing price prior to and including the Last Undisturbed Trading Day	0.302	29.1%
6-month average closing price prior to and including the Last Undisturbed Trading Day	0.297	31.5%
12-month average closing price prior to and including the Last Undisturbed Trading Day	0.290	34.4%
Post-Delisting Announcement Period		
Closing price on the Delisting Announcement Date	0.380	2.6%
Highest closing price (16 November 2016)	0.470	(17.0%)
Lowest closing price (19 October 2016)	0.370	5.4%
Average closing price	0.416	(6.2%)
Closing price on the Latest Practicable Date	0.425	(8.2%)

Sources: Bloomberg and ING's computation

Based on the above statistics, we note that:–

- (i) the CNTD Shares closed within a range of HK\$0.211 to HK\$0.360 during the Pre-Delisting Announcement Period;
- (ii) the Tender Price represents a premium of approximately 84.8% over CNTD Shares' lowest closing price of HK\$0.211 and a premium of approximately 8.3% to the highest closing price of HK\$0.360 during the Pre-Delisting Announcement Period;

- (iii) the Tender Price represents a premium of approximately 14.7% over CNTD Shares' closing price of HK\$0.340 on the Last Undisturbed Trading Day;
- (iv) the Tender Price represents a premium of approximately 13.4% to 34.4% over the 5-day, 1-month, 3-month, 6-month and 12-month CNTD Share VWAPs of HK\$0.344, HK\$0.338, HK\$0.302, HK\$0.297 and HK\$0.290 respectively, preceding and including the Last Undisturbed Trading Day;
- (v) to align with the approach in our analysis of CNTD Shares market prices on the SGX-ST set out in Table (1), we exclude 23 September 2016 from the Pre-Delisting Announcement Date Period. The Tender Price represents a premium of approximately 13.0% over the closing price of HK\$0.345 on 23 September 2016;
- (vi) the Tender Price represents a premium of approximately 2.6% over CNTD Shares' closing price of HK\$0.380 on the Delisting Announcement Date;
- (vii) during the Post-Delisting Announcement Period, the CNTD Shares closed between a low of HK\$0.370 and a high of HK\$0.470, with an average closing price of HK\$0.416. The Tender Price represents a premium of approximately 5.4%, a discount of approximately 17.0% and a discount of approximately 6.2% over such low, high and average closing prices of the CNTD Shares, respectively;
- (viii) the Tender Price represents a discount of approximately 8.2% over the closing price of CNTD Shares of HK\$0.425 on the Latest Practicable Date; and
- (ix) CNTD shares have been trading above the tender price for 36 trading days on SEHK during the Post-Delisting announcement period. The closing prices of CNTD Shares were above the Tender Price for 36 trading days from 26 October 2016 to 1 November 2016 and from 4 November 2016 to 16 December 2016.

Table (4): CNTD Shares trading volume on the SEHK

	Average daily trading volume on the SEHK ⁽¹⁾ (million)	As a percentage of total number of CNTD Shares ⁽²⁾	As a percentage of public float ⁽³⁾
Pre-Delisting			
Announcement Period			
5-day prior to and including the Last Undisturbed Trading Day	2.325	0.024%	0.077%
1-month prior to and including the Last Undisturbed Trading Day	4.168	0.042%	0.138%
3-month prior to and including the Last Undisturbed Trading Day	2.110	0.021%	0.070%
6-month prior to and including the Last Undisturbed Trading Day	1.830	0.019%	0.061%
12-month prior to and including the Last Undisturbed Trading Day	2.080	0.021%	0.069%
Post-Delisting			
Announcement Period	7.327	0.074%	0.243%

Sources: Bloomberg and ING's computation

Notes:—

- (1) Number of CNTD Shares traded on the SEHK.
- (2) Based on approximately 9,846 million CNTD Shares in issue as at the Latest Practicable Date
- (3) Based on approximately 3,015 million CNTD Shares considered as public float as at the Latest Practicable Date as per Bloomberg

Based on the above statistics, we note that:—

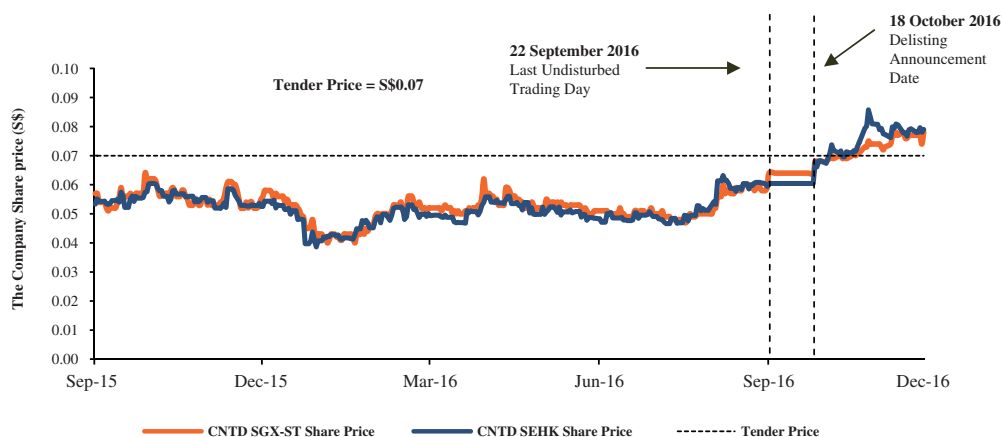
- (i) the average daily trading volume of CNTD Shares on the SEHK during the 5-day, 1-month, 3-month, 6-month and 12-months periods prior to and including the Last Undisturbed Trading Day ranges from 0.019% to 0.042% of the total number of CNTD Shares in issue; and
- (ii) the average daily trading volume was approximately 7.3 million CNTD Shares, or 0.074% of CNTD Shares in issue as at the Latest Practicable Date, during the Post-Delisting Announcement Period.

Although the consolidation of trading of CNTD Shares in one market may increase the trading liquidity, there is, however, no assurance that in the event the Delisting is completed, and after taking into account the tender of CNTD Shares by Shareholders pursuant to the Selective Share Buyback (if any) and the transfer of CNTD Shares to the HK Branch Register, the trading liquidity of CNTD Shares on the SEHK will increase.

6.1.3 SGX-ST vis-à-vis SEHK

CNTD Shares are traded in Singapore dollars on the SGX-ST and in Hong Kong dollars on the SEHK. For illustrative purposes only, we set out in Chart (c) below, the share price performance of CNTD Shares on the SGX-ST based on the daily closing market prices on the SGX-ST (“CNTD SGX-ST Share Price”) and the CNTD Shares on the SEHK based on the daily closing market prices on the SEHK and translated into S\$ using the daily S\$:HK\$ exchange rates (“CNTD SEHK Share Price”) for the period from 22 September 2015 to the Latest Practicable Date, except for the trading suspension period of CNTD Shares on the SEHK from 26 September 2016 to 17 October 2016, when the daily closing prices in S\$ terms on the SEHK were translated with the S\$:HK\$ exchange rate on 23 September 2016.

Chart (c): The Company SGX-ST Share Price and the Company SEHK Share Price From 23 September 2015 to the Latest Practicable Date



Source: Bloomberg

We note that from 23 September 2015 to 22 September 2016, the CNTD SGX-ST Share Price and the CNTD SEHK Share Price generally traded in line with each other. Similarly, during the Post-Delisting Announcement Period, the CNTD SGX-ST Share Price and the CNTD SEHK Share Price generally traded in line with each other, after accounting for movements in exchange rates. We note that there was a divergent of trading on 23 September 2016 between the CNTD SGX-ST Share Price and the CNTD SEHK Share Price with the former at a premium of 5.9% over the latter on 23 September 2016.

We also note that based on the S\$:HK\$ exchange rates of S\$1.00:HK\$5.3792 to S\$1.00:HK\$5.6069 during the Post-Delisting Announcement Period, the Tender Price ranges from HK\$0.377 to HK\$0.392 with an average of HK\$0.385 during the Post-Delisting Announcement Period and HK\$0.377 as at the Latest Practicable Date.

6.2 Historical financial performance and position of CNTD

The full text of information on the key financial information of CNTD Group has been set out in Appendix VI and VII of the Circular.

We set out in Table (5) summarised extracts from these sections of the Circular as well as key balance sheet information from CNTD's annual report.

Table (5): Key historical financial information⁽¹⁾

Financial year ended 31 December	2013⁽¹⁾	2014⁽²⁾	2015⁽²⁾	9 months 2016⁽³⁾
Selected income statement items				
Revenue (RMB million)	608	57	67	192
Total comprehensive profit/(loss), net of tax, attributable to equity holders of the parent (RMB million)	(213)	(61)	65	351
Earnings/(Loss) per CNTD Share (RMB) ⁽⁴⁾	(0.0474) ⁽⁵⁾	(0.0072) ⁽⁶⁾	0.0066	0.0357
Selected balance sheet statement items				
Total assets (RMB million)	11,563	9,812	10,886	7,881
Equity attributable to equity holders of the parent (RMB million)	2,457	3,526	3,591	3,942
Net asset value per CNTD Share (RMB)	0.5463 ⁽⁵⁾	0.4113 ⁽⁶⁾	0.3647	0.4004

Notes:—

- (1) Based on CNTD's annual report 2013 and restated figures
- (2) Based on audited consolidated financial statements of the Group for 2015
- (3) Based on unaudited consolidated financial statements provided by CNTD
- (4) Basic and diluted earnings/(loss) per share for the year attributable to ordinary equity holders of the parent
- (5) Based on weighted average number of ordinary shares of approximately 4,498 million
- (6) Based on weighted average number of ordinary shares of approximately 8,571 million

According to the Company, it does not have meaningful amount of intangible assets, as such we note that the net asset value and net tangible asset value of CNTD are close to each other. This is due to the fact that the Company has limited intangible assets and made few acquisitions in the past, which leads to minimized goodwill on its balance sheet. We note that the Tender Price represents approximately 0.9x the unaudited consolidated net asset value per CNTD Share of S\$0.0826 as at 30 September 2016 based on the Announcement Exchange Rate.

The net asset value represents the minimum value attributable to the Shareholders assuming that CNTD's assets can be liquidated and the liabilities of CNTD can be settled at their book value. However, we would like to highlight that the realisation of the value of the assets of CNTD may take significant effort and time. Additionally, the realised value may differ significantly from the current estimates due to changed circumstances prevailing at the time of such realisation.

6.3 Future prospects of the CNTD Group

Since CDBIH became the controlling shareholder of the Company in 2014, the Company has been reshaping its development strategies towards a combination of “investment in primary land development” with “downstream business cultivation and operation”. In addition to primary land development, the Company actively brings value-adding services such as regional planning, city operation and management, etc. One of the preferred attributes that the Company seeks from its projects is a balanced risk and return profile that produces fixed income streams. For example, during the five years of cooperative period with the government of the Nanjing two bridges project that was secured in 2014, with a capital contribution of RMB490 million, the Company is entitled to a secured annual investment return of 17.1% on a pre-tax basis (12.8% on a post-tax basis). To support the Company's funding needs, the Company leverages the strong financial resources of its parent and optimizes funding structure to generate return for its shareholders.

The Company actively replicates its investment strategy to other projects. In December 2015, the Company, Yangzhou Airport New Town Administrative Committee and Hengfeng Bank entered into the Comprehensive Cooperative Agreement, pursuant to which the Company will contribute an aggregate of RMB300 million in instalments and receive a fixed investment return. Furthermore, the Company will be entitled to share the potential economic benefits with the government by introducing strategic partners to accelerate the industrial development.

Leveraging on the network and resources of the Company and the Company's parent, CNTD could participate in urbanisation projects that are supported by diversified industrial development, in addition to those traditionally supported by property development. As a result, the Company secured the Nanjing Yuhuatai Project and Yangzhou Airport New Town projects.

The Company has also been actively participating in the public-private-partnership model that is promoted by the State Council. The Company participated in Danyang municipal water conservancy infrastructure development in Jiangsu Province as the private sector investor in the transaction. Pursuant to the agreed terms, the Company gets investment return subsidies at 13% per annum on its invested capital of RMB200 million, with the municipal government committing to provide such guaranteed return subsidies and repurchase arrangement.

Under the guidance of the national supply-side reform policy and in view of the improved macro-economic trends, as well as the increasing demand from people for modern urban surroundings and an improved overall quality of life, the Company believes urbanisation is increasingly about consolidation and management of land resources with the emphasis on the creation of an integrated living and working environment.

With the aligned strategy, the Company has proceeded on positioning and planning for the key cities in the focused regions throughout the country, and reinforced the development in operational projects to upgrade the quality of assets and to improve the long-term return. More specifically, the Company intends to i) accelerate land sale at the Shanghai project; ii) continue to grow the fixed income investment portfolio selectively; iii) leverage the Company's resources and secure quality land development opportunities at attractive costs; and iv) seek for joint development opportunities with partners in the downstream businesses such as education and healthcare.

Based on the above, we concur with management's view that CNTD shall benefit from the Chinese government's urbanization policies and that CNTD could continue to explore and secure projects on the back of the network and resources of CNTD and its parent.

6.4 Valuation analysis of selected listed companies comparable to CNTD

According to the Company, it is engaged in land development and participates in urbanisation projects that generates fixed investment income. Therefore, we have selected two sets of comparable companies to CNTD to replicate the combination of its business features. The first set of comparable companies to CNTD are selected based on the criteria that these companies: i) are primarily engaged in various investment business and generate revenues from investment and interest income; ii) are listed on SGX-ST or SEHK; iii) have a market capitalization greater than US\$100 million as at the Latest Practicable Date; and iv) recorded positive profit after tax in 2015. The second set of comparable companies are selected based on the criteria that these companies: i) are real estate companies that are engaged in upstream land development business in Mainland China and/or Hong Kong; ii) are listed on SGX-ST or SEHK; iii) have a market capitalisation greater than US\$100 million at the Latest Practicable Date; and iv) recorded positive profit after tax in 2015. Based on the selection criteria, the two sets of comparable companies could reasonably represent CNTD's business model. As far as we are aware of, all the companies that fulfil the said criteria are listed on SEHK.

These selection criteria are adopted for the purposes of comparing market views of similar companies listed on the SGX-ST and SEHK with business operations that are similar in nature with the Company. The selection criteria of a market capitalisation are to take into consideration the value of the entire issued and outstanding Shares based on the Tender Price of S\$0.07 for each Share whilst providing sufficient samples for comparison.

We set out in Table (6) below a brief description of the exhaustive list of companies which we believe satisfy the above selection criteria (the “**Comparable Companies**”) and their respective market capitalisation as at the Latest Practicable Date.

Table (6): Description of the Comparable Companies

Name	Stock Exchange	Business description	Market capitalisation ⁽¹⁾ (US\$ million)
China Huarong Asset Management Co., Ltd. (“ China Huarong ”)	SEHK	China Huarong operates through three segments: Distressed Asset Management, Financial Services, Asset Management and Investment Business. It manages, invests in and disposes financial and non-financial institution distressed assets, including debt-to-equity swap assets. It is also involved in bankruptcy management and investment and securities dealing activities; provision of financial bonds issuance, inter-bank borrowing and lending and commercial financing for other financial institutions; asset securitization business, financial institutions custody and business closing and liquidation activities; consulting and advisory business on finance, investment, legal and risk management and assets and project evaluation business, as well as real estate and industrial investments and other businesses.	14,148 ⁽²⁾
China Cinda Asset Management Co., Ltd. (“ China Cinda ”)	SEHK	China Cinda engages in the acquisition, management, investment, and disposal of financial and non-financial institution distressed assets in the PRC.	12,381 ⁽²⁾

Name	Stock Exchange	Business description	Market capitalisation ⁽¹⁾ (US\$ million)
Guoco Group Limited (“ Guoco ”)	SEHK	Guoco engages in the investment, property development and investment, hospitality and leisure, financial service and oil and gas businesses in the PRC, the United Kingdom, Continental Europe, Singapore, Australasia, and internationally.	3,638
China Jinmao Holdings Group Limited (“ China Jinmao ”)	SEHK	China Jinmao Holdings Group Limited, an investment holding company, invests in, develops, and operates real estate projects in the PRC. It operates through four segments: City and Property Development, Commercial Leasing and Retail Operations, Hotel Operations and Others.	2,929
Sunshine 100 China Holdings Ltd (“ Sunshine 100 ”)	SEHK	Sunshine 100 operates is engaged in development and sale of business complex products, development and sale of residential properties, development of land, offices and commercial premises leasing, property management and hotel accommodation service in the PRC.	940
China VAST Industrial Urban Development Company Limited (“ China VAST ”)	SEHK	China VAST is engaged in planning, development and operation of large-scale industrial town projects in the PRC. It operates in three segments: Land Development, Property Development and Property Leasing.	633
CNTD			495 ⁽³⁾

Sources: Capital IQ, CNTD and Comparable Companies’ annual reports and websites

Notes:

- (1) Market capitalisation as at the Latest Practicable Date
- (2) Market capitalisation computed as the share price on the SEHK times total shares outstanding as of the Latest Practical Date, as the domestic shares are unlisted
- (3) The market capitalisation of CNTD is computed based on the Tender Price and exchange rate of US\$1.00:S\$1.3922 as per Bloomberg as of 17 October 2016

While such Comparable Companies analysis can reflect market sentiment towards the sector and provide guidance on the valuation, we note that the analysis does not take into account differences in accounting policies and standards as well as the operating environments, business models, and/or tax treatments, nor does it take into account possible unique characteristic(s) of the different companies.

The Independent Board Committee should note that any comparison made with respect to the Comparable Companies is intended for illustrating the relative valuation only. Any inference drawn from such comparisons, therefore, may not necessarily reflect the perceived or implied market valuation of CNTD as none of the Comparable Companies are dual listed on the SGX-ST and SEHK.

In the Comparable Companies analysis, we have considered the following valuation and capital ratios as described in Table (7) below.

Table (7): Description of valuation and financial ratios

Valuation and financial ratios	General description
P/E	“P/E” or “price-to-earnings” ratio illustrates the ratio of the share price of a company relative to its diluted earnings per share attributable to its shareholders. The P/E ratio is affected by, <i>inter alia</i> , the capital structure of a company, its tax position, its provisioning policy, as well as its accounting policies relating to depreciation and intangible assets.
P/B	“P/B” or “price-to-book value” ratio illustrates the ratio of the share price of a company relative to its net asset value per share.

Table (8) below sets out the valuation ratios for the Comparable Companies based on their last transacted share prices as at the Latest Practicable Date.

Table (8): Valuation and financial ratios of the Comparable Companies

	Market capitalisation⁽²⁾ (US\$ million)	P/E⁽³⁾ (times)	P/B⁽⁴⁾ (times)
China Huarong	14,148	5.5	0.8
China Cinda	12,381	5.7	0.8
Guoco	3,638	9.0	0.5
China Jinmao	2,929	6.5	0.6
Sunshine 100	940	9.4	1.0
China VAST	633	8.1	1.4
	Low	5.5	0.5
	Mean	7.4	0.9
	Median	7.3	0.8
	High	9.4	1.4
CNTD⁽⁵⁾		48.6⁽⁶⁾	0.9⁽⁷⁾

Sources: Capital IQ, Bloomberg, CNTD and Comparable Companies' financial reports and ING computations

Notes:—

- (1) All the Comparable Companies' most recently completed financial year end was 31 December 2015.
- (2) Market capitalisation as at the Latest Practicable Date, converted using exchange rate as at the Latest Practicable Date.
- (3) The earnings information is based on audited financial statements of the Comparable Companies for the most recent completed financial year.
- (4) The book value refers to equity attributable to shareholders of the company and is based on the Comparable Companies' latest quarterly financial information that is publicly available as at the Latest Practicable Date.
- (5) The market capitalisation and valuation ratios of CNTD are computed based on the Tender Price.
- (6) CNTD's earnings per share of 2015 was S\$0.0014 based on annual report and S\$1:00:RMB0.2184 as per Bloomberg as of 31 December 2015. In 2015, the Company incurred RMB41.4 million loss attributable to equity holders of the parent, which was directly associated with the discontinued operations as a result of the Company's restructuring efforts towards the new business model. The high 2015 P/E ratio of CNTD is partially attributed to the low earnings base in 2015.
- (7) The net book value as per the unaudited financial statements as of 30 September 2016.

We note that:

- (i) the P/E ratio of CNTD implied by the Tender Price is higher than the mean and median of the P/E ratios of the Comparable Companies; and
- (ii) the P/B ratio of CNTD implied by the Tender Price is approximately the same as the mean of the P/B ratios of the Comparable Companies and higher than the median of the P/B ratios of the Comparable Companies.

The valuation multiples implied by the Tender Price are higher than the mean and median of the Comparable Companies in terms of P/E, and approximately the same as the mean, and higher than the median of the Comparable Companies in terms of P/B. We are therefore of the view that the Tender Price compares reasonably against the parameters implied by the Comparable Companies and is fair and reasonable. We also note that the Delisting is not a privatisation exercise and following the completion of the Delisting, the primary listing status of CNTD on the Main Board of SEHK will be preserved.

6.5 Delisting of selected companies listed on the SGX-ST

For the purpose of undertaking comparisons with other companies seeking delisting from the SGX-ST, we have reviewed other successful delistings in Singapore and considered the premia represented by the various delisting prices compared to the delisting companies' last transacted price, 1-month and 3-month periods VWAP (where applicable) prior to the announcements of the respective delistings, as well as the implied P/E and P/B ratios.

We set out in Table (9) below an exhaustive list of successful delistings in Singapore that were announced since 30 June 2011 and up to the Latest Practicable Date (the “**Reference Transactions**”) with market capitalisation based on their respective delisting prices greater than S\$144 million, equivalent to US\$100 million based on the exchange rate of US\$1.00:S\$1.4430 as per Bloomberg as of the Latest Practicable Date. The selection criteria of a market capitalisation are to take into consideration the value of the entire issued and outstanding Shares based on the Tender Price of S\$0.07 for each Share whilst providing sufficient samples for comparison. We consider the purpose of selecting the Reference Transactions is to compare the Tender Price with prices in exit offers on the same stock exchange with similar market sentiment. The companies involved in the Reference Transactions are from various sectors and save for the delistings involving China XLX Fertiliser Ltd, China Animal Healthcare Ltd. and Sound Global Ltd., the companies involved in the Reference Transactions were no longer listed in any public stock exchanges after the completion of the relevant delistings. However, given that the analysis is aiming at comparing the respective exit offer prices towards their prevailing market price in order to take a market general reference for the recent market practice in relation to the range of premia over relevant VWAPs that could result in successful delistings from the SGX-ST, we consider the analysis of the Reference Transactions are of illustrative purpose only for the Independent Board Committee.

It should be noted that the successful delistings in Table (9) below resulted in delisting of the relevant companies from the SGX-ST and save for the delistings involving China XLX Fertiliser Ltd, China Animal Healthcare Ltd. and Sound Global Ltd., the relevant shareholders were unable to transact their shares on any public stock exchanges after the completion of the relevant delistings. In the event CNTD is delisted from the SGX-ST, Shareholders who elect not to participate in the Selective Share Buyback will have their CNTD Shares automatically transferred, at CNTD's cost to the HK Branch Register and continue to be able to transact their CNTD Shares on the SEHK. Nevertheless, we consider the delistings in Table (9) relevant for our analysis as the Delisting, in the event it is successful, will result in the delisting of CNTD from the SGX-ST.

Table (9): Delisting of selected companies in Singapore

Date announced	Company	Market capitalisation (\$ million) ⁽¹⁾	Industry	Premium/(discount) of offer price over/(to)			P/E	P/B ⁽²⁾
				Last transacted price prior to announcement	1 month VWAP prior to announcement	3 month VWAP prior to announcement		
6-Nov-15	Tiger Airways Holdings Ltd	1,025	Airline operator	32.3%	35.3%	42.4%	nm	4.9
24-Oct-15	Biosensors International Group Ltd	1,418	Medical devices	23.5%	23.0%	21.0%	nm	1.0
25-Feb-14	Chemoil Energy Ltd	653 ⁽³⁾	Marine Fuels	17.6%	28.2%	30.7%	5.1	0.9
11-Dec-13 ⁽⁴⁾	China XLX Fertiliser Ltd	400	Fertilizer manufacturer	23.1%	28.9%	24.8%	7.5	0.8
19-Nov-13	WBL Corp Ltd	1,234	Electronic components and automotive	27.5%	26.2%	24.3%	nm	1.3
5-Jul-13	Armstrong Industrial Corp Ltd	197	Foam and rubber manufacturer	6.7%	12.6%	14.8%	17.2	1.9
10-Sep-13	Sound Global Ltd ⁽⁵⁾	903	Waster/water treatment	22.8%	18.8%	22.6%	nm	nm
27-May-13	China Animal Healthcare Ltd ⁽⁶⁾	509	Healthcare	27.7%	30.8%	31.4%	nm	nm
10-May-13	Pan Pacific Hotels Group Ltd	1,530	Lodging	9.0%	8.2%	6.1%	21.5	1.6
15-Oct-12	Synear Food Holdings Ltd	256	Food manufacturing	6.9%	15.4%	23.2%	19.0	0.4
23-Sep-12	Gul Technologies Singapore Ltd ⁽⁷⁾	151	Electronic components	38.5%	57.6%	71.6%	4.8	1.2
1-Aug-12	Cerebos Pacific Ltd	2,095	Food manufacturing	22.7%	22.9%	23.0%	20.9	5.2
12-Aug-11	Centraland Limited	738	Real estate	11.1%	NA	11.1%	nm	2.9
4-Oct-11	Pacific Shipping Trust	332 ⁽⁸⁾	Ship chartering	14.7%	18.8%	21.4%	9.4	1.0
			Low	6.7%	8.2%	6.1%	4.8	0.4
			Mean	19.9%	23.7%	24.2%	13.2	1.8
			(excl. max and min)					
			Median	22.8%	23.0%	23.1%	13.3	1.3
			High	38.5%	57.6%	71.6%	21.5	5.2
22-Sep-16 ⁽⁹⁾	CNTD	495		18.6%	20.5%	26.8%	48.6	0.9

Sources: Bloomberg, announcements made by the respective companies seeking delisting, annual reports and/or results announcements of the respective companies seeking delisting

Notes:—

- (1) Based on the respective delisting prices.
- (2) Based on the last completed financial quarter.
- (3) Based on the delisting price in US\$ and the exchange rate of US\$1:00:S\$1.2639 as per Bloomberg on 25 February 2014.
- (4) The voluntary delisting of China XLX Fertiliser Ltd was announced on 31 March 2014. However, prior to this announcement, China XLX Fertiliser Ltd announced on 11 December 2013 that Pioneer Top Holdings Limited approached it with respect to making a possible exit offer to acquire all the ordinary shares in the issued and paid-up capital other than those already owned, controlled or agreed to be acquired by the offeror and parties acting in concert with it. As such, our analysis of the delisting price for China XLX Fertiliser Ltd. is based on prices prior to 11 December 2013.
- (5) The voluntary delisting of Sound Global Ltd. was announced on 10 September 2013. However, prior to this announcement, Sound Global Ltd. announced on 28 June 2013 that its board of directors had received a letter of intent from its ultimate controlling shareholder, Mr. Wen Yibo on a possible proposal to seek voluntary delisting of Sound Global Ltd. As such, our analysis of the delisting price for Sound Global Ltd. is based on prices prior to 28 June 2013.
- (6) The voluntary delisting of China Animal Healthcare Ltd. was announced on 27 May 2013. However, prior to this announcement, China Animal Healthcare Ltd. announced on 22 May 2012 that it was in advanced stages of a possible delisting of its ordinary shares. As such, our analysis of the delisting price for China Animal Healthcare Ltd. is based on prices prior to 22 May 2012.
- (7) The voluntary delisting of Gul Technologies Singapore Ltd was announced on 23 September 2012. However, on 13 September 2012, Gul Technologies Singapore Ltd announced that it was aware that a party was exploring certain corporate actions that may or may not lead to an offer for Gul Technologies Singapore Ltd. As such, our analysis of the delisting price for Gul Technologies Singapore Ltd is based on prices prior to 13 September 2012.
- (8) Based on the delisting price in US\$ and the exchange rate of US\$1:00:S\$1.30800 as per Bloomberg on 4 October 2011.
- (9) VWAP calculation based on the Last Undisturbed Trading Day.

Based on the above, we note that:

- (i) the Tender Price represents a premium of 18.6% over the last transacted price of the CNTD Shares on the SGX-ST on the Last Undisturbed Trading Day and is within the range of the Reference Transactions, below the mean (exclusive of maximum and minimum values) and the median premia of offer price over the last transacted price prior to announcement of the Reference Transactions but close to the mean (exclusive of maximum and minimum values) of 19.9%;
- (ii) the Tender Price represents a premium of 20.5% over the 1-month VWAP of CNTD on the SGX-ST prior to and including the Last Undisturbed Trading Day is within the range of the Reference Transactions, below the mean (exclusive of maximum and minimum values) and the median premia of offer price over the 1-month VWAP prior to announcement of the Reference Transactions but close to the median of 23.0%;
- (iii) the Tender Price represents a premium of 26.8% over the 3-month VWAP of the CNTD Shares on the SGX-ST prior to and including the Last Undisturbed Trading Day and is within the range, above the mean (exclusive of maximum and minimum values) and median premia of offer price over the 3-months VWAP prior to announcement of the Reference Transactions;

- (iv) the historical P/E ratio implied by the Tender Price is higher than the mean (exclusive of maximum and minimum values) and median P/E ratios of the Reference Transactions; and
- (v) the historical P/B ratio implied by the Tender Price is within the range of the historical P/B ratios of the Reference Transactions.

The premia implied by the Tender Price are higher than the mean (exclusive of maximum and minimum values) and median premia of the Reference Transactions for the 3 month VWAP prior to the announcement, the premia implied by the Tender Price are within the range of the premia of the Reference Transactions for the last transacted price prior to the announcement and 1 month VWAP prior to the announcement. The historical P/E is higher than the mean (exclusive of maximum and minimum values) and median P/E ratios of the Reference Transactions. The historical P/B ratio is within the range of the Reference Transactions. Furthermore, as valuation ratios are highly sector specific, we are in view that valuation ratios are of less reference value compared with premia implied by Reference Transactions. Accordingly, we are of the view that the Tender Price compares reasonably against the parameters implied by the Reference Transactions and is fair and reasonable, particularly having regard that the Delisting is not a privatisation exercise and following the completion of the Delisting, the primary listing status of CNTD on the Main Board of the SEHK will be preserved.

6.6 Financial effects of the Selective Share Buyback on the Group

Please refer to section 2.10 of the “Letter to Shareholders” in the Circular for the financial effects of the Selective Share Buyback on the Group. We note the the analysis was made on the basis that 100% of the Shares held by Shareholders other than the Controlling Concert Group and the Undertaking Shareholders (please refer to section 2.11 of the “Letter to Shareholders” in the Circular) are tendered, among other assumptions.

Share Capital	As at 30 June 2016	After the Delisting
Number of Shares	9,846,119,747	7,440,543,097
Total Equity (RMB million)	4,003	3,181
NAV	As at 30 June 2016	After the Delisting
NAV (RMB million) ⁽¹⁾	3,703	2,881
NAV per Share (RMB)	0.376	0.387
Earnings Per Share	For the year ended 31 December 2015	After the Delisting
Earnings attributable to Shareholders (RMB million)	65	65 ⁽²⁾
Earnings per Share (RMB)	0.0066	0.0088 ⁽²⁾
Gearing⁽³⁾	As at 30 June 2016	After the Delisting
Net debt (RMB million)	(439)	383

Gearing ratio (times)	(0.12)	0.13
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Notes:

- (1) NAV represents the equity attributable to shareholders which is the aggregate amount of the Company's share capital, other reserves and accumulated losses excluding non-controlling interests.
- (2) The Selective Share Buyback will be mainly funded by internal cash resources of the Company and/or shareholder's loan of US\$75,000,000, which is charged at interest rate of 2.5% per annum and the annual interest is RMB13,008,750. The unaudited pro forma basic earnings per share does not take into account the annual interest of RMB13,008,750. Had the annual interest been taken into account, the unaudited pro forma profit attributable to the equity holders of the parent would be RMB52,132 thousand and the unaudited pro forma basic earnings per Share would be RMB0.0070.
- (3) Gearing is computed based on total borrowings less cash and bank balances divided by equity attributable to shareholders.

We note that the impact of the Selective Share Buyback on the consolidated financial performance and position of the Group is as follows:

- (a) The net asset value per Share will increase by 2.9%, from RMB0.376 to RMB0.387.
- (b) The earnings per Share will increase by 33.3%, from RMB0.0066 to RMB0.0088, if the annual interest on shareholder's loan is not taken into account. The earnings per Share will increase by 6.1% to RMB0.0070, if the annual interest on shareholder's loan is taken into account.
- (c) The gearing will increase from net cash position to 0.13 time, mainly due to the use of internal cash and shareholder's loan in funding the Selective Share Buyback.

We note from the above that the Selective Share Buyback is not expected to have a material adverse financial impact on the financial performance and position of the Group.

6.7 Other relevant considerations

6.7.1 The Delisting is not a privatisation exercise

We note that the Delisting is not a privatisation exercise and the Company intends to maintain its primary listing on the Mainboard of the SEHK, so Shareholders who currently trade their Shares on the SGX-ST and who prefer to hold their Shares and trade their Shares on the SEHK subsequent to the Delisting Completion can have their Shares transferred, at the Company's cost, to the HK Branch Register.

Shareholders will thereafter be able to trade their Shares freely on the SEHK upon setting up investor participant stock accounts in CCASS or stock accounts with designated CCASS participants, through brokerage firms in Hong Kong or Singapore which offer such services, and depositing their Shares in such accounts or otherwise trading through a stockbroker or bank.

No right of compulsory acquisition or squeeze-out of any minority Shareholders will arise under The BVI Business Companies Act 2004, as amended, as the Selective Share Buyback is carried out by the Company (and not a third party).

6.7.2 Approval of the Delisting does not equate to participation in the Selective Share Buyback

We note that the Selective Share Buyback is made pursuant to the Delisting under Rules 1307 and 1309 of the Listing Manual.

We would like to draw the Independent Board Committee's attention to the following:

- (i) Independent Shareholders are entitled to approve the Delisting Resolution without any obligation or need to participate in the Selective Share Buyback;
- (ii) Shareholders who do not wish to continue holding their Shares and trade on the Main Board of the SEHK may elect to accept the Selective Share Buyback at the Selective Share Buyback Price of S\$0.07 in cash for each Tendered Share; and
- (iii) the Selective Share Buyback will not be conditional upon a minimum number of acceptances being received by the Company for the Selective Share Buyback to become or be capable of being declared unconditional as to acceptances.

Accordingly, we recommend the Independent Board Committee to recommend the Independent Shareholders vote in favour of the Delisting Resolution at the EGM.

6.7.3 Public float

We note that under the Rules Governing the Listing of Securities on the SEHK ("**HK Listing Rules**"), in the event that at the close of the Selective Share Buyback, i) less than the minimum prescribed shareholding percentage applicable to the Company (being 25% of the total issued Shares) is held by the public, ii) the SEHK believes that a false market exists or may exist in the trading of the Shares, or iii) that there are insufficient Shares in public hands to maintain an orderly trading market, the SEHK has the discretion to require suspension of dealings in the CNTD Shares.

As stated in the "Letter to the Shareholders" of the Circular, it is the Company's intention to take such steps as it considers reasonable and appropriate to restore the public float and such steps may involve the issue of new Shares by way of a placement. The steps will be taken such that, following the Delisting Completion, there is a genuine open market in the Shares and the Shares are not concentrated in the hands of a few shareholders to the detriment of the investing public. BNP Paribas Securities (Asia) Limited has agreed to enter into a placing agreement with the Company whereby BNP Paribas Securities (Asia) Limited will place new Shares to be issued by the Company on a best effort basis to restore public float and shareholders' spread for the Shares where necessary within 30 days from the closing of the Selective Share Buyback.

7. IRREVOCABLE UNDERTAKINGS

The Controlling Concert Group, SRE Investment Holdings Limited, and two Directors, Li Yao Min, and Henry Tan Song Kok which hold 54.3%, 14.9% and 0.1% of the Company, respectively, will abstain from voting at the EGM. They also undertake not to participate in the Selective Share Buyback. Of the remaining 30.7% shareholding of the Company, we note that Shareholders holding in aggregate approximately 6.2% of the total issued Shares as at the Latest Practicable Date have provided, amongst others, the following irrevocable undertakings to the Company: i) to exercise or procure the exercise of the voting rights attached to their Shares to vote in favour of the Delisting Resolution at the EGM; and ii) not to accept the Selective Share Buyback in respect of all or any of their Shares.

The full text of information on the above said undertakings has been set out in section 2.11 of the “Letter to the Shareholders” in the Circular.

8. OPINION IN RESPECT OF THE SELECTIVE SHARE BUYBACK

In arriving at our Opinion in respect of the Selective Share Buyback, we have reviewed and evaluated all key factors, including the views and representations of the Directors and management of the Company, which we deem to have significant relevance to our assessment of whether i) the terms of the Selective Share Buyback are fair and reasonable and ii) the Selective Share Buyback is not prejudicial to the interests of the Independent Shareholders.

We have taken into account the following, which should be read in conjunction with, and interpreted, in the full context of this letter:

- (a) the Selective Share Buyback Price represents a premium of approximately 18.6% over the Shares’ closing price of S\$0.059 on the Last Undisturbed Trading Day;
- (b) the Selective Share Buyback Price represents a premium of approximately 19.7% to 27.5% over the 5-day, 1-month, 3-month, 6-month and 12-month the Share VWAPs of S\$0.058, S\$0.058, S\$0.055, S\$0.055 and S\$0.055 respectively, prior to and including the Last Undisturbed Trading Day;
- (c) the Selective Share Buyback Price represents P/B ratio of 0.9x over the unaudited net book value per share. We note, however, that the realisation of the value of the assets of the Company may take significant effort and time and that the realised value may differ significantly from the current estimates due to changed circumstances prevailing at the time of such realisation;
- (d) we concur with management’s view that the Company shall benefit further liquidity from consolidated trading and might achieve savings in compliance costs and management resources from listing on a single stock exchange; and
- (e) the P/E ratio of the Company implied by the Selective Share Buyback Price is higher than the P/E ratio of the Comparable Companies. The P/B ratio of the Company implied by the Selective Share Buyback Price is approximately the same as the mean, and higher than the median of the Comparable Companies.

Having regard to the foregoing, as at the date of this letter, we are of the opinion that on balance:

- (a) the terms of the Selective Share Buyback are fair and reasonable so far as the Independent Shareholders are concerned; and
- (b) the Selective Share Buyback is not prejudicial to the interests of the Independent Shareholders.

(The following paragraphs apply to Independent Shareholders on the HK Branch Register)

Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders vote in favour of the Delisting Resolution at the EGM and participate in the Selective Share Buyback.

In the event that the market price of the Shares exceeds the Tender Price during the period when the Selective Share Buyback is open for participation and the sales proceeds (net of transaction costs) exceeds the amount receivable under the Selective Share Buyback, Independent Shareholders should consider not participating in the Selective Share Buyback and consider seeking to sell their Shares in the market if they are able to do so.

Independent Shareholders who, having taken the Tender Price into consideration, would like to hold the Shares for a longer term and who are confident and optimistic about their equity investments in The Company and the prospects of the Group following the Delisting, and are ready to hold Shares listed on the SEHK should consider not participating in the Selective Share Buyback.

The Independent Board Committee should advise Independent Shareholders that their decision to realise or to hold their investment in the Shares depends on their own individual circumstances and investment objectives.

Our Opinion herein is based upon market, economic, industry, monetary and other conditions prevailing as at the Latest Practicable Date, and information made available to us as at the Latest Practicable Date. Independent Shareholders will be notified by the Directors of any material changes and our Opinion (where it stays the same or being updated) as soon as possible if such material change arises after the despatch of the Circular during the Offer Period.

This Opinion is provided as required under Rule 1309 of the Listing Manual and Rule 2.1 of the Hong Kong Takeovers Code for the evaluation of the Delisting and the Selective Share Buyback.

Yours faithfully,

For and on behalf of

ING Bank N.V., Singapore Branch

ING Bank N.V., Hong Kong Branch

Michael Robert Niederberger

Managing Director

Andrew Lau

Director

Note: Mr. Andrew Lau is a relevant individual registered with the Hong Kong Monetary Authority to carry out Type 6 (advising on corporate finance) regulated activity under the SFO and has over 29 years of experience in corporate finance industry.

1. TERMS OF THE SELECTIVE SHARE BUYBACK

Under the Selective Share Buyback, the Company will cancel at the Tender Price up to 2,405,576,650 Available Shares, representing approximately 24.4% of the issued 9,846,119,747 Shares as at the Latest Practicable Date. The Tender Price is S\$0.07 per Share and is final and will not be further increased or revised.

2. CONDITIONS

The conditions for the Selective Share Buyback are set out in Section 2.3 of the Letter to Shareholders in this Circular.

If any of these conditions cannot be fulfilled by the Long Stop Date, the Delisting will not proceed.

3. TENDERING

Shareholders may Tender any number of their Shares at the Tender Price up to their entire holding of the Shares by submitting to the applicable address in accordance with the applicable procedures set out in **Appendix III** and **Appendix IV** (as the case may be) a duly completed Tender Form, accompanied by the Title Documents, by no later than the Latest Tender Time. Each Share may only be Tendered once.

All the Shares bought back by the Company will be cancelled free of commissions and dealing charges and any ad valorem stamp duty, and the Company will be responsible for settling any such amount that may arise.

All Shares bought back will be cancelled on the Effective Date in accordance with the Articles of Association and will not rank for any dividends after their cancellation.

Subject to the Delisting Resolution being approved, the submission of a Tender Form by a Tendering Shareholder in accordance with the applicable procedures set out in **Appendix III** or **Appendix IV** (as the case may be) will be deemed to constitute a warranty from such Tendering Shareholder to the Company that all Shares Tendered are fully paid, free from all Encumbrances and together with all rights attaching thereto on or after the date of their cancellation (including the right to all dividends and distributions (if any) declared, made or paid on or after the date of their cancellation).

4. IRREVOCABLE TENDERS

Tender Forms which have been duly completed and received by the applicable addressee by no later than the Latest Tender Time will constitute irrevocable Tenders.

5. SETTLEMENT**(a) For CDP Shareholders**

Subject to the Delisting Resolution being approved and the receipt by the Company from Tendering Shareholders of all relevant documents required by the Company which are complete in all respects and in accordance with the instructions given in the TAF (including, without limitation, confirmation satisfactory to the Company that the relevant number of Tendered Shares are standing to the credit of the “Free Balance” of their respective CDP Securities Accounts at the relevant time), the Company will arrange for remittances for the appropriate amounts to be sent to CDP.

CDP will debit the respective CDP Securities Accounts of the relevant Tendering Shareholders with the number of Tendered Shares and will (i) in the case of Tendering Shareholders who have registered for CDP’s direct crediting service, credit such remittances to the designated bank account of such Tendering Shareholders; and (ii) in the case of Tendering Shareholders who have not registered for CDP’s direct crediting service, despatch such remittances in the form of cheques made out in favour to such Tendering Shareholders by ordinary post to such Tendering Shareholders at their own risk as soon as practicable and, in any event, within seven business days of the later of (i) the date on which the Delisting Resolution is approved and (ii) the date on which the duly completed Tender Form is received.

CDP will also send by ordinary post to the Tendering Shareholders at their respective addresses as they appear in the records of CDP, and at their own risk, notification letters showing the number of Shares which have been debited against their respective CDP Securities Accounts.

(b) For Company Registered Shareholders

Subject to the Delisting Resolution being approved and the receipt by the Company from Tendering Shareholders of all relevant documents required by the Company which are complete in all respects and in accordance with the instructions given in the TBF (including, without limitation, the share certificates relating to the Tendered Shares), remittances for the appropriate amounts will be despatched to the Tendering Shareholders (or their designated agents, as they may direct) by ordinary post and at their own risk, at their respective addresses as they appear in the Company Share Register (or to such names and addresses as may be specified by the Tendering Shareholders in the TBF), as soon as practicable and in any event, within seven business days of the later of (i) the date on which the Delisting Resolution is approved and (ii) the date on which the duly completed Tender Form is received.

(c) For HK Branch Registered Shareholders

Subject to the Delisting Resolution being approved and provided that a duly completed HK Form accompanied by the relevant Title Documents are received by the HK Branch Share Registrar by no later than 4:00 p.m. on the Closing Date, a cheque for the amount representing the consideration due to the Tendering Shareholders in respect of the Tendered Shares will be despatched to the Tendering Shareholders by ordinary post at its own risk as soon as possible but in any event within seven business days of the later of the date on which the Delisting Resolution is approved and the date on which the duly completed HK Form is received by the HK Branch Share Registrar.

6. RETURN OF TITLE DOCUMENTS IF DELISTING RESOLUTION IS NOT APPROVED

If the Delisting Resolution is not approved, the relevant Title Documents will be returned and, or sent to each Tendering Shareholder (by ordinary post at that Tendering Shareholder's own risk) within seven business days of the lapse of the Selective Share Buyback.

7. EFFECT OF TENDER

Each Tendering Shareholder by whom, or on whose behalf, a Tender Form is executed irrevocably undertakes, represents, warrants and agrees to and with the Company (so as to bind him/her, his/her personal representatives, heirs, successors and assigns) to the effect:

(a) Incorrectly completed or incomplete Tender Forms

Incorrectly completed or incomplete Tender Forms will be deemed void.

(b) Representations and Warranties

By delivery to the applicable address of a duly completed Tender Form accompanied with the Title Documents, the Tendering Shareholder represents and warrants to the Company:

- (i) that he/she/it has full power and authority to Tender all the Shares (together with all rights attaching thereto) specified in such Tender Form and that the Shares are fully paid, free from all Encumbrances and together with all rights attaching thereto on or after the date of their cancellation (including the right to all dividends and distributions (if any) declared, made, or paid on or after the date of their cancellation); and
- (ii) that if he/she/it is a resident in or a citizen of a jurisdiction outside Hong Kong or Singapore, he/she/it has fully observed all applicable legal or other requirements and that the Selective Share Buyback may be participated in by him/her lawfully under the laws of the relevant jurisdiction;

(c) Appointment and Authority

The execution of the Tender Form constitutes:

- (i) an irrevocable appointment of any director or officer of the Company, or such other person as any of them may direct, as such Tendering Shareholder's agent ("**Agent**"); and

- (ii) an irrevocable instruction to the Agent to complete and execute the Tender Form and, or, any other document at the discretion of such Agent on behalf of such Tendering Shareholder in relation to the Tendered Shares and to do any other acts or things as may in the opinion of the Agent be necessary, expedient or desirable for the purpose of, or in connection with, the Company cancelling such Shares.

(d) Undertakings

By duly executing the Tender Form, the Tendering Shareholder:

- (i) agrees to ratify and confirm each and every act or thing which may be done or effected by the Company or any Agent in the proper exercise of his/her/its powers and, or, authorities under the terms of the Selective Share Buyback;
- (ii) undertakes to deliver to the relevant addressee the Title Documents in respect of the Tendered Shares, or to procure the delivery of such documents to such person as soon as possible thereafter and, in any event, no later than the Latest Tender Time;
- (iii) accepts that the provisions of the Tender Form and the other terms and conditions in this Circular are deemed to be incorporated into the terms and conditions of the Selective Share Buyback;
- (iv) undertakes to execute any further documents, take any further action and give any further assurances which may be required in connection with his/her/its Tender as the Company may consider to be necessary, expedient or desirable, including without limitation, to complete the cancellation of any Tendered Shares free from all Encumbrances and together with all rights attaching thereto on or after the date of their cancellation and, or to perfect any of the authorities expressed to be given hereunder;
- (v) authorises the Company or the Agent to procure the despatch by post of the consideration to which he/she/it is entitled at his/her/its risk to the first-named holder at his/her registered address in the Tender Form; and
- (vi) submits to the jurisdiction of the courts of Singapore in relation to all matters arising out of or in connection with the Selective Share Buyback or this Circular.

8. GENERAL

The Selective Share Buyback and all Tenders will be governed by and construed in accordance with BVI or Singapore laws (as the case may be).

Failure of any person to receive this Circular will not invalidate any aspect of the Selective Share Buyback. Extra prints of this Circular will be available for collection by any Shareholder at the office of the HK Branch Share Registrar, the Singapore Share Transfer

Agent and the principal place of business of the Company during office hours between the date of despatch of this Circular and the Latest Tender Time, and on the SEHK's website at www.hkex.com.hk for at least 7 days from the date of its publication, the SGX-ST's website at www.sgx.com and the Company's website at www.china-newtown.com.

All questions as to the number of Shares bought back and cancelled, and the validity, form, eligibility (including the time of receipt), acceptance or payment of any Tenders will be determined by the Company, which determination will be final and binding on all of the parties concerned (except as otherwise required under the applicable law or by the Executive or the SIC). The Company reserves the absolute right to reject any or all Tenders it determines not to be in proper form or the acceptance or payment therefor which may, in the opinion of the Company, be unlawful.

A Tender may be rejected as invalid unless all defects or irregularities have been cured or waived. None of the Company or any other persons is or will be obliged to give notice of any defects or irregularities in Tenders and none of them will incur any liability for failure to give any such notice.

All communications, notices, Tender Forms, Address Update Forms, Title Documents and remittances to be delivered or sent by, to or from any Shareholder will be delivered or sent by, to or from them, or their designated agents, at their risk and none of the Company nor its agents or any of their respective directors or any other persons involved shall accept any liability for any loss or any other liabilities whatsoever which may arise in respect thereof.

Should any Shareholder require any assistance in completing the Tender Form or have any enquiries regarding the procedures for Tendering and settlement or any other similar aspect of the Selective Share Buyback, such Shareholder may contact (as applicable):

- (in Hong Kong) the HK Branch Share Registrar at its hotline at +852 2980 1333 during the period from the date hereof to the Closing Date (both days inclusive) between 9:00 a.m. and 5:00 p.m. from Mondays to Fridays (other than public holidays);
- (in Singapore) the Singapore Share Transfer Agent at its hotline at +65 6236 3550 or +65 6236 3555 during the period from the date hereof to the Closing Date (both days inclusive) between 9:00 a.m. and 5:00 p.m. from Mondays to Fridays (other than public holidays); or
- (in Singapore) The Central Depository (Pte) Limited at +65 6535 7511 during the period from the date hereof to the Closing Date (both days inclusive) between 9:00 a.m. and 5:00 p.m. from Mondays to Fridays (other than public holidays).

Shareholders may choose to Tender in respect of all or part of their Shares before the EGM. However, such tender is conditional upon the Delisting Resolution being approved. Shareholders should note that if the Delisting Resolution is not so approved, the Selective Share Buyback will lapse.

1. TENDER FORMS

The TAF and TBF have been despatched to CDP Depositors and Company Registered Shareholders, respectively, by ordinary post together with this Circular and the Address Update Form.

CDP Depositors whose CDP Securities Accounts are credited with Shares can also collect the TAF during normal business hours prior to the Closing Date from CDP located at 9 North Buona Vista Drive #01-19/20, The Metropolis, Singapore 138588, upon production of satisfactory evidence that you are a Shareholder.

Company Registered Shareholders can collect the TBF during normal business hours prior to the Closing Date from the Singapore Share Transfer Agent upon production of satisfactory evidence that you are a Shareholder.

2. TENDER PROCEDURES FOR SHAREHOLDERS IN SINGAPORE

To Tender:

- (a) CDP Depositors should complete, sign and return the TAF in respect of Shares that are deposited with CDP; and/or
- (b) Company Registered Shareholders should complete, sign and return the TBF in respect of Shares that are not deposited with CDP, as the case may be, in accordance with the instructions contained therein, prior to the Latest Tender Time. The provisions and instructions contained therein shall be deemed to form part of the terms of the Selective Share Buyback.

3. CDP DEPOSITORS WHOSE CDP SECURITIES ACCOUNTS ARE CREDITED WITH SHARES

If you have Shares standing to the credit of your CDP Securities Account, you will be entitled to receive the TAF. If you wish to Tender, you should complete and sign the TAF and forward the completed and executed TAF in the enclosed pre-addressed envelope either by hand, to:

China New Town Development Company Limited
c/o The Central Depository (Pte) Limited
9 North Buona Vista Drive,
#01-19/20, The Metropolis,
Singapore 138588

or by post, at your own risk, to:

China New Town Development Company Limited
c/o The Central Depository (Pte) Limited
Robinson Road Post Office
P.O. Box 1984
Singapore 903934

so as in either case to arrive not later than 4:00 p.m. on the Closing Date.

Depository Agents may also participate in the Selective Share Buyback via the SGX-SSH Service provided by CDP as listed in Schedule 3 of the Terms and Conditions for User Services for Depository Agents (“**Electronic Acceptances**”). Such Electronic Acceptances must be submitted not later than 5:00 p.m. (Singapore time) on the date falling one market day before the Closing Date. CDP has been authorised by the Company to receive Electronic Acceptances on its behalf. Such Electronic Acceptances submitted will be deemed irrevocable and subject to each of the terms and conditions contained in the TAF and this Circular as if the TAF had been completed and delivered to CDP.

All acceptances by the Depository Agents on the Closing Date can only be submitted using the TAF. The last date and time for participation in the Selective Share Buyback is 4:00 p.m. on the Closing Date. Participation through the SGX-SSH Service on the Closing Date will be rejected.

No acknowledgement of receipt will be given for any submission of the TAF made by hand, sent by post to CDP or deposited into drop-boxes located at CDP’s premises.

It is your responsibility to ensure that the TAF is properly completed in all respects. The Company and/or CDP will be entitled to reject any Tender that does not comply strictly with the provisions and instructions contained in the TAF. Any decision to reject the TAF on the grounds that it has been invalidly, incorrectly or incompletely signed, completed or submitted will be final and binding, and neither the Company and/or CDP accepts any responsibility or liability in relation to such a decision, including the consequences thereof.

CDP will, upon receipt on behalf of the Company of the TAF and all other relevant documents, transfer the Shares in respect of which you have Tendered from the “Free Balance” of your CDP Securities Account to a suspense account pending your receipt of the consideration for the Shares.

For reasons of confidentiality, CDP will not entertain telephone enquiries relating to the number of Shares credited to your CDP Securities Account. You may verify the number of Shares credited to your CDP Securities Account through (a) CDP Online if you have registered for CDP Internet Access or (b) CDP Phone Service if you have a T-Pin, if you have registered for the CDP Internet Access. Alternatively, you may proceed personally to CDP with your identity card or passport to verify the number of Shares credited to your CDP Securities Account.

All communications, notices, documents and remittances to be delivered or sent to you will be sent by ordinary post to your address as it appears in the records of CDP, at your own risk.

**4. COMPANY REGISTERED SHAREHOLDERS WHO HOLD SHARES WHICH
ARE NOT DEPOSITED WITH CDP**

If you hold Shares which are not deposited with CDP, you will be entitled to receive the TBF. If you wish to Tender, you should complete and sign the TBF and forward either by hand or by post, at your own risk, the duly completed and signed TBF, together with the relevant Title Documents, and/or any other relevant documents required by the Company, in the enclosed pre-addressed envelope either by hand or by post to:

China New Town Development Company Limited
c/o Tricor Barbinder Share Registration Services
(a division of Tricor Singapore Pte. Ltd.)
80 Robinson Road, #11-02,
Singapore 068898

so as to arrive not later than 4:00 p.m. on the Closing Date.

No acknowledgement of receipt of any TBF, Title Documents, transfer forms and/or any other relevant documents required by the Company will be given.

It is your responsibility to ensure that the TBF is properly completed in all respects. The Company will be entitled to reject any Tender which does not comply strictly with the provisions and instructions contained in the TBF, or which is not accompanied by the relevant share certificates and/or other documents of title and/or any other relevant documents required by the Company, or which is otherwise incomplete, incorrect or invalid in any respect. Any decision to reject the TBF on the grounds that it has been incorrectly or incompletely signed, completed or submitted will be final and binding, and the Company does not accept any responsibility or liability in relation to such a decision, including the consequences thereof.

All communications, notices, certificates, documents and remittances to be delivered or sent to you will be sent to you (or your designated agent or, in the case of joint Tendering Shareholders who have not designated any agent, to the one first named in the Company Share Register) by ordinary post to your address as it appears in the Company Share Register at your own risk (or, for the purpose of remittances only, to such different name and address as may be specified by you in the TBF and at your own risk).

5. OTHER RELEVANT INFORMATION RELATING TO TENDER PROCEDURES

If you hold Shares registered on the Company Share Register in respect of some of the Shares beneficially owned by you, and if you have deposited the rest of the Shares beneficially owned by you with CDP, you will be required to complete an TBF in respect of the Shares registered on the Company Share Register and an TAF in respect of the Shares which are deposited with CDP, if you wish to Tender in respect of all such Shares. Both the TBF and the TAF must be completed and accompanied by the relevant documents and sent to the Company in accordance with the respective Tender procedures set out in the TBF and the TAF.

If you hold the share certificates of the Shares (being registered on the Company Share Register) beneficially owned by you and you wish to Tender such Shares, you should not deposit the share certificates with CDP prior to the Closing Date, as your CDP Securities Account may not be credited with the relevant number of Shares in time for you to Tender.

Delivery of the duly completed and signed Tender Forms to the Company and/or CDP shall be conclusive evidence in favour of the Company and CDP of the right and title of the person signing it to deal with the same and with the Shares to which it relates.

**6. INFORMATION SPECIFIC TO NOMINEES (OTHER THAN CDP) HOLDING
SHARES ON BEHALF OF BENEFICIARIES**

If you are a nominee (other than CDP) holding Shares on behalf of beneficiaries, you should seek immediate instructions from your beneficiaries on whether they wish to Tender and the number of Shares to be Tendered, and thereafter complete and submit the TAF and TBF accordingly.

In respect of beneficiaries who do not Tender, or Tender only in respect of part of their Shares, you should also seek their instructions on whether they would like to have the Shares transferred from you to their names directly, to facilitate their completion of the Address Update Form and issuance of separate share certificates in favour of themselves as registered on the HK Branch Register subsequent to the Delisting Completion.

1. TENDER FORMS

HK Forms have been despatched to HK Branch Registered Shareholders by ordinary post together with this Circular.

If a Shareholder has lost the accompanying HK Form or such original has become unusable, and requires a replacement of such form, he/she should write to the HK Branch Share Registrar or visit the HK Branch Share Registrar, and request an additional HK Form.

2. TENDER PROCEDURES

To Tender, HK Branch Registered Shareholders should complete and return the accompanying HK Form in accordance with the instructions set out in this Circular and the instructions printed on the HK Form. The provisions and instructions contained in this Circular should be read together with the instructions printed on the HK Form (which instructions form part of the terms of the Selective Share Buyback).

In order to be valid, the duly completed HK Form together with the Title Documents in respect of such number of Shares which the relevant Shareholder intends to Tender should be **delivered by post in an envelope marked “China New Town Development Company Limited – Selective Share Buyback” as soon as possible after receipt of the HK Form but in any event so as to reach the HK Branch Share Registrar by no later than 4:00 p.m. on the Closing Date.**

No HK Form received after 4:00 p.m. on the Closing Date will be accepted.

If the HK Form is executed by a person other than the registered holder, appropriate evidence of authority (e.g. a grant of probate or certified copy of a power of attorney) must be delivered to the HK Branch Share Registrar with the completed HK Form.

No acknowledgement of receipt of any HK Form, Title Documents and/or any other relevant documents required by the Company will be given.

(a) Recent transfers

If a Shareholder has lodged transfers of Shares for registration in his/her name and has not yet received the share certificates and wishes to Tender, he/she should nevertheless complete the HK Form and deliver it to the HK Branch Share Registrar together with the transfer receipts duly signed by him/her by no later than 4:00 p.m. on the Closing Date. Such action will be deemed to be an authority to the Company or its agents to collect from the Company or the HK Branch Share Registrar on his/her behalf the relevant share certificates when issued and to deliver such share certificates, subject to the terms of the Selective Share Buyback, as if it/they was/were delivered to the HK Branch Share Registrar with the HK Form.

(b) Lost or unavailable share certificates

If the Title Documents are not readily available or are lost and a Shareholder wishes to Tender, the HK Form should nevertheless be completed and delivered to the HK Branch Share Registrar so as to reach the HK Branch Share Registrar by no later than 4:00 p.m. on the Closing Date and the Title Documents should be forwarded to the HK Branch Share Registrar as soon as possible thereafter and in any event before 4:00 p.m. on the Closing Date.

Tenders may, at the discretion of the Company, be treated as valid even if not accompanied by the Title Documents but, in such cases, the consideration payable under the Selective Share Buyback will not be despatched until the relevant Title Documents has/have been received by the HK Branch Share Registrar.

If a Shareholder has lost his/her Title Documents he/she should write to the HK Branch Share Registrar and request a letter of indemnity in respect of the lost Title Documents (as the case may be) which, when completed in accordance with the instructions given, should be returned, together with the HK Form and any Title Documents which are available, to the HK Branch Share Registrar either by post or by hand, so to arrive not later than the 4:00 p.m. on the Closing Date. In such case, such Shareholder will be informed of the fees payable to the HK Branch Share Registrar for which he/she will be responsible.

3. TENDER PROCEDURES FOR SHARES IN CCASS

If the Title Documents owned by a Shareholder are in the name of a nominee company or a name other than his/her own, and such Shareholder wishes to Tender (either in full or in respect of part of his/her holdings of the Shares), he/she must either:

- (a) instruct the nominee company, or other nominee to Tender on his/her behalf and requesting it to deliver the HK Form duly completed together with the Title Documents to the HK Branch Share Registrar within such deadline as may be stipulated by the nominee; or
- (b) arrange for the Shares to be registered in his/her name by the Company through the HK Branch Share Registrar and send the HK Form duly completed together with the Title Documents to the HK Branch Share Registrar; or
- (c) where his/her Shares have been maintained with his/her licenced securities dealer/custodian bank through CCASS, instruct his/her licenced securities dealer/custodian bank to authorise HKSCC Nominees to Tender on his/her behalf on or before the deadline set by HKSCC Nominees. In order to meet the deadline set by HKSCC Nominees, that Shareholder should check with his/her broker or custodian bank for the timing on processing of his/her instruction, and submit such instruction to his/her broker or custodian bank as required by them; or

- (d) if that Shareholder's Shares have been lodged with his/her investor participant Account with CCASS, authorise his/her instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees.

Shareholders whose Shares are held by a nominee company should note that the nominee company will be regarded as a single Shareholder according to the HK Branch Register.

Shareholders whose shares are held by nominees should ensure that they undertake the above applicable course of action promptly so as to allow their nominees sufficient time to complete the Tender procedure on their behalf by 4:00 p.m. on the Closing Date.

1. DIRECTOR

The name, address and description of the sole director of the Controlling Shareholder as at the Latest Practicable Date are as set out below:

Name	Address	Description
Mr. Wei Wei	Suites 4506-4509 Two International Finance Centre No. 8 Finance Street, Central, Hong Kong	Director

2. PRINCIPAL ACTIVITIES AND SHARE CAPITAL

2.1 The Controlling Shareholder

The Controlling Shareholder is incorporated in Hong Kong, and is an indirect wholly-owned subsidiary of CDB. The principal activity of the Controlling Shareholder is investment holding.

As at the Latest Practicable Date, the Controlling Shareholder has an issued share capital of HK\$5,173,150,706 comprising 5,173,150,706 issued ordinary shares, and its sole director is Mr. Wei Wei.

The Controlling Shareholder owns 5,347,921,071 Shares, representing approximately 54.3% of the total issued and paid-up share capital of the Company, as at the Latest Practicable Date.

2.2 CDB

CDB is a policy and development financial institution under the direct supervision of the PRC State Council. It provides medium to long term financing facilities that serve the PRC's major long-term economic and social development strategies.

As of 31 December 2015, CDB has a registered capital of RMB421.248 billion, and its directors are Hu Huaibang, Zheng Zhijie, Zhang Shude, Pang Jiying, Huang Weijia, Huang Hao, Li Shaogang, Mi Jingping, Yin Chun, and Chen Xiaoyun.

3. SUMMARY OF FINANCIAL PERFORMANCE

A summary of the audited consolidated income statements of CDB for FY2013, FY2014 and FY2015 is set out in the table below.

The summary is extracted from, and should be read in conjunction with, the audited consolidated financial statements of CDB for FY2013, FY2014 and FY2015, which are available at www.cdb.com.cn.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	For the year ended 31 December		
	2013	2014	2015
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Interest income	430,113	509,168	503,286
Interest expense	(258,641)	(330,478)	(344,929)
Net interest income	171,472	178,690	158,357
Fee and commission income	12,937	14,730	14,072
Fee and commission expense	(823)	(792)	(1,119)
Net fee and commission income	12,114	13,938	12,953
Net trading and foreign exchange gain	(10,418)	16,302	61,228
Net gain on financial instruments designated as at fair value through profit or loss	1,544	7,181	7,284
Dividend income	996	1,241	2,140
Net gain on investment securities	1,134	1,760	3,438
Other income, net	2,111	3,585	3,788
Operating income	178,953	222,697	249,188
Share of profit of associates and joint ventures	46	76	198
Operating expenses	(32,850)	(36,871)	(39,800)
Impairment losses on assets	(40,301)	(56,365)	(72,698)
Profit before income tax	105,848	129,537	136,888
Income tax expense	(25,894)	(31,333)	(32,472)
Net profit	79,954	98,204	104,416
Attributable to:			
Shareholders of the Bank	79,621	98,100	103,705
Non-controlling interests	333	104	711
	<u>79,954</u>	<u>98,204</u>	<u>104,416</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the year ended 31 December		
	2013	2014	2015
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Profit for the year	79,954	98,204	104,416
Other comprehensive income	–	–	–
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	(289)	(345)	876
Net gain/(losses) on available-for-sale financial assets	(1,514)	12,952	(1,165)
Others	–	(22)	–
	<u>(1,803)</u>	<u>12,585</u>	<u>(289)</u>
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of supplemental retirement benefits obligation	<u>(17)</u>	<u>(158)</u>	<u>(25)</u>
Other comprehensive income/(expense) for the year, net of tax	(1,820)	12,427	(314)
Total comprehensive income for the year	<u>78,134</u>	<u>110,631</u>	<u>104,102</u>
Total comprehensive income attributable to:			
Shareholders of the Bank	77,774	108,446	103,380
Non-controlling interests	<u>360</u>	<u>2,185</u>	<u>722</u>
	<u>78,134</u>	<u>110,631</u>	<u>104,102</u>

4. STATEMENT OF ASSETS AND LIABILITIES

A summary of the audited consolidated balance sheets of CDB as at FY2013, FY2014 and FY2015 is set out in the table below.

The summary is extracted from, and should be read in conjunction with, the audited consolidated financial statements of CDB for FY2013, FY2014 and FY2015, which are available at www.cdb.com.cn.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December		
	2013	2014	2015
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
ASSETS			
Cash and balances with the central bank	42,856	57,400	263,932
Deposits with banks and other financial institutions	402,439	1,005,026	596,724
Placements with banks and other financial institutions	87,469	19,495	110,976
Financial assets at fair value through profit or loss	57,515	95,795	681,160
Derivative financial assets	14,927	18,965	14,180
Financial assets held under resale agreements	346,295	1,084,318	1,334,917
Loans and advances to customers, net	6,929,968	7,669,351	8,865,360
Available-for-sale financial assets	152,159	171,967	363,793
Held-to-maturity investments	5,384	2,292	2,398
Debt securities classified as receivables	12,492	19,068	165,081
Interest in associates and joint ventures	1,597	1,650	1,680
Property and equipment	50,750	56,146	62,541
Deferred tax assets	40,722	48,318	65,719
Other assets	42,665	66,563	90,561
TOTAL ASSETS	8,187,238	10,316,354	12,619,022
LIABILITIES AND EQUITY			
Liabilities			
Deposits from banks and other financial institutions	410,920	1,408,476	1,505,006
Borrowings from governments and financial institutions	455,109	451,373	355,275
Placements from banks	35,616	76,099	68,965
Financial liabilities at fair value through profit or loss	–	8,295	92,132
Derivative financial liabilities	10,504	9,518	17,668
Financial assets sold under repurchase agreements	25,090	28,035	29,484
Due to customers	684,182	1,087,712	1,855,411
Debt securities issued	5,840,590	6,353,559	7,301,372
Current tax liabilities	25,654	28,859	42,642
Deferred tax liabilities	109	4,297	4,469
Other liabilities	138,229	179,967	276,994
Total liabilities	7,626,003	9,636,190	11,549,418

APPENDIX V INFORMATION ON THE CONTROLLING SHAREHOLDER AND CDB

	As at 31 December		
	2013	2014	2015
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Equity			
Capital and reserves			
Share capital	306,711	306,711	421,248
Capital reserves	(9,667)	(9,847)	168,969
Investment revaluation reserve	5,720	16,587	15,427
Surplus reserve	45,590	54,434	80,404
General reserve	97,521	124,740	147,064
Currency translation reserve	(529)	(870)	(10)
Retained earnings	113,145	175,178	230,569
Total equity attributable to shareholders of the Bank	558,491	666,933	1,063,671
Non-controlling interests	2,744	13,231	5,933
Total equity	561,235	680,164	1,069,604
TOTAL LIABILITIES AND EQUITY	<u>8,187,238</u>	<u>10,316,354</u>	<u>12,619,022</u>

5. MATERIAL CHANGES IN FINANCIAL POSITION

As at the Latest Practicable Date, save for information on CDB which is publicly available, there has not been, to the knowledge of CDB, any material change in the financial position of CDB since 31 December 2015, being the date of the last audited consolidated financial statements of CDB.

6. SIGNIFICANT ACCOUNTING POLICIES

The audited consolidated financial statements of CDB have been prepared in accordance with China Accounting Standards issued by the Ministry of Finance. The significant accounting policies of CDB are set out in the notes of the financial statements of the audited consolidated financial statements of CDB for FY2015, which is available at www.cdb.com.cn.

7. CHANGES IN ACCOUNTING POLICIES

As at the Latest Practicable Date, there has been no change in the accounting policies of CDB since the date of its audited consolidated financial statements for FY2015 which will cause the figure set out in paragraphs 3 and 4 above to be not comparable to a material extent.

8. REGISTERED OFFICE

The registered office of the Controlling Shareholder is at Suites 4506-4509, Two International Finance Centre, No.8 Finance Street, Central, Hong Kong.

1. REGISTERED OFFICE

The registered office of the Company is 2/F Palm Grove House P.O. Box 3340 Road Town, Tortola, British Virgin Islands.

2. DIRECTORS

The names, addresses and designations of the Directors, as at the Latest Practicable Date, are as follows:

Name of Director	Address	Position
Mr. Liu Heqiang	Suites 4506-4509 Two International Finance Centre No. 8 Finance Street, Central, Hong Kong	Chief Executive Officer and Executive Director
Ms. Yang Meiyu	Suites 4506-4509 Two International Finance Centre No. 8 Finance Street, Central, Hong Kong	Executive Director
Mr. Ren Xiaowei	Suites 4506-4509 Two International Finance Centre No. 8 Finance Street, Central, Hong Kong	Executive Director
Mr. Shi Janson Bing	Suites 4506-4509 Two International Finance Centre No. 8 Finance Street, Central, Hong Kong	Executive Director
Mr. Wei Wei	Suites 4506-4509 Two International Finance Centre No. 8 Finance Street, Central, Hong Kong	Chairman and Non-executive Director
Mr. Zuo Kun	Suites 4506-4509 Two International Finance Centre No. 8 Finance Street, Central, Hong Kong	Vice Chairman and Non-executive Director

APPENDIX VI INFORMATION ON THE COMPANY AND THE GROUP

Name of Director	Address	Position
Mr. Li Yao Min	Suites 4506-4509 Two International Finance Centre No. 8 Finance Street, Central, Hong Kong	Vice Chairman and Non-executive Director
Mr. Xie Zhen	Suites 4506-4509 Two International Finance Centre No. 8 Finance Street, Central, Hong Kong	Non-executive Director
Mr. Henry Tan Song Kok	Suites 4506-4509 Two International Finance Centre No. 8 Finance Street, Central, Hong Kong	Lead Independent Non-executive Director
Mr. Kong Siu Chee	Suites 4506-4509 Two International Finance Centre No. 8 Finance Street, Central, Hong Kong	Independent Non-executive Director
Mr. Zhang Hao	Suites 4506-4509 Two International Finance Centre No. 8 Finance Street, Central, Hong Kong	Independent Non-executive Director
Mr. E Hock Yap	Suites 4506-4509 Two International Finance Centre No. 8 Finance Street, Central, Hong Kong	Independent Non-executive Director

3. PRINCIPAL ACTIVITIES OF THE COMPANY AND THE GROUP AND FINANCIAL AND TRADING PROSPECTS

3.1 The principal activity of the Company and the Group is set out in Section 2.15 of this Circular. Following the Delisting, the Company and the Group will continue its business in the ordinary course. Going forward, the Company will commit to accelerating growth and creating value for shareholders through executing the strategies set out in Section 2.15 of this Circular.

3.2 Further details relating to the Group, its business and financials may be found in its annual report for FY2015 and its unaudited financial statements for the third quarter ended 30 September 2016, which are accessible at www.sgx.com and www.hkex.com.hk.

4. SHARE CAPITAL**4.1 Issued and Paid-up Share Capital**

There is only one class of shares in the capital of the Company, which is ordinary Shares, each with equal rights in respect of capital, dividends and voting. As at the Latest Practicable Date, the Company is authorised to issue 20,000,000,000 Shares, and has 9,846,119,747 Shares in issue. The Shares are quoted and listed on the SGX-ST as well as the SEHK.

4.2 Rights attached to the Shares

The rights of Shareholders in respect of capital, dividends and voting are set out in the Articles of Association of the Company, which are set out in entirety in **Appendix IX**. The Articles of Association of the Company do not contain any restriction on the right to transfer the Shares, which has the effect of requiring holders of such Shares, before transferring them, to offer them for purchase to members of the Company or to any person.

The Company intends to amend the Articles of Association subsequent to Delisting Completion, subject to compliance with all applicable laws and regulations. Any such amendment of the Articles of Association will require the separate approval of Shareholders by way of special resolution.

4.3 Issues of Shares

The Company has not issued any new Shares since 31 December 2015, being the end of the last financial year and up to the Latest Practicable Date.

No Shares which were issued during the two years immediately preceding the date hereof may be cancelled pursuant to the Selective Share Buyback.

4.4 Outstanding Securities

As at the Latest Practicable Date, the Company has no outstanding Company Convertible Securities.

4.5 Payment of dividends

The Company did not declare or pay out any dividend during the two-year period immediately preceding the date hereof.

Depending on the future results and financial position of the Group, the Board may declare dividends as and when they consider appropriate. The Board does not expect the Delisting to have any adverse effect on the ability of the Company to pay dividends or on the dividend policy of the Company. The Company currently does not have any plans or intention to alter its dividend policy.

4.6 Repurchase of Shares

The Company did not repurchase any Shares during the 12 month period immediately preceding the Delisting Announcement Date and from the Delisting Announcement Date up to the Latest Practicable Date.

4.7 Reorganisation of capital

There has been no re-organisation of capital of the Company during the two financial years immediately preceding the date hereof.

5. FINANCIAL INFORMATION OF THE GROUP

5.1 Profit and Loss Statements

A summary of the audited consolidated profit and loss statements of the Group for the past three financial years for FY2013, FY 2014 and FY2015 and the unaudited consolidated profit and loss statements of the Group for the six months ended 30 June 2016 (“**2Q2016**”) and the nine months ended 30 September 2016 (“**3Q2016**”) is set out below.

	FY2013 (RMB'000)	Audited FY2014 (RMB'000)	FY2015 (RMB'000)
Continuing operations			
Revenue	608,256	56,813	67,022
Cost of sales	<u>(353,552)</u>	<u>(651,195)</u>	<u>(12,445)</u>
Gross (loss)/profit	254,704	(594,382)	54,577
Other income	32,799	56,401	143,815
Selling and distribution costs	(73,060)	(8,857)	–
Administrative expenses	(70,082)	(82,403)	(97,745)
Other expenses	<u>(18,535)</u>	<u>(847)</u>	<u>(3,521)</u>
Operating profit/(loss)	125,826	(630,088)	97,126
Finance costs	(114,730)	(85,923)	(69,230)
Gain on disposal of subsidiaries and joint venture	–	616,091	60,378
Share of loss of a joint venture	–	–	(51)
Profit/(Loss) before tax from continuing operations	11,096	(99,920)	88,223
Income tax	<u>(33,282)</u>	<u>44,941</u>	<u>5,254</u>
(Loss)/Profit after tax from continuing operations	(22,186)	(54,979)	93,477
Discontinued operations			
Loss after tax from discontinued operations	(237,077)	(154,191)	(125,359)
Gain after tax on partial disposal of assets and liabilities relating to discontinued operations	<u>–</u>	<u>3,990</u>	<u>67,683</u>
(Loss)/Profit for the year	<u>(259,263)</u>	<u>(205,180)</u>	<u>35,801</u>
Other comprehensive income, net of tax	<u>–</u>	<u>–</u>	<u>–</u>
Total comprehensive (loss)/profit, net of tax	<u>(259,263)</u>	<u>(205,180)</u>	<u>35,801</u>

APPENDIX VI INFORMATION ON THE COMPANY AND THE GROUP

	FY2013 <i>(RMB'000)</i>	Audited FY2014 <i>(RMB'000)</i>	FY2015 <i>(RMB'000)</i>
Loss/Total comprehensive (loss)/profit attributable to:			
Owners of the parent	(212,992)	(61,404)	65,141
Non-controlling interests	(46,271)	(143,776)	(29,340)
	(259,263)	(205,180)	35,801
(Loss)/Earnings per share (RMB per share):			
Basic (loss)/profit per share for the year attributable to ordinary equity holders of the parent	(0.0474)	(0.0072)	0.0066
Diluted (loss)/profit per share for the year attributable to ordinary equity holders of the parent	(0.0474)	(0.0072)	0.0066
(Loss)/Earnings per share from continuing operations (RMB per share):			
Basic earnings/(loss)/profit per share for the year attributable to ordinary equity holders of the parent	(0.0086)	0.0063	0.0108
Diluted earnings/(loss)/profit per share for the year attributable to ordinary equity holders of the parent	(0.0086)	0.0063	0.0108
		Unaudited	
		2Q2016⁽¹⁾	3Q2016⁽¹⁾
		<i>(RMB'000)</i>	<i>(RMB'000)</i>
Continuing operations			
Revenue		108,640	191,844
Land development		—	21,862
Gain on investments in new town projects		83,479	141,848
Other income		25,161	28,134
Cost of sales		(95,966)	(174,900)
Land development		—	(29,099)
Cost of goods sold		—	(96)
Finance costs		(50,024)	(73,802)
Business tax and surcharges		(1,182)	(1,705)
Selling and distribution costs		—	—
Administrative expenses		(44,028)	(66,000)
Other expenses		(732)	(4,138)

APPENDIX VI INFORMATION ON THE COMPANY AND THE GROUP

	Unaudited 2Q2016 ⁽¹⁾ (RMB'000)	3Q2016 ⁽¹⁾ (RMB'000)
Operating profit	12,674	16,944
Gain on reorganisation of joint venture	99,534	99,534
Attributable profit from a joint venture	4	4
(Loss)/Profit before tax from continuing operations	112,212	116,482
Income tax	(11,903)	(13,042)
(Loss)/Profit after tax from continuing operations	100,309	103,440
Discontinued operations		
Loss after tax from discontinued operations	(24,648)	(34,065)
Gain after tax on partial disposal of assets and liabilities relating to discontinued operations	25,306	301,277
Loss for the year	100,967	370,652
Other comprehensive income, net of tax	—	—
Total comprehensive loss, net of tax	100,967	370,652
Loss/total comprehensive loss attributable to:		
Owners of the parent	111,827	351,140
Non-controlling interests	(10,860)	19,512
	100,967	370,652
Earnings/(loss) per share (RMB per share):		
Basic loss per share for the year attributable to ordinary equity holders of the parent	0.0114	0.0357
Diluted loss per share for the year attributable to ordinary equity holders of the parent	0.0114	0.0357

Note:

- (1) The Group formulated its future development strategy as the complementary combination of “investment in primary land development” with “downstream business cultivation and operation”, affirming that investment in township development is the Group’s principal activity. Therefore the Company adjusted its disclosure of revenue and related costs to reflect such changes.

The summary financial information should be read together with the audited consolidated financial statements of the Group for the relevant years and announced unaudited interim results for the relevant financial period and the related notes thereto, which are accessible at www.sgx.com and www.hkex.com.hk. The audited consolidated financial statements of the Group for FY2015, unaudited interim financial statements of the Group for 2Q2016 and unaudited interim financial statements of the Group for 3Q2016 are also set out in **Appendix VII**, **Appendix VIII** and **Appendix IX**, respectively.

APPENDIX VI INFORMATION ON THE COMPANY AND THE GROUP

5.2 Statement of Assets and Liabilities

A summary of the audited consolidated balance sheet of the Group as at FY2013, FY2014 and FY2015 and unaudited consolidated balance sheet of the Group as at 30 June 2016 and 30 September 2016 is set out below.

	Audited as of 31 December			Unaudited	
	2013	2014	2015	30 June 2016	30 September 2016
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Current assets	8,555,997	9,227,598	9,965,763	10,801,023	6,591,121
Non-current assets	3,007,387	584,533	919,853	1,338,333	1,290,136
Total assets	11,563,384	9,812,131	10,885,616	12,139,356	7,881,257
Current liabilities	6,267,827	5,943,544	5,380,523	6,533,481	1,964,808
Non-current liabilities	2,316,273	21,151	1,620,671	1,603,109	1,604,494
Total liabilities	8,584,100	5,964,695	7,001,194	8,136,590	3,569,302
NET ASSETS	2,979,284	3,847,436	3,884,422	4,002,766	4,311,955
Equity attributable to Shareholders	2,457,188	3,525,816	3,590,957	3,702,784	3,942,097
Non-controlling interests	522,096	321,620	293,465	299,982	369,858

Based on the unaudited consolidated balance sheet as at 30 September 2016, the NAV per Share was approximately RMB0.400. As at the Latest Practicable Date, there has been, within the knowledge of the Directors, no material change in the unaudited consolidated NAV per Share since 30 September 2016.

The summary financial information should be read together with the audited consolidated financial statements of the Group for the relevant years and announced unaudited interim results for the relevant financial period and the related notes thereto, which are accessible at www.sgx.com and www.hkex.com.hk. The audited consolidated financial statements of the Group for FY2015, unaudited interim financial statements of the Group for 2Q2016 and unaudited interim financial statements of the Group for 3Q2016 are also set out in **Appendix VII**, **Appendix VIII** and **Appendix IX**, respectively.

APPENDIX VI INFORMATION ON THE COMPANY AND THE GROUP

5.3 Statement of Cash Flows

A summary of the audited consolidated statement of cash flows of the Group for the past three financial years for FY2013, FY 2014 and FY2015 and the unaudited consolidated statements of cash flows of the Group for the six months ended 30 June 2016 (“2Q2016”) and the nine months ended 30 September 2016 (“3Q2016”) is set out below.

	FY2013 (RMB'000)	Audited FY2014 (RMB'000)	FY2015 (RMB'000)	Unaudited 2Q2016 (RMB'000)	Unaudited 3Q2016 (RMB'000)
Cash flows from operating activities					
(Loss)/profit before tax from continuing operations	11,096	(99,920)	88,223	112,212	116,482
Loss before tax from discontinued operations	(276,520)	(139,574)	(53,954)	658	314,212
Profit/(loss) before tax	(265,424)	(239,494)	34,269	112,870	430,694
Adjustments for:					
Bad debt provision of trade and other receivables	–	–	1,303	–	–
Impairment provision of land development for sale	–	604,798	–	–	–
Reversal of impairment of other receivable	–	(5,800)	–	–	–
Depreciation of property, plant and equipment	66,073	22,524	2,260	2,315	2,496
Amortisation of prepaid land lease payments	6,663	3,826	377	189	283
Amortisation of intangible assets	–	–	126	132	159
(Gain)/loss on disposal of property, plant and equipment	78	(4,902)	(2,507)	–	(326)
Fair value (gain)/loss on completed investment properties	1,362	(8,674)	–	–	–
Fair value gain on investment properties under construction	(600)	–	–	–	–
Profit and loss from fair value changes	–	–	(2,925)	(1,472)	(3,344)
Gain from disposal of subsidiaries and joint venture	–	(621,039)	(128,061)	(124,840)	(447,812)
Share of loss/(gain) from associate and joint venture	47	158	51	(4)	(4)
Expenses incurred for the transaction cost of the Disposal	11,156	–	–	–	–
Gain from investment classified as loans and receivables	–	(7,770)	(96,940)	(83,479)	(140,579)
Interest income	(22,817)	(29,447)	(38,106)	(19,221)	(26,486)
Interest expenses on bank and other borrowings	219,425	190,993	95,671	37,498	51,012
Interest expense on senior guaranteed notes	–	–	49,447	37,497	56,452
Foreign exchange loss/(gain)	(5,910)	(12,424)	(1,483)	556	3,299
	<u>10,053</u>	<u>(107,251)</u>	<u>(86,518)</u>	<u>(37,959)</u>	<u>(74,156)</u>

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	FY2013 (RMB'000)	Audited FY2014 (RMB'000)	FY2015 (RMB'000)	Unaudited 2Q2016 (RMB'000)	Unaudited 3Q2016 (RMB'000)
Decrease/(increase) in land development for sale	46,651	41,461	2,596	(6,056)	(7,201)
(Increase)/decrease in properties under development for sale	45,609	(168,987)	(30,580)	(28,011)	(46,230)
Decrease in prepaid land lease payments	140,678	67,953	13,703	2,910	16,670
Decrease/(increase) in inventories	(268)	655	473	(2,617)	(2,792)
Decrease/(increase) in prepayments	86,087	7,718	29,621	(16,936)	(49,733)
Increase in other receivables and assets	(3,776)	(127,113)	(344,421)	(41,676)	(184,720)
Decrease/(increase) in trade receivables	(290,668)	80,393	(81,007)	(26,633)	(27,019)
Decrease/(increase) in prepaid income tax	(10,330)	3,872	(11,550)	–	25,158
Decrease in deferred income from sale of golf club membership	(17,180)	(16,101)	(16,811)	(7,996)	(11,994)
Increase in deferred income arising from land development	24,438	2,262	(30,922)	–	–
(Decrease)/increase in advances from customers	(12,250)	(23,309)	36,722	78,854	140,836
Increase in trade and other payables	143,150	343,346	737,252	395,768	690,298
(Decrease)/increase in amounts due to related parties	2,131	(500)	–	–	–
Payment of income tax	–	–	(25,592)	2,206	(864)
Net cash inflow from operating activities	164,325	104,399	192,966	311,854	468,253
Cash flows from investing activities					
Purchases/construction of property, plant and equipment	(216,486)	(29,783)	(33,965)	(1,017)	(17,659)
Proceeds from disposal of property, plant and equipment	155	1,766	53	–	326
Payments for investment properties	(4,999)	(4,261)	(4,723)	–	–
Payments for intangible assets	–	–	(1,814)	(40)	(40)
Disposal of subsidiaries and joint venture	–	(6,278)	667,716	3,474	1,006,915
Acquisition of a subsidiary	–	–	–	9,277	10,277
Investment in available-for-sale financial assets	–	–	(32,000)	–	–
Investments in joint venture	(6,000)	–	–	–	–
Investment classified as loans and receivables	–	(490,000)	(770,488)	(200,104)	(655,125)
Gain from loans and receivables	–	–	20,158	112,656	127,120
Investments in financial assets designated at fair value through profit or loss	–	–	(65,949)	(19,500)	(15,330)
Advances received for the settlement of Disposed Assets	–	553,549	–	1,052,283	–
Interest received	22,817	19,447	38,106	19,221	26,486
Refund of prepayments for property, plant and equipment	222,542	–	–	–	–
Payments of expenses incurred for the transaction cost of the Disposal	(1,644)	(6,452)	(4,987)	–	–
Net cash inflow from investing activities	16,385	37,988	(187,893)	976,250	482,970

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	FY2013 (RMB'000)	Audited FY2014 (RMB'000)	FY2015 (RMB'000)	Unaudited 2Q2016 (RMB'000)	Unaudited 3Q2016 (RMB'000)
Cash flows from financing activities					
Proceeds from issuance of senior guaranteed notes	–	–	1,288,057	–	–
Cash proceeds from placing of new shares of the Company	–	1,138,979	–	–	–
Proceeds from bank and other borrowings	1,406,756	237,780	572,500	30,000	30,000
Repayment of bank and other borrowings	(1,449,070)	(1,284,059)	(547,629)	(373,036)	(727,806)
Proceeds from borrowing from a related party	–	500,000	(500,000)	–	–
Cash released from restricted deposits in relation to interest payments for bank borrowings	9,500	195,500	–	–	206,186
Investments received from financial liabilities designated as at fair value through profit or loss	–	–	–	–	121,019
Cash placed as restricted deposits in relation to interest payments for bank borrowings	–	–	(206,186)	–	–
Interest paid	(240,330)	(191,126)	(114,950)	(78,140)	(92,150)
Net cash inflow/(outflow) from financing activities	<u>(273,144)</u>	<u>597,074</u>	<u>491,792</u>	<u>(421,176)</u>	<u>(462,751)</u>
Net increase/(decrease) in cash and cash equivalents	(92,434)	739,461	496,865	866,928	488,472
Cash and cash equivalents at beginning of year	<u>229,267</u>	<u>136,833</u>	<u>876,294</u>	<u>1,373,159</u>	<u>1,373,159</u>
Cash and cash equivalents at end of year	<u>136,833</u>	<u>876,294</u>	<u>1,373,159</u>	<u>2,240,087</u>	<u>1,861,631</u>

The summary financial information should be read together with the audited consolidated financial statements of the Group for the relevant years and announced unaudited interim results for the relevant financial period and the related notes thereto, which are accessible at www.sgx.com and www.hkex.com.hk. The audited consolidated financial statements of the Group for FY2015, unaudited interim financial statements of the Group for 2Q2016 and unaudited interim financial statements of the Group for 3Q2016 are also set out in **Appendix VII**, **Appendix VIII** and **Appendix IX**, respectively.

5.4 Material Changes

As set out in the announcement of the Company dated 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 wholly-owned subsidiaries of the Company, 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(有限合伙)) (tentative name), comprising a total capital amount of RMB5 billion (the “**Investment Partnership**”), and (ii) the governance of the relationship between the investors of the Investment Partnership. The investment period is expected to be eight years in total, commencing from the date of establishment of the Investment Partnership. In terms of their 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 or mezzanine-type investments). 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. During the entire investment period, the proceeds and capital sum from the capital amounts contributed shall be distributed to the partners based on the profit sharing mechanisms in accordance to their ranking (being Senior-Tranche Limited Partner, then Intermediate-Tranche Limited Partner and then the Junior-Tranche Limited Partners and the General Partner) as agreed under the Agreement. Further details of the preferential investment gains and the profit sharing mechanisms are set out in the announcement dated 2 March 2016.

As set out in the announcement dated 21 April 2016, the Company has entered into a formal agreement on 20 April 2016 with SRE Group Limited (“**SRE Group**”) and SRE Investment regarding the disposal of a number of remaining disposal assets held under 上海金羅店開發有限公司 (Shanghai Golden Luodian Development Co., Ltd.) (“**Luodian Co**”) to SRE Group. The Group is expected to generate a one-off pre-tax investment gain of approximately RMB275 million in the transaction. It is expected that subsequent to the proposed transaction, “assets classified as held for sale” and “liabilities directly associated with assets classified as held for sale” amounting to RMB4,622 million and RMB3,330 million respectively in the consolidated financial statements of the Group as at 31 December 2015 will be removed from the financial statements of the Group.

Further to the announcement dated 2 March 2016, as set out in the announcement dated 5 August 2016, the Investment Partnership will invest RMB150 million on the project of Shanty Town Reformation in Qinhuangdao Economic & Technological Development Zone (秦皇島經濟技術開發區棚戶區改造項目, the “**Qinhuangdao Project**”). Qinhuangdao Project is the first shanty town reformation project invested by the Group as an investment manager of the Investment Partnership. It is expected that the Group will realise over a 30% annual investment return due to the contribution of the Junior-Tranche Limited Partnership and the project’s management fees payable to the Group.

As set out in the announcement dated 9 September 2016, the Company has entered into a strategic cooperation framework agreement with the Danyang Municipal Government, pursuant to which the parties agree on establishing long-term relationship in respect of multi-level and comprehensive strategic cooperation in the investment, development and operation of education industry in the future. Pursuant to the strategic cooperation framework agreement, the Group shall inject RMB300 million of capital into Danyang Education Investment and Development Company Limited (“**Danyang Education**”) for a 27.27% equity interest.

As set out in the announcement dated 26 October 2016, on 21 October 2016 the Company’s wholly-owned subsidiary, CDB New Town (Beijing) AM, and Beijing Vanke Enterprises Co. Ltd. (北京萬科企業有限公司) (“**Vanke BJ**”) entered into a series of investment agreements with the Junzhuang Town Government of Beijing Mentongou District (北京市門頭溝區軍莊鎮政府), the village cooperatives of Mengwu Village and Dongshan Village and Jiahua Wine Trading (Dalian) Co. Ltd. (加華酒業貿易(大連)有限公司) (“**Jiahua**”) in respect of the development of the Junzhuang Town Project (“**Junzhuang Project**”), pursuant to the terms and conditions of which the Group and Vanke BJ shall jointly develop and operate the Project. On 26 October 2016, CDB New Town (Beijing) AM and Vanke BJ entered into the cooperative investment agreement, which sets out the particulars of establishing the joint venture for the Junzhuang Project. Pursuant to the cooperative investment agreement, CDB New Town (Beijing) AM shall contribute equity capital of RMB50 million in cash to the joint venture to be incorporated with Vanke BJ for the Junzhuang Project in proportion to such effective interest. Pursuant to the *Mentougou Junzhuang Town Cooperative Agreement* and the cooperative investment agreement, CDB New Town (Beijing) AM and Vanke BJ agreed to compensate Jiahua for its accrued development cost incurred during initiation phase in the total amount of RMB209,365,209, and each of CDB New Town (Beijing) AM and Vanke BJ shall correspondingly contribute an amount of RMB104,682,604 in proportion to its proposed effective interest (i.e. 50%) in the East Zone project company. Pursuant to *Beijing Mengwu Green and Leisure Industrial Park Project Cooperative Investment-Development Agreement*, CDB New Town (Beijing) AM and Vanke BJ shall pay an annual service fee of RMB2,851,000, subject to 5% upward adjustment every 5 years, from year 2020 onwards, for providing the required support on village-corporate collaboration and an entrustment return determined at the higher of: 1) 10% of the actual operating profit of the project(s) within Mengwu village; and 2) RMB3,200,000 (with such reference rate subject to 5% update adjustment every five years, from year 2022 onwards).

According to the Group’s results announcement for the nine months ended 30 September 2016 (the “**2016 Third Quarter Results**”) published on 14 November 2016, the Group recorded an unaudited net profit of RMB370.7 million for the period ended 30 September 2016, compared to the loss after tax of RMB9.2 million for the corresponding period last year. The improved results was attributable to the increase in the gain on investments in new town projects to RMB141.8 million for the period ended 30 September 2016 from RMB68.5 million for the corresponding period last year. The improved result was also contributed by the increase in gain after tax on partial disposal of assets and liabilities relating to discontinued operations from RMB65.0 million to RMB301.3 million as compared with the corresponding period in

2015. Loss after tax from discontinued operations for the period ended 30 September 2016 reduced from RMB85.4 million to RMB34.1 million. The increase in net profit for the period ended 30 September 2016 was net-off by the increased finance costs from RMB42.4 million for the period ended 30 September 2015 to RMB73.9 million for the period ended 30 September 2016 and the RMB29.1 million cost of development of land for the period ended 30 September 2016. In addition, as disclosed in the 2016 Third Quarter Results, the Group's cash and bank balances increased from approximately RMB1,568.7 million as at 31 December 2015 to approximately RMB1,861.6 million as at 30 September 2016. The decrease in assets classified as held for sale from approximately RMB4.8 billion as at 31 December 2015 to nil as at 30 September 2016.

As set out in the section headed “2.10 Financial effects”, should 100% of Available Shares are Tendered pursuant to the Selective Share Buyback, the Group's total equity would decrease from RMB4,002.8 million as at 30 June 2016 to RMB3,181.4 million after Delisting, NAV per share would increase from RMB0.376 as at 30 June 2016 to RMB0.387 after Delisting, EPS would increase from RMB0.0066 as at 31 December 2015 to RMB0.0088 after Delisting and gearing would increase from negative 0.12 times as at 30 June 2016 to 0.13 times after Delisting. As set out in the section headed “2.15 Information on the Company and Future Plans – V. Future plans and strategies”, to the Circular, the Company intends to sell in the market the remaining saleable residential and commercial land parcels in the Shanghai Luodian New Town in the near term to realize the land sale proceeds to which it is entitled to. In addition, the Company intends to seek, as early as practicable, partial or full disposal of its interest in the Shenyang Project. Furthermore, the Company intends to continue to grow its fixed income investment portfolio. As the Company's fixed income investment portfolio can be expected to generate stable and recurring cash flows, the Company intends to adopt and implement a sustainable dividend policy by distributing a majority of the profits which may be generated from such portfolio to Shareholders.

Save as disclosed above, the Directors were not aware of any material changes in the financial or trading position or outlook of Group since 31 December 2015, the date to which the last published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

5.5 Significant Accounting Policies

Save as disclosed in the notes to the audited consolidated financial statements, there were no significant accounting policies nor any point from the notes of the financial statements of the Group which are of any major relevance for the interpretation of the last published audited financial statements of the Group.

5.6 Changes in Accounting Policies

There are no changes in the accounting policies of the Group which will cause the figures disclosed in this Circular to be not comparable to a material extent.

5.7 Indebtedness

At the close of business on 31 October 2016, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Circular, the Group had total outstanding debt amounting to approximately RMB2,275,964,724, details of which are as follows:

RMB	31 October 2016	
Non-current debt		
Senior guaranteed notes	1,293,582,224	a
Bank borrowings – Guaranteed	275,075,000	b
Total non-current debt	1,568,657,224	
Current debt		
Long-term bank borrowings, current portion – Guaranteed	50,000,000	b
Other borrowings – Unsecured	657,307,500	c
Total current debt	707,307,500	
Total debt	2,275,964,724	

Notes:

- a The Company issued senior guaranteed notes through its wholly owned subsidiary, China New Town Finance I Limited., in 2015 with a face value of RMB1.3 billion, tenor of three years, and with coupon rate of 5.5% per year. The senior guaranteed notes were guaranteed by the Company with the benefit of a keepwell and liquidity support by China Development Bank Capital Co., Ltd. The senior guaranteed notes were initially recognised at RMB1,288 million, being the face value of RMB1.3 billion with deduction for the issuing cost of RMB12 million. As at 31 October 2016, the carrying amount of the senior guaranteed notes were RMB1,293,582,224.
- b As at 31 October 2016, the carrying amount of the guaranteed bank borrowing of RMB325,075,000 was due to the loan from Industrial and Commercial Bank of China Limited. This loan is guaranteed by China Development Bank Capital Corporation Limited.
- c As at 31 October 2016, the carrying amount of the unsecured other borrowings of RMB657,307,500 comprised a borrowing of RMB150 million from Shanghai Luodian Old Town Real Estate Limited and a borrowing of USD75,000,000 (approximately RMB507,307,500) from China Development Bank International Holdings Limited (“CDBIH”) the parent company of the Group.

Save as aforesaid, the Group did not have at the close of business on 31 October 2016, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Circular, any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, mortgages, charges or guarantees, or other material contingent liabilities.

5.8 No Qualification of Auditors’ Opinions

The auditors of the Company did not issue any qualified opinion on the financial statements of the Group for FY2013, FY2014 and FY2015.

6. DISCLOSURE OF INTERESTS**6.1 Shareholdings and dealings***(a) Interest of the Company in shares of the Controlling Shareholder*

None.

(b) Dealings in shares of the Controlling Shareholder by the Company

None.

(c) Interests of the Directors in shares of the Controlling Shareholder

None.

(d) Dealings in shares of the Controlling Shareholder by the Directors

None.

(e) Interest of the Directors in Shares

Save as disclosed in paragraph 7, none of the Directors has any interest, whether direct or indirect, in the (i) Shares or (ii) Company Convertible Securities as of the Latest Practicable Date.

(f) Dealing in Shares by Directors

None of the Directors nor any parties acting in concert with any of them has dealt for value in the (i) Shares or (ii) Company Convertible Securities during the period commencing six months prior to the date of the Delisting Announcement Date and ending on the Latest Practicable Date.

(g) Shares owned or controlled by the IFA

Neither the IFA nor any funds whose investments are managed by the IFA on a discretionary basis owns, controls or has agreed to acquire any (i) Shares or (ii) Company Convertible Securities as at the Latest Practicable Date.

(h) Dealings in Shares by the IFA

Neither the IFA nor any funds whose investments are managed by the IFA on a discretionary basis has dealt for value in the (i) Shares or (ii) Company Convertible Securities during the period commencing six months prior to the Delisting Announcement Date and ending on the Latest Practicable Date.

7. DISCLOSURES ON SHAREHOLDINGS AND DEALINGS

The table below set out the interests of the Directors and substantial Shareholders in the Company as at the Latest Practicable Date, based on the information in the Company's Register of Directors' Shareholdings and Register of substantial Shareholders, respectively.

	Direct Interest		Deemed Interest	
	No. of Shares	% of Issued Shares ⁽¹⁾	No. of Shares	% of Issued Shares ⁽¹⁾
Directors				
Li Yao Min	8,352,672	0.085%	–	–
Henry Tan Song Kok	600,000	0.006%	–	–
Substantial Shareholder (other than Directors)				
China Development Bank International Holdings Limited ("CDBIH") ⁽²⁾⁽³⁾	5,347,921,071	54.32%	1,468,356,862	14.91%
China Development Bank Capital Corporation Limited ("CDB Capital") ⁽²⁾⁽³⁾	–	–	6,816,277,933	69.23%
CDB ⁽²⁾⁽³⁾	–	–	6,816,277,933	69.23%
SRE Investment ⁽⁴⁾	1,468,356,862	14.91%	5,347,921,071	54.32%
Shi Jian ⁽⁵⁾	6,104,938	–	6,816,279,023	69.23%

Notes:

- (1) Computed based on the entire issued and outstanding Shares comprising 9,846,119,747 Shares as at the Latest Practicable Date.
- (2) As both SRE Investment and CDBIH are subject to a three-year lock-up arrangement with respect to the Shares held by them respectively pursuant to the subscription agreement dated 10 October 2013 made between the Company, CDBIH and SRE Investment ("Subscription Agreement"), CDBIH is deemed under sections 317 and 318 of the Securities and Futures Ordinance of Hong Kong ("SFO") to be interested in the 1,468,356,862 Shares held by SRE Investment.
- (3) CDBIH is a wholly-owned subsidiary of CDB Capital and CDB Capital, in turn, is wholly owned by CDB. Both CDB and CDB Capital are therefore deemed under Part XV of the SFO to be interested in the 5,347,921,071 Shares held by CDBIH and pursuant to the SFO, both CDB and CDB Capital are deemed interested in the 6,816,277,933 Shares in which CDBIH is interested.
- (4) As both SRE Investment and CDBIH are subject to a three-year lock-up arrangement with respect to the Shares held by them respectively pursuant to the Subscription Agreement, SRE Investment is deemed under sections 317 and 318 of the SFO to be interested in the 5,347,921,071 Shares held by CDBIH.
- (5) Pursuant to Part XV of the SFO, Mr. Shi Jian is deemed interested in a total of 6,816,279,023 Shares for the following reasons: (i) Mr. Shi Jian is deemed interested in 1,468,356,862 Shares held by SRE Investment by virtue of the fact that he and his wife, Ms. Si Xiao Dong ("Ms. Si") together beneficially own 66% of the issued share capital of SRE Investment as a controlling shareholder; (ii) as both SRE Investment and CDBIH are subject to a three-year lock-up arrangement with respect to the Shares held by them respectively pursuant to the Subscription Agreement, SRE Investment is deemed under sections 317 and 318 of the SFO to be interested in 5,347,921,071 Shares held by CDBIH, and Mr. Shi is accordingly also deemed interested in such Shares which SRE Investment is deemed interested; and (iii) Mr. Shi is deemed interested in 1,090 Shares held by Ms. Si by virtue of the fact that she is his wife.

No Director or substantial Shareholder has any interest in the Delisting (other than by reason only of being a Director or Shareholder).

The Company

As at the Latest Practicable Date, there are no outstanding Company Convertible Securities.

The Company has not redeemed or purchased any Shares in the six-month period prior to the Delisting Announcement Date, and will not conduct any on-market share repurchase from the Delisting Announcement Date up to and including the Closing Date.

As the Latest Practicable Date, save as disclosed in paragraph 7:

- (a) the Company and the Company Concert Parties do not own, control or direct any existing holding of voting rights or rights over Shares in the Company;
- (b) the Company and the Company Concert Parties do not hold any Company Convertible Securities; and
- (c) the Company and the Company Concert Parties have not entered into any contract or arrangement resulting in the creation of outstanding derivatives in respect of the securities of the Company.

As at the Latest Practicable Date:

- (a) save for the irrevocable undertakings disclosed in Section 2.11 of this Circular, there are no arrangements (whether by way of option, indemnity or otherwise) in relation to Shares which may be an inducement to deal or refrain from dealing as described in either Note 8 to Rule 22 of the HK Takeovers Code or Note 7 to Rule 12 of the Singapore Takeover Code between the Company or any of the Company Concert Parties and any other person which might be material to the Delisting;
- (b) there are no agreements or arrangements to which the Company is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a precondition or a condition to the Delisting; and
- (c) the Company and the Company Concert Parties have not borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the HK Takeovers Code) in the Company.

As at the Latest Practicable Date, save as disclosed in Section 2.11 of this Circular, neither the Company nor, so far as it is aware, any of the Company Concert Parties has received any irrevocable commitment to vote for or against the Delisting Resolution at the EGM or to either Tender or not Tender Shares.

The Controlling Concert Group

The Controlling Concert Group has confirmed to the Company that they have not acquired any voting rights in the Company or dealt in any Shares or Company Convertible Securities in the six-month period prior to the Delisting Announcement Date, and they have not acquired any voting rights or dealt in any Shares or Company Convertible Securities from the Delisting Announcement Date up to and including the Latest Practicable Date.

As at the Latest Practicable Date, none of the Controlling Concert Group:

- (a) owns, controls or has agreed to acquire any Shares or any Company Convertible Securities, other than as disclosed in paragraph 7;
- (b) has received any irrevocable commitment from any party to vote for or against the Delisting Resolution or to either Tender or not Tender Shares;
- (c) has entered into any arrangement with any person of the kind referred to in Note 7 to Rule 12 of the Singapore Takeover Code, including indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to the Shares or the Company Convertible Securities which may be an inducement to deal or refrain from dealing in the Shares or the Company Convertible Securities; or
- (d) has granted a security interest relating to any Shares or Company Convertible Securities to another person, whether through a charge, pledge or otherwise, borrowed any Shares or Company Convertible Securities from another person (excluding borrowed Shares or Company Convertible Securities which have been on-lent or sold), or lent any Shares or Company Convertible Securities to another person.

General

As at the Latest Practicable Date, save in respect of the Undertaking Shareholders' undertakings, no agreement, arrangement or understanding exists between the Controlling Concert Group and any of the present or recent Directors or present or recent Shareholders having any connection with or dependence upon the outcome of the Delisting.

As at the Latest Practicable Date, there is no agreement, arrangement or understanding pursuant to which any Shares bought back by the Company in the Delisting will be transferred to any other person. All Tendered Shares will be cancelled by the Company.

As at the Latest Practicable Date, there is no agreement, arrangement or understanding for any payment or other benefit to be made or given to any Director or director of any corporation which is by virtue of Section 6 of the Singapore Companies Act, deemed to be related to the Company, as compensation for loss of office or otherwise in connection with the Delisting or whereby the total emoluments received or to be received by any such director will be affected or varied as a direct consequence of the Delisting.

As at the Latest Practicable Date, there is no agreement, arrangement or understanding between any Director and any other person in connection with or conditional upon the outcome of the Delisting.

8. GENERAL DISCLOSURES

8.1 Directors' Service Contracts

There is no service contract between any Director with any Group company which has more than 12 months to run and which the employer cannot, within the next 12 months, terminate without payment of compensation. There is also no such service contract entered into or amended between any Director with any Group company during the period commencing six months prior to the Delisting Announcement Date and ending on the Latest Practicable Date.

8.2 No Payment or Benefit to Directors

No payment or other benefit is proposed to be made or given to any Director or to any director of any other corporation which is, by virtue of Section 6 of the Singapore Companies Act, deemed to be related to the Company, as compensation for loss of office or otherwise in connection with the Delisting.

8.3 No Agreement Conditional upon Outcome of Offers

As at the Latest Practicable Date, there are no agreements or arrangements made between any Director and any other person in connection with or conditional upon the outcome of the Delisting.

8.4 Material Contracts entered into by Controlling Shareholder

There is no material contract entered into by the Controlling Shareholder in which any Director has a material personal interest, whether direct or indirect.

9. MATERIAL CONTRACTS WITH INTERESTED PERSONS

Save as set out below and as disclosed in this Circular, no Group company has entered into material contracts (other than those entered into in the ordinary course of business or incidental to the Delisting) with persons who are Interested Persons (as defined in the Note on Rule 23.12 of the Singapore Takeover Code) during the period beginning three years before the Delisting Announcement Date and up to the Latest Practicable Date:

- (a) disposal agreement dated 20 April 2016 entered into between the Company, SRE Group Limited and SRE Investment for the disposal of certain non-core assets of the Group to SRE Group Limited for a consideration of RMB1,315,198,723, details of which are set out in the Company's announcement dated 21 April 2016;
- (b) limited partnership agreement dated 2 March 2016 entered into between Sheng Qi Investment Fund Management Company Limited, CIB Wealth Management Co., Ltd., CDB Jingcheng (Beijing) Investment Fund Company Limited, and CDB New Town (Beijing) Asset Management Co. Ltd. in relation to the constitution of CDB New Town New-type Urbanization Development Fund (Limited Partnership), comprising a total capital amount of RMB5,000,000,000, details of which are set out in the Company's announcement dated 2 March 2016;
- (c) cooperative agreement dated 1 December 2015 entered into between CDB New Town (Beijing) Asset Management Co. Ltd., Chengdu Felsted Agricultural Development Company Limited and CDB Longquanyi Company Limited, pursuant to which CDB New Town (Beijing) Asset Management Co. Ltd. contributed RMB22,155,700 to the establishment of CDB (Beijing) Agriculture Company Limited, details of which are set out in the Company's announcement dated 1 December 2015;
- (d) limited partnership agreement dated 16 June 2015 entered into by CDB New Town (Beijing) Asset Management Co. Ltd. for the establishment of an investment partnership, pursuant to which CDB New Town (Beijing) Asset Management Co. Ltd. contributed RMB150,000,000 to such partnership, details of which are set out in the Company's announcement dated 16 June 2015;
- (e) disposal agreement dated 2 December 2014 entered into between China New Town Development (Wuxi) Company Limited and Wuxi Municipal New Town Development Group Limited, pursuant to which, the Group agreed to sell the Wuxi Project Group (as defined in the announcement of the Company dated 3 December 2014) to Wuxi Municipal New Town Development Group Limited for a consideration of RMB1,133,905,524, details of which are set out in the Company's announcement dated 3 December 2014;

- (f) cooperative agreement dated 3 November 2014 entered into between the Company and The People's Government of Nanjing Yuhuatia District Government, Yuhuatia District State-Owned Asset Operations and China Development Bank Capital Corporation Limited, pursuant to which the Company agreed to contribute the capital of RMB490,000,000 to Nanjing CDB Yuhua Urban Re-development Company Limited, details of which are set out in the Company's announcement dated 3 November 2014;
- (g) financing arrangement entered into on 27 June 2014 by the Company with China Development Bank Capital Corporation Limited, pursuant to which China Development Bank Capital Corporation Limited extended a half-year unsecured loan of RMB1 billion to the Company, details of which are set out in the Company's announcement dated 27 June 2014; and
- (h) disposal agreement dated 10 October 2013 entered into between the Company and SRE Investment for the disposal of certain non-core assets and related loans of the Group to SRE Investment Holding Limited (or such purchaser(s) as it may procure) for the consideration of RMB2,069,832,594, details of which are set out in the Company's announcement dated 10 October 2013.

"Interested Person" is defined in Rule 23.12 of the Singapore Takeover Code as:

- (i) a director, chief executive officer or substantial shareholder of the Company;
- (ii) the immediate family of a director, the chief executive officer or a substantial shareholder (being an individual) of the Company;
- (iii) the trustees, acting in their capacity as such trustees, of any trust of which a director, the chief executive officer or a substantial shareholder (being an individual) and his immediate family is a beneficiary;
- (iv) any company in which a director, the chief executive officer or a substantial shareholder (being an individual) and his immediate family together (directly or indirectly) have an interest of 30% or more;
- (v) any company that is the subsidiary, holding company or fellow subsidiary of the substantial shareholder (being a company); or
- (vi) any company in which a substantial shareholder (being a company) and any of the companies listed in (e) above together (directly or indirectly) have an interest of 30% or more.

10. MATERIAL LITIGATION

As at the Latest Practicable Date, no member of the Group is engaged in any litigation as plaintiff or defendant or in any arbitration or claim of material importance, and the Directors are not aware of any litigation or claim of material importance pending or threatened by or against any member of the Group or of any facts likely to give rise to any such proceedings.

11. MARKET QUOTATIONS

11.1 Closing Prices

The following table sets out the highest, lowest and last closing prices of the Shares on the SGX-ST and SEHK on a monthly basis from April 2016 (being six calendar months preceding the Delisting Announcement Date) to the Latest Practicable Date:

Month/Period	Highest closing price (SEHK: HK\$)/ (SGX-ST: S\$)	Lowest closing price (SEHK: HK\$)/ (SGX-ST: S\$)	Closing price as at the last Market Day (SEHK: HK\$)/ (SGX-ST: S\$)
1 December 2016 to Latest Practicable Date	0.440/0.078	0.420/0.074	0.425/0.078
November 2016	0.470/0.077	0.390/0.069	0.430/0.077
October 2016	0.410/0.070	0.345/0.068	0.395/0.070
September 2016	0.345/0.064	0.330/0.057	0.345/0.064
August 2016	0.360/0.060	0.270/0.047	0.350/0.058
July 2016	0.290/0.052	0.270/0.049	0.270/0.049
June 2016	0.295/0.054	0.270/0.050	0.280/0.050
May 2016	0.320/0.059	0.280/0.051	0.285/0.054
April 2016	0.320/0.062	0.270/0.050	0.310/0.053

Source: Bloomberg L.P.

11.2 Highest and Lowest Prices

The highest and lowest closing prices of the Shares on the SGX-ST and SEHK during the period commencing six calendar months prior to the Delisting Announcement Date and ending on the Latest Practicable Date are as follows:

	Price (SEHK: HK\$)/ (SGX-ST: S\$)	Dates
Highest Closing Price	0.470/0.078	16 November 2016/ 1, 5 and 16 December 2016
Lowest Closing Price	0.270/0.047	5 to 8 and 11 April, 24 June, 28 and 29 July, 4 and 5 August 2016/ 8 August 2016

Source: Bloomberg L.P.

The Tender Price is S\$0.07 per Share (which, at the Announcement Exchange Rate and LPD Exchange Rate, represents HK\$0.39 and HK\$0.38 per Tendered Share, respectively). The closing price of the Shares on the SGX-ST on 23 September 2016, being the last trading day on the SGX-ST prior to the Delisting Announcement Date was S\$0.064 per Share. The closing price of the Shares on the SEHK on 23 September 2016, being the last trading day on the SEHK prior to the Delisting Announcement Date was HK\$0.345 per Share. The closing price of the Shares on the SGX-ST and SEHK on the Latest Practicable Date was S\$0.078 and HK\$0.425 per Share, respectively.

11.3 Shares which are subject to the Offer

All Shares which are subject to the cash exit offer by way of Selective Share Buyback are listed Shares.

INDEPENDENT AUDITORS' REPORT**To the shareholders of China New Town Development Company Limited**

(Incorporated in the British Virgin Islands with limited liability)

We have audited the consolidated financial statements of China New Town Development Company Limited (the "Company") and its subsidiaries set out on page 139 to 207, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 December 2015, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants
Hong Kong
11 March 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME

For the financial year ended 31 December 2015

(All amounts expressed in RMB'000 unless otherwise specified)

	<i>Notes</i>	2015	2014
Continuing operations			
Revenue	5	67,022	56,813
Cost of sales	6	(12,445)	(651,195)
Gross profit/(loss)		54,577	(594,382)
Other income	5	143,815	56,401
Selling and distribution costs	6	–	(8,857)
Administrative expenses	6	(97,745)	(82,403)
Other expenses	5	(3,521)	(847)
Operating profit/(loss)		97,126	(630,088)
Finance costs	7	(69,230)	(85,923)
Gain on disposal of subsidiaries	8	60,378	616,091
Share of loss of a joint venture	4	(51)	–
Profit/(loss) before tax from continuing operations		88,223	(99,920)
Income tax	9	5,254	44,941
Profit/(loss) after tax from continuing operations		93,477	(54,979)
Discontinued operations			
Loss after tax from discontinued operations	13	(125,359)	(154,191)
Gain after tax on partial disposal of assets and liabilities relating to discontinued operations	8	67,683	3,990
Profit/(loss) for the year		35,801	(205,180)
Other comprehensive income, net of tax		–	–
Total comprehensive profit/(loss), net of tax		<u>35,801</u>	<u>(205,180)</u>
Attributable to:			
Equity holders of the parent		65,141	(61,404)
Non-controlling interests		(29,340)	(143,776)
		<u>35,801</u>	<u>(205,180)</u>
Earnings/(loss) per share (RMB per share):			
Basic and diluted, profit/(loss) for the year attributable to ordinary equity holders of the parent	12	0.0066	(0.0072)
Earnings per share for continuing operations (RMB per share):			
Basic and diluted, profit from continuing operations attributable to ordinary equity holders of the parent	12	<u>0.0108</u>	<u>0.0063</u>

The accompanying accounting policies and explanatory notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

(All amounts expressed in RMB'000 unless otherwise specified)

	<i>Notes</i>	2015	2014
Assets			
Non-current assets			
Investment in a joint venture	4	10,595	–
Loans and receivables	14	690,000	490,000
Available-for-sale financial assets	15	32,000	–
Financial assets designated at fair value through profit or loss	16	68,874	–
Property, plant and equipment	17	39,792	41,350
Prepaid land lease payments	18	11,657	12,034
Deferred tax assets	9	56,191	41,149
Other assets		10,744	–
Total non-current assets		<u>919,853</u>	<u>584,533</u>
Current assets			
Land development for sale	19	1,546,483	1,549,079
Prepayments	20	1,675	8,539
Other receivables	21	1,415,727	1,906,439
Trade receivables	22	59,218	63,853
Loans and receivables	14	570,488	–
Cash and bank balances	23	1,568,656	795,451
Assets classified as held for sale	13	4,803,516	4,904,237
Total current assets		<u>9,965,763</u>	<u>9,227,598</u>
Total assets		<u><u>10,885,616</u></u>	<u><u>9,812,131</u></u>
Equity and liabilities			
Equity			
Equity holders of the parent:			
Share capital	24	4,110,841	4,110,841
Other reserves	25	579,270	579,270
Accumulated losses		(1,099,154)	(1,164,295)
		<u>3,590,957</u>	<u>3,525,816</u>
Non-controlling interests		<u>293,465</u>	<u>321,620</u>
Total equity		<u><u>3,884,422</u></u>	<u><u>3,847,436</u></u>

APPENDIX VII**AUDITED CONSOLIDATED FINANCIAL
STATEMENTS OF THE GROUP FOR FY2015**

	<i>Notes</i>	2015	2014
Non-current liabilities			
Senior guaranteed notes	26	1,290,490	–
Interest-bearing bank and other borrowings	27	309,030	–
Deferred tax liabilities	9	21,151	21,151
Total non-current liabilities		<u>1,620,671</u>	<u>21,151</u>
Current liabilities			
Interest-bearing bank and other borrowings	27	365,000	896,000
Trade payables	29	149,942	161,534
Other payables and accruals	29	270,964	116,883
Advances received for the settlement of Disposal Assets	13	538,975	553,549
Deferred revenue arising from land development	28	352,794	383,716
Current income tax liabilities		336,628	359,841
Liabilities directly associated with assets classified as held for sale	13	3,366,220	3,472,021
Total current liabilities		<u>5,380,523</u>	<u>5,943,544</u>
Total liabilities		<u>7,001,194</u>	<u>5,964,695</u>
Total equity and liabilities		<u>10,885,616</u>	<u>9,812,131</u>
Net current assets		<u>4,585,240</u>	<u>3,284,054</u>
Total assets less current liabilities		<u>5,505,093</u>	<u>3,868,587</u>

The accompanying accounting policies and explanatory notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2015

(All amounts expressed in RMB'000 unless otherwise specified)

	<i>Notes</i>	Attributable to equity holders of the parent				Non-	Total equity
		Share capital	Other reserves	Accumulated losses	Total	controlling interests	
As at 1 January 2014	24/25	2,980,809	579,270	(1,102,891)	2,457,188	522,096	2,979,284
Total comprehensive loss		–	–	(61,404)	(61,404)	(143,776)	(205,180)
Placing of 5,347,921,071 new shares		1,130,032	–	–	1,130,032	–	1,130,032
Disposal of subsidiaries		–	–	–	–	(56,700)	(56,700)
As at 31 December 2014 and 1 January 2015	24/25	4,110,841	579,270	(1,164,295)	3,525,816	321,620	3,847,436
Total comprehensive income/(loss)		–	–	65,141	65,141	(29,340)	35,801
Disposal of subsidiaries		–	–	–	–	1,185	1,185
As at 31 December 2015	24/25	<u>4,110,841</u>	<u>579,270</u>	<u>(1,099,154)</u>	<u>3,590,957</u>	<u>293,465</u>	<u>3,884,422</u>

The accompanying accounting policies and explanatory notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2015

(All amounts expressed in RMB'000 unless otherwise specified)

	<i>Notes</i>	2015	2014
Cash flows from operating activities			
Profit/(loss) before tax from continuing operations		88,223	(99,920)
Loss before tax from discontinued operations		(53,954)	(139,574)
Profit/(loss) before tax		34,269	(239,494)
Adjustments for:			
Impairment provision of land development for sale	6	–	604,798
Bad debt provision/(reversal) of impairment of other receivables	5	1,303	(5,800)
Depreciation of property, plant and equipment		2,260	22,524
Amortisation of prepaid land lease payments	18	377	3,826
Amortisation of intangible assets		126	–
Gain on disposal of property, plant and equipment		(2,507)	(4,902)
Fair value gain on completed investment properties	13.c	–	(8,674)
Gain on financial assets designated at fair value through profit or loss	5	(2,925)	–
Gain on disposal of subsidiaries and a joint venture	8	(128,061)	(621,039)
Share of loss from an associate and a joint venture	4	51	158
Interests from loans and receivables	5	(96,940)	(7,770)
Interests from bank deposits		(38,106)	(29,447)
Interest expense on bank and other borrowings		95,671	190,993
Interest expense on senior guaranteed notes	7	49,447	–
Foreign exchange gain	5	(1,483)	(12,424)
		(86,518)	(107,251)
Decrease in land development for sale		2,596	41,461
Increase in properties under development for sale		(30,580)	(168,987)
Decrease in prepaid land lease payments		13,703	67,953
Decrease in inventories		473	655
Decrease in prepayments		29,621	7,718
Increase in other receivables and other current assets		(344,421)	(127,113)
(Increase)/decrease in trade receivables		(81,007)	80,393
(Increase)/decrease in prepaid income tax		(11,550)	3,872
Decrease in deferred revenue arising from sale of golf club memberships		(16,811)	(16,101)
(Decrease)/increase in deferred revenue arising from land development		(30,922)	2,262
Increase/(decrease) in advances from customers		36,722	(23,309)
Increase in trade and other payables		737,252	342,846
		218,558	104,399
Income tax paid		(25,592)	–
Net cash inflow from operating activities		192,966	104,399

APPENDIX VII**AUDITED CONSOLIDATED FINANCIAL
STATEMENTS OF THE GROUP FOR FY2015**

	<i>Notes</i>	2015	2014
Cash flows from investing activities			
Purchases/construction of property, plant and equipment		(33,965)	(29,783)
Proceeds from disposal of property, plant and equipment		53	1,766
Payments for investment properties		(4,723)	(4,261)
Payments for intangible assets		(1,814)	–
Disposal of subsidiaries and joint venture		667,716	(6,278)
Investment in available-for-sale financial assets		(32,000)	–
Investments in loans and receivables	14	(770,488)	(490,000)
Interest received from loans and receivables		20,158	–
Investments in financial assets designated at fair value through profit or loss		(65,949)	–
Advances received for the settlement of Disposal Assets		–	553,549
Interest received from bank deposits		38,106	19,447
Payments of expenses incurred for the transaction cost of the Disposal		(4,987)	(6,452)
Net cash (outflow)/inflow from investing activities		(187,893)	37,988
Cash flows from financing activities			
Proceeds from issuance of senior guaranteed notes		1,288,057	–
Proceeds from placing of new shares of the Company		–	1,138,979
Proceeds from bank and other borrowings		572,500	237,780
Repayment of bank and other borrowings		(547,629)	(1,284,059)
Proceeds from borrowing from a related party		–	500,000
Repayment of borrowing from a related party		(500,000)	–
Cash released from restricted deposits in relation to interest payments for bank borrowings		–	195,500
Cash placed as restricted deposits in relation to bank borrowings		(206,186)	–
Interest paid		(114,950)	(191,126)
Net cash inflow from financing activities		491,792	597,074
Net increase in cash and cash equivalents		496,865	739,461
Cash and cash equivalents at beginning of year		876,294	136,833
Cash and cash equivalents at end of year	23	1,373,159	876,294

The accompanying accounting policies and explanatory notes are an integral part of the consolidated financial statements.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

(All amounts expressed in RMB'000 unless otherwise specified)

1. CORPORATE INFORMATION

China New Town Development Company Limited (the “Company”) was incorporated on 4 January 2006 in the British Virgin Islands (the “BVI”). After a series of reorganisations, on 14 November 2007, the Company was listed on the Main Board of the Singapore Exchange Securities Trading Limited (the “SGX-ST”). On 22 October 2010, the Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “HKEx”) by way of introduction. As a result, the Company is dual-listed on the Main Boards of both the SGX-ST and the HKEx.

The Company with its subsidiaries (the “Group”) is a new town developer in Mainland China and is principally engaged in planning and developing large-scale new towns in China’s largest cities, among which the activities include designing the master plan, relocating and resettling incumbent residents and businesses, clearing and preparing the land and installing infrastructure. Land use rights to the residential parcels in the new towns developed by the Group are then sold by the relevant land authorities to real estate property developers, the proceeds from which are apportioned to the Group on specified bases. From 2014, the Group also entered into arrangements with local governments to work on projects whereby it will be compensated based on a fixed return. The Group also develops or manages some residential and commercial properties in those new towns.

The Company used to be a subsidiary of SRE Group Limited (“SRE”), a company listed on the HKEx since September 2009. During 2012, SRE disposed of its entire holding of shares in the Company to SRE’s own shareholders via a special dividend in the form of a distribution in species. Upon completion of that distribution, in October 2012, SRE no longer holds any shares in the Company and ceased to be the parent of the Company. As a result of that distribution, SRE Investment Holding Limited (“SREI”), the parent of SRE, became the largest shareholder of the Company.

On 10 October 2013, the Company, China Development Bank International Holdings Limited (“CDBIH”) and SREI entered into a share subscription agreement (the “Subscription Agreement”) pursuant to which CDBIH has agreed to subscribe for 5,347,921,071 new shares of the Company subject to the terms and conditions contained therein (the “Subscription”). The Subscription was completed in the first quarter of 2014. As a result, CDBIH, a wholly-owned subsidiary of China Development Bank Capital Corporation Limited (“CDB Capital”), became the largest shareholder of the Company.

As an appendix to the Subscription Agreement, there was a disposal master agreement (the “Disposal Master Agreement”) between the Company and SREI to dispose of the specified assets and liabilities not relating to the Group’s main principal business of planning and development of new town projects in Mainland China (the “Disposal Assets”). Details of the Disposal Master Agreement and execution of the Disposal Assets are included in Notes 8 and 13.

In the opinion of the directors of the Company (the “Directors”), since the completion of the share subscription of CDBIH, the Company’s ultimate holding company is CDB Capital, which holds 54.32% of the issued share capital of the Company.

Subsidiaries

The principal activities of the subsidiaries are disclosed in Note 3 below.

2.1 BASIS OF PREPARATION

The consolidated financial statements of the Group and the statements of financial position and statement of changes in equity of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Board (the “IASB”).

The financial statements have been prepared under the historical cost convention, except for available-for-sale financial assets, financial assets designated at fair value through profit or loss and investment properties which have been measured at fair value. Disposal groups held for sale are stated at the lower of their carrying amounts and fair values less costs to sell as further explained in Note 13. The financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand (‘000) unless otherwise indicated.

(a) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2015. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income (“OCI”) are attributed to the owners of the parent of the Group and to the non-controlling interests, even if it results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

(b) Operating cycle

The operating cycle of the Group is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Due to the nature of the Group’s business, the Group’s normal operating cycle is longer than twelve months. The Group’s current assets include assets (such as land development for sale) that are sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within twelve months after the end of the reporting period, in accordance with IFRSs.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Amended standards and interpretations

The Group has adopted the following revised IFRSs for the first time for the current year’s financial statements. Though in certain cases, giving rise to new or revised accounting policies, the adoption of these new and revised IFRSs currently has had no significant impact on these financial statements.

IAS 19 Defined Benefit Plans (Revised): Employee Contributions

The Group has adopted IAS 19 Defined Benefit Plans (Revised): Employee Contributions in 2015. The amendments require an entity to consider contributions from employees or third parties when accounting for defined benefit plans and require such contributions that are linked to service to be attributed to periods of service as a negative benefit. The amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. The amendments did not have a significant impact on the Group’s financial statements.

IFRS – Annual Improvements 2010-2012 and 2011-2013 Cycles

In 2015, the Group has adopted the Annual Improvements to IFRSs 2010-2012 and 2011-2013 Cycles.

IFRS 2 – Share-based Payment

The amendment clarifies on “vesting conditions” and adds definitions of performance condition and service condition. The amendment must be applied prospectively. The amendment did not have a significant impact on the Group’s financial statements.

IFRS 3 – Business Combinations

All contingent consideration arrangements classified as liabilities (or assets) arising from a business combination must be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 or IAS 39. IFRS 3 is not applicable to the accounting for joint ventures. The amendment must be applied prospectively. The amendment did not have a significant impact on the Group’s financial statements.

IFRS 8 – Operating Segments

The amendments require 1) an entity must disclose the judgements made by management in applying the aggregation criteria of operating segments, including a brief description of operating segments that have been aggregated and the economic criteria used to assess whether the segments possess “similar economic characteristics” and; 2) the reconciliation of segment assets to total assets is required to be disclosed only if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities. The amendments must be applied prospectively. The amendments did not have a significant impact on the Group’s financial statements.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendments are applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. The amendments did not have a significant impact on the Group’s financial statements.

IAS 24 – Related Party Disclosures

The amendment clarifies that a management entity – an entity that provides key management personnel services – is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment must be applied retrospectively. The amendment did not have a significant impact on the Group’s financial statements.

IFRS 13 – Fair Value Measurement

The amendment clarifies that the scope of the portfolio exception for measuring the fair value of financial assets and financial liabilities on a net basis is applicable to all contracts that are within the scope of IFRS 9 or IAS 39. The amendment did not have a significant impact on the Group’s financial statements.

IAS 40 – Investment Property

The amendment clarifies that ancillary services in IAS 40 differentiates between an investment property and an owner-occupied property. IFRS 3 should be referred to determine if the investment property is the purchase of an asset or business combination. The amendment must be applied prospectively. The amendment did not have a significant impact on the Group’s financial statements.

The Group has not early adopted any standard, interpretation or amendment that was issued but is not yet effective.

2.3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require material adjustment to the carrying amount of the assets or liabilities affected in future periods.

In the process of applying the Group’s accounting policies, management has made the following judgement, which has the most significant effect on the amounts recognised in the financial statements:

Judgements***Classification between investment properties and owner-occupied properties***

The Group determines whether a property qualifies as an investment property and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are disclosed below:

(i) *Estimate of fair value of investment properties*

Investment properties were revalued at the end of each reporting period using the income approach on the basis of capitalisation of net rental income derived from the existing tenancies with due allowance for reversionary income potential of the property interest by independent professionally qualified valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimate, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of each reporting period.

For details of change in fair values of investment properties in 2015, please see Note 13.c.

(ii) *Carrying amount of land development for sale and properties under development for sale*

The Group's land development for sale and properties under development for sale are stated at the lower of cost and net realisable value.

Based on the Group's recent experience and the nature of the subject land development, the Group makes estimates of cost allocated to each parcel of land infrastructure and attributable to ancillary public facilities and infrastructure, and its net realisable value, i.e., the revenue to be derived from the sale of land development for sale by government authorities, less costs to completion and the costs to be incurred in realising the revenue from the sale of land development for sale based on prevailing market conditions.

The costs of properties under development for sale comprise specifically identified cost, including acquisition costs, development expenditures and borrowing costs and other related expenditure directly attributable to the development of such properties. Net realisable value is based on the estimated selling price in the ordinary course of business as determined by management with reference to the prevailing market conditions, less further costs expected to be incurred to complete, and net of selling and marketing costs.

If the cost is higher than the estimated net realisable value, provision for the excess of cost of land development for sale and properties under development for sale over their net realisable values should be made. Such provision would require the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for land development for sale and properties under development for sale in the periods in which such estimate is changed will be adjusted accordingly.

(iii) *Deferred tax assets and liabilities*

Deferred tax assets are recognised for deductible temporary differences, carryforward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised. Deferred tax liabilities are recognised for taxable temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Where the actual or expected tax positions of the relevant companies of the Group in future are different from the original estimates, such differences will impact on the recognition of deferred tax assets and liabilities and income tax charge in the period in which such estimate has been changed. For details of deferred tax assets and liabilities, please see Note 9.

(iv) *Impairment of receivables*

Impairment of receivables is made based on assessment of the recoverability of receivables. The identification of impairment of receivables requires management's judgements and estimates. Where the actual outcome or expectation in future is different from the original estimation, such difference will have an impact on the carrying value of the receivables and the impairment of receivables or reversal of impairment in the period in which such estimate has been changed. For details of the estimated impairment of receivables, please see Notes 21 and 22.

(v) *Useful lives and impairment of property, plant and equipment*

The Group's management determines the estimated useful lives and related depreciation charges for its items of property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of items of property, plant and equipment of similar nature and functions. Such estimates could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charges where useful lives are less than previously estimated lives, or management will write off or write down technically obsolete assets that have been abandoned.

The carrying value of an item of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable in accordance with the accounting policy as disclosed in Note 2.4. The recoverable amount of an item of property, plant and equipment is calculated as the higher of its fair value less costs to sell and the value in use, the calculation of which involves the use of estimates.

For details of the estimated balance of impairment of property, plant and equipment, please see Note 17.

(vi) *Measurement of revenue from land development*

Revenue from the development of land infrastructure and ancillary public facilities (owned by the local governments) within the districts where the Group runs its businesses is allocated and recognised separately. The allocation of revenue from the land development to land infrastructure and ancillary public facilities is based on their relative fair values of the construction works, determined by reference to the relative estimated construction costs of each component, as the nature of construction works for the components is similar.

Revenue attributable to land infrastructure is recognised in full upon the sale of the relevant land use rights and the specific construction works are completed. However, revenue attributable to ancillary public facilities is recognised for the portions of ancillary public facilities completed at the sale of the land. The remaining revenue attributable to uncompleted portions of ancillary public facilities is recognised as deferred revenue as a current liability in the statements of financial position, and will be recognised as revenue when the related construction works are completed.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's statement of profit or loss and other comprehensive income to the extent of dividends received and receivable. The Company's investments in subsidiaries that are not classified as held for sale in accordance with IFRS 5 are stated at cost less any impairment losses.

Investment in a joint venture

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries.

The Group's investment in its joint venture is accounted for using the equity method.

Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date less any impairment losses. Goodwill, if any, relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss and other comprehensive income reflects the share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, where there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the investment in the joint venture.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the consolidated statement of profit or loss and other comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture.

The financial statements of the joint venture are prepared for the same reporting period as the investor. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, then recognises the loss as 'Share of loss of a joint venture' in the statement of profit or loss and other comprehensive income.

Upon loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Fair value measurement

The Group measures financial instruments, such as available-for-sale financial assets, and non-financial assets such as investment properties, at fair value at the end of each reporting period. Also, the fair values of financial instruments measured at amortised cost are disclosed in Note 36.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Financial assets

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at fair value through profit or loss
- Loans and receivables
- Held-to-maturity investments
- Available-for-sale financial investments

(a) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as other income in the statement of profit or loss and other comprehensive income.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

(b) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation and the losses arising from impairment are recognised in the statement of profit or loss and other comprehensive income.

This category generally applies to loans and receivables, trade receivables and other receivables. For more information on loans and receivables, refer to Notes 14, 21 and 22.

(c) *Held-to-maturity investments*

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement, held to maturity investments are measured at amortised cost using the EIR, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation and the losses arising from impairment are recognised in the statement of profit or loss and other comprehensive income as finance costs.

(d) *Available-for-sale (AFS) financial investments*

AFS financial investments include equity and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, AFS financial investments are subsequently measured at fair value with unrealised gains or losses recognised as OCI and credited in the AFS financial investments reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS financial investments reserve to the statement of profit or loss and other comprehensive income in finance costs. Interest earned whilst holding AFS financial investments is reported as interest income using the EIR method.

The Group evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if the management has the ability and intention to hold these assets for foreseeable future or until maturity.

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, the amount recorded in equity is reclassified to profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows or from the asset or has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred since the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(a) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded in the statement of profit or loss and other comprehensive income. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited in the statement of profit or loss and other comprehensive income.

(b) Available-for-sale (AFS) financial investments

For AFS financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss and other comprehensive income – is removed from OCI and recognised in the statement of profit or loss and other comprehensive income. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in OCI.

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss and other comprehensive income.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of profit or loss and other comprehensive income, the impairment loss is reversed through the statement of profit or loss and other comprehensive income.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade payables, senior guaranteed notes and interest-bearing loans and borrowings are initially stated at fair value less directly attributable transaction costs and are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. The related interest expense is recognised within "finance costs" in profit or loss.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. Separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress ("CIP"), are stated at cost less accumulated depreciation and any impairment losses.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Such cost includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value (10% of the cost) over its estimated useful life. The estimated useful lives for this purpose are as follows:

Hotel properties	Building 30 years, equipment 10 years, fixtures and fittings 5 years
Golf operational assets	Golf course between 40 and 50 years, club buildings 30 years, club equipment 10 years, club fixtures and fittings 5 years
Other buildings	20 years
Furniture, fixtures and equipment	5 years
Motor vehicles	5 years

When parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted prospectively if appropriate, at the end of each reporting period.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the fair value less cost to sell and the carrying amount of the relevant asset.

CIP represents buildings under construction and is stated at cost less any impairment in value, and is not depreciated. Cost mainly comprises the direct costs during the period of construction and capitalised interest. CIP is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment property comprises completed property and property under construction or re-development held to earn rentals or for capital appreciation or both. Property held under a lease is classified as investment property when the definition of an investment property is met and it is accounted for as a finance lease.

Investment property is measured initially at cost including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment property is stated at fair value. Gains or losses arising from changes in the fair values are included in the statement of profit or loss and other comprehensive income in the year in which they arise.

Investment properties under construction are stated at fair value with changes in fair values recognised in profit or loss.

Investment property is derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment property are recognised in profit or loss in the year of retirement or disposal.

Gains or losses on the disposal of investment property are determined as the difference between net disposal proceeds and the carrying value of the asset in the previous full period financial statements.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation or commencement of an operating lease. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

Land development for sale

Development cost of land development for sale comprises the aggregate cost of development, materials and supplies, capitalised borrowing costs on related borrowing funds during the period of construction and other costs directly attributable to such land development for sale.

Land development for sale is stated at the lower of cost and net realisable value. Net realisable value takes into account the Group's share of proceeds derived from the sale of land development for sale by government authorities, less costs to completion and the costs to be incurred in realising the revenue derived from the sale of land development for sale based on prevailing market conditions.

Any excess of cost over the net realisable value of individual items of land development for sale is recognised as an allowance.

Properties under development for sale

Properties under development for sale are included in current assets at the lower of cost and net realisable value.

The costs of properties under development for sale comprise specifically identified cost, including acquisition costs, development expenditures and borrowing costs and other related expenditure directly attributable to the development of such properties. Net realisable value is based on estimated selling price in the ordinary course of business as determined by management with reference to the prevailing market conditions, less further costs expected to be incurred to completion and selling and marketing costs.

Any excess of cost over the net realisable value of individual items of properties under development is recognised as an allowance.

Inventories

Inventories, which mainly refer to supplies and low-value consumables used in hotel and golf course operations, are accounted for at cost when purchased. Cost of supplies is determined using the first-in, first-out method. Low-value consumables relating to golf course and hotel operations are expensed in full when issued for use.

Inventories are valued at the lower of cost and net realisable value at the end of the reporting period. Net realisable value is the estimated selling price in the ordinary course of business, less estimated expenses and related taxes necessary to make the sales. The net realisable value is determined based on contract prices or market prices.

Any excess of cost over the net realisable value of individual items of inventories is recognised as an allowance.

Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

For the purpose of the statements of financial position, cash and bank balances comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss and other comprehensive income.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than land development for sale, inventories, deferred tax assets, financial assets, investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than certain financial assets is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in assets, and rentals receivable under the operating leases are credited to profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases are charged to profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost. The subsequent measurement of prepaid land lease payments is as follows:

- (i) Prepaid land lease payments incurred for properties other than investment properties and investment properties under construction (after the adoption of IAS 40 revised), they are amortised over the lease terms on the straight-line basis. The amortisation during the period of construction of the properties is capitalised as the cost of properties under development. The amortisation during the period before the commencement and after the completion of the construction of the properties is expensed in profit or loss.

- (ii) Prepaid land lease payments included in investment properties and investment properties under construction (after the adoption of IAS 40 revised) are not amortised as they are stated at fair value.

Non-current assets held for sale and discontinued

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for distribution. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or
- is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of profit or loss and other comprehensive income.

Additional disclosures are provided in Note 13. All other notes to the financial statements include amounts for continuing operations, unless otherwise mentioned.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

Revenue from land development for sale

The Group is given the right to carry out construction and preparation works in respect of land infrastructure and ancillary public facilities (owned by the local governments) within the districts where the Group runs its businesses. When the parcels of land are sold by the local governments to land buyers through public auction, tender or listing, the Group is entitled to receive from the local governments a proportion of the proceeds from land sales (including related public utilities fees, if any). As ancillary public facilities are separately identifiable from land infrastructure, such proceeds to be received by the Group are allocated between land infrastructure and ancillary public facilities based on their relative fair values.

Revenue from land development for sale is recognised upon the transfer of risks and rewards in connection with the land development for sale and when the amount of revenue can be measured reliably, which occurs upon the completion of related construction works as well as the sale of land. Accordingly, at the time of the sale of land, proceeds allocated to the completed land infrastructure and completed ancillary public facilities are recognised as revenue, and proceeds allocated to uncompleted construction works are deferred and recognised as revenue when the related construction works are completed.

Sale of development properties

Revenue from the sale of properties is recognised upon completion of a sale agreement, which refers to the time when properties are completed and delivered to the buyers. Deposits and instalments received on properties sold prior to the completion of the respective sale agreements are included as advances received from the pre-sale of properties under development. The revenue from property development is recognised in discontinued operations.

Hotel operations revenue

Hotel operations revenue represents the income from hotel and convention centre rooms and conference facilities, and the sale of related food and beverages, which is recognised when the services are rendered or the goods are sold. The revenue from hotel operations is recognised in discontinued operations.

Golf course operations revenue

Golf course operations revenue represents the income from annual fees, the usage of golf courses and ancillary equipment, the provision of golf services, and the provision of golf equipment, food and beverages, etc., which is recognised when the services are rendered or the goods are sold. The revenue from golf operations is recognised in discontinued operations.

Golf club membership revenue

Golf club membership entitles the members to golf operations related services provided during the membership period or to purchase goods or services at prices lower than those charged to non-members. Golf club membership revenue is recognised on the straight-line basis which reflects the expected period when the benefits are provided. The revenue from golf operations is recognised in discontinued operations.

Operating lease income

Operating lease income from investment properties is recognised on the straight-line basis over the lease term, which is the non-cancellable period for which the lessee has contracted to lease the properties together with any further terms for which the lessee has the option to continue to lease the properties, with or without further payments, when at the inception of the lease, it is reasonably certain that the lessee will exercise the option. The revenue from investment property leasing is recognised in discontinued operations.

Property management revenue

Property management revenue is recognised in the periods when the services are rendered. The revenue from property management is recognised in discontinued operations.

Interest income

Interest income is recognised on a time proportion basis using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial instrument.

Dividend income

Dividend income is recognised when the shareholders' right to receive payment has been established, which is generally when the shareholders approve the dividend.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, that is, assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. Other borrowing costs are recognised as expenses when incurred.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of fund. The interest capitalised is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amounts capitalised is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalised as from the commencement of the development work until the date of practical completion. The capitalisation of finance costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalised on the purchase cost of a set of properties acquired specifically for redevelopment but only where activities necessary to prepare the asset for redevelopment are in progress.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate the same taxable entity and the same taxation authority.

Dividends

When dividends have been approved by the directors and shareholders and declared, they are recognised as a liability.

Employee retirement benefits

Pursuant to the relevant regulations of the PRC government, the companies comprising the Group operating in Mainland China (the “PRC group companies”) have participated in a local municipal government retirement benefit scheme (the “Scheme”), whereby the PRC group companies are required to contribute a certain percentage of the salaries of their employees to the Scheme to fund their retirement benefits. The only obligation of the Group with respect to the Scheme is to pay the ongoing contributions under the Scheme. Contributions under the Scheme are charged to profit or loss as incurred.

In Hong Kong, the Group operates a defined contribution retirement benefit scheme under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all of employees in Hong Kong. Contributions are made based on a percentage of the employees’ basic salaries and are charged to profit or loss as they become payable. The Group’s contributions as employer vest fully with the employees when the Group contribute to the scheme. The Group contributes 5% of the relevant monthly salaries to such scheme and the Group’s employees contribute the lower of HK\$1,250 or 5% of their monthly salaries to such scheme as employee mandatory contributions.

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (“equity-settled transactions”).

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined by the Company with assistance from the valuer using an appropriate pricing model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the “vesting date”). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense as if the terms had not been modified. An additional expense is recognised for any modification, which increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share, where appropriate.

Foreign currency translation

These financial statements are presented in RMB which is the Company’s functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. All transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating to those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. All differences arising on settlement or translation of monetary items are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency

are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group. Contingent liabilities and assets are not recognised on the statement of financial position of the Group.

Government grants

Government grants (including non-monetary grants) are recognised at their fair value where there is reasonable assurance that the grants will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. When the grant relates to an asset, the grant is deducted from the relevant asset before arriving at the carrying amount of the asset. The grant is recognised in the statement of profit or loss and other comprehensive income over the time of asset realisation by way of a reduced cost of assets' charge. Grants received in connection with the Group's role in planning and constructing the ancillary public facilities are deducted from the development cost of the ancillary public facilities and would be recognised indirectly in the form of an increased profit margin over the course of recognising revenue in connection with the ancillary public facility services.

2.5 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. The Group is in the process of making an assessment of the impact of the new standard.

IFRS 14 Regulatory Deferral Accounts

IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. IFRS 14 is effective for annual periods beginning on or after 1 January 2016. Since the Group is an existing IFRS preparer, this standard would not apply.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 when the IASB finalises their amendments to defer the effective date of IFRS 15 by one year. Early adoption is permitted. The Group is in the process of making an assessment of the impact of the new standard.

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. It is not expected that these amendments would have a significant impact on the Group's financial statements.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group given that the Group has not used a revenue-based method to depreciate its non-current assets.

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, IAS 20 Accounting for Government Grants and Disclosure of Government Assistance will apply. The amendments are retrospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group as the Group does not have any bearer plants.

Amendments to IAS 27: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any significant impact on the Group's consolidated financial statements.

Amendments to IAS 1 Disclosure Initiative

In December 2014, the IASB issued amendments to IAS 1 to further encourage companies to apply professional judgement in determining what information to disclose and how to structure it in their financial statements. The amendments to IAS 1 include narrow-focus improvements in the following five areas: materiality, disaggregation and subtotals, notes structure, disclosure of accounting policies, and presentation of items of other comprehensive income (OCI) arising from equity accounted investments. The amendments are effective for annual periods beginning on or after 1 January 2016. These amendments will not have any significant impact on the Group's consolidated financial statements.

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate and Joint Venture

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

Currently, it is expected that the amendments would have no significant impact on the Group's financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

The amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures introduce minor clarifications to the requirements when accounting for investment entities. The amendments also provide relief in particular circumstances, which will reduce the costs of applying the standards.

The amendments can be applied immediately, and become mandatory for annual periods beginning on or after 1 January 2016. Currently, it is expected that the amendments would have no significant impact on the Group's financial statements.

Annual Improvements to IFRSs 2012-2014 Cycle

In September 2014, the IASB issued Annual Improvements to IFRSs 2012-2014 Cycle, which contains five amendments to four standards, excluding consequential amendments. The amendments affect IFRS 5, IFRS 7, IAS 19 and IAS 34. The amendments are effective for annual periods beginning on or after 1 January 2016. Currently, it is expected that the amendments would have no significant impact on the Group's financial statements.

IFRS 16 Leases

In January 2016, the IASB issued IFRS 16 Leases, which requires lessees to initially recognise a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term.

The lease liability is measured at the present value of the lease payments to be made over the lease term. The right-of-use asset is initially measured at the amount of the lease liability, adjusted for lease prepayments, lease incentives received, the lessee's initial direct costs (e.g., commissions) and an estimate of restoration, removal and dismantling costs. Lessees are permitted to make an accounting policy election, by class of underlying asset, to apply a method like IAS 17's operating lease accounting and not recognise lease assets and lease liabilities for leases with a lease term of 12 months or less (i.e., short-term leases). Lessees also are permitted to make an election, on a lease-by-lease basis, to apply a method similar to current operating lease accounting to leases for which the underlying asset is of low value (i.e., low-value assets).

IFRS 16 will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, IFRS 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as IFRS 16. Currently, it is expected that IFRS 16 would have no significant impact on the Group's financial statements.

Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The amendments to IFRS 12 clarify the requirements on recognition of deferred tax assets for unrealised losses, to address diversity in practice. If tax law restricts the utilisation of losses to deduction against income of a specific type, a deductible temporary difference is assessed in combination only with other deductible temporary differences of the appropriate type.

Entities are required to apply the amendments for annual periods beginning on or after 1 January 2017. Earlier application is permitted. Currently, it is expected that the amendments would have no significant impact on the Group's financial statements.

Amendments to IAS 7 Statement of Cash Flows

The amendments to IAS 7 requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

An entity shall apply those amendments for annual periods beginning on or after 1 January 2017. Earlier application is permitted. Currently, it is expected that the amendments would have no significant impact on the Group's financial statements.

3. INVESTMENTS IN SUBSIDIARIES**Company**

	<i>Notes</i>	2015	2014
Unlisted shares, at cost		2,024,561	2,024,561
Less: Allowance for impairment	(a)	(787,000)	(787,000)
Advances to subsidiaries, net	(c)	1,816,583	1,753,698
		<u>3,054,144</u>	<u>2,991,259</u>

- (a) As at 31 December 2015, the Company reassessed the impairment on the investment in Shanghai Golden Luodian Development Co., Ltd. ("SGLD") and determined that the carrying amount (net of allowance for impairment) was close to the recoverable amount (the value in use based on estimated future cash flows discounted at a rate of 13% per annum (2014: 13% per annum)). As a result, the Company neither further provided for nor reversed the impairment loss in the Company's separate financial statements for the year ended 31 December 2015.

The allowance for impairment on the investment in SGLD, as reported in the Company's separate financial statements, did not affect the consolidated financial statements, as the investment in SGLD has been fully eliminated upon consolidation and all operating results of SGLD were included in the consolidated financial statements.

- (b) As at 31 December 2015 and 2014, the Group's direct or indirect interests in all subsidiaries are set out below:

Directly held by the Company

Name	Place and date of incorporation	Cost of investment	Proportion of ownership interest (%)		Principal activities
			2015	2014	
Meeko Investment Limited ("Meeko")	British Virgin Islands 19 August 2005	1,230,300	100.00	100.00	Investment holding
Weblink International Limited ("Weblink")	British Virgin Islands 17 November 2005	794,261	100.00	100.00	Investment holding
Protex Investment Limited	British Virgin Islands 18 October 2006	–	100.00	100.00	Investment holding
New Town (China) Trading Co., Ltd.	British Virgin Islands 31 July 2007	–	100.00	100.00	Investment holding

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Name	Place and date of incorporation	Cost of investment	Proportion of ownership interest (%)		Principal activities
			2015	2014	
China New Town Holding Co., Ltd. ("CNTD Holding")	Hong Kong Special Administrative Region 17 July 2014	—	100.00	100.00	Investment holding
China New Town Finance I Limited ("Finance I")	British Virgin Islands 11 March 2015	—	100.00	—	Investment holding
		<u>2,024,561</u>			

Indirectly held by the Company

Ultimately held through	Name	Place and date of incorporation/ establishment and issued capital	Proportion of ownership interest (%)		Effective equity interest (%)		Principal activities
			2015	2014	2015	2014	
Meeko and Weblink	SGLD	PRC 26 September 2002 RMB208,100,000	72.63	72.63	72.63	72.63	Land development
	Shanghai Lake Malaren Hospital Investment Co., Ltd.	PRC 16 March 2009 RMB200,000,000	100.00	100.00	72.63	72.63	Hospital investment and health consultation
	Chengdu Shanghai Real Estate Co., Ltd.	PRC 20 December 2010 RMB20,000,000	100.00	100.00	72.63	72.63	Real estate development
	Shanghai Lake Malaren Obstetrical and Gynecological Hospital Co., Ltd.	PRC 17 October 2013 RMB10,000,000	100.00	100.00	72.63	72.63	Gynaecology and obstetrics
	Shanghai Lake Malaren Corporate Development Co., Ltd.	PRC 8 April 2014 RMB70,000,000	72.63	72.63	72.63	72.63	Real estate rental
	Shanghai Lake Malaren Commercial Management Co., Ltd.	PRC 8 April 2014 RMB70,000,000	72.63	72.63	72.63	72.63	Real estate rental and conference service
	Shanghai Lake Malaren Real Estate Development Co., Ltd.	PRC 8 April 2014 RMB200,000,000	72.63	72.63	72.63	72.63	Property management and hotel service

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Ultimately held through	Name	Place and date of incorporation/ establishment and issued capital	Proportion of ownership interest (%)		Effective equity interest (%)		Principal activities
			2015	2014	2015	2014	
Weblink	Shanghai Jia Tong Enterprises Co., Ltd. ("Shanghai Jiatong")	PRC 12 April 2006 RMB1,000,000	100.00	100.00	100.00	100.00	Consultation services
Protex Investment Limited	China New Town Development (Changchun) Company Limited ("CNTD Changchun")	British Virgin Islands 7 September 2006	100.00	100.00	100.00	100.00	Investment holding
	China New Town Development (Wuxi) Company Limited ("CNTD Wuxi")	British Virgin Islands 18 October 2006	100.00	100.00	100.00	100.00	Investment holding
	China New Town Development (Shenyang) Company Limited ("CNTD Shenyang")	British Virgin Islands 18 October 2006	100.00	100.00	100.00	100.00	Investment holding
	Safewell Investment Limited	British Virgin Islands 14 February 2007	100.00	100.00	100.00	100.00	Investment holding
	Shenyang Lixiang New Town Modern Agriculture Co., Ltd. ("Shenyang Lixiang")	PRC 6 March 2007 RMB747,666,613	90.00	90.00	90.00	90.00	Land development
	Shanghai CNTD Management Consulting Co., Ltd.	PRC 21 June 2007 RMB1,512,720	100.00	100.00	100.00	100.00	Enterprise investment consultation
	Changchun New Town Automobile Industry Construct Co., Ltd. ("CCJV")*	PRC 15 November 2007 RMB220,266,700	50.00	80.00	50.00	80.00	Land development
	Shenyang Lake Malaren Country Club Co., Ltd.	PRC 6 March 2008 RMB17,703,750	100.00	100.00	100.00	100.00	Sports management

* As at 31 December 2014, CCJV was a subsidiary of the Group, whereas as at 31 December 2015, it is a joint venture of the Group (see Note 8 for details of disposal).

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Ultimately held through	Name	Place and date of incorporation/ establishment and issued capital	Proportion of ownership interest (%)		Effective equity interest (%)		Principal activities
			2015	2014	2015	2014	
CNTD Holding	CDB New Town (Beijing) Management Consulting Co., Ltd.	PRC 20 November 2014 RMB25,000,000	100.00	100.00	100.00	100.00	Real estate consultation
	CDB New Town (Beijing) Asset Management Co., Ltd. ("CDB New Town")	PRC 6 January 2015 RMB110,000,000	100.00	–	100.00	–	Asset management
	CDB New Town (Changchun) Construction and Development Co., Ltd.**	PRC 2 December 2015 RMB10,000,000	100.00	–	100.00	–	Real estate development
	CDB Nanjing Investment Development Co., Ltd. ("CDB Nanjing")	PRC 1 August 2014 RMB90,000,000	100.00	–	100.00	–	Investment and asset development
	Nanjing Zhaoda Investment Co., Ltd.	PRC 5 November 2015	100.00	–	100.00	–	Investment
	CDB Agricultural Investment Management Co., Ltd.***	PRC 15 December 2015 RMB22,155,700	51.00	–	51.00	–	Investment management

** The registered capital was RMB100,000,000 in total, wholly owned by the Group. As at 31 December 2015, the Group had unilaterally contributed capital of RMB10,000,000, with RMB90,000,000 not yet paid up, as the company has been only established recently.

*** The registered capital was RMB47,692,600 in total, with 51.00% owned by the Group. As at 31 December 2015, the Group had unilaterally contributed capital of RMB22,155,700, with RMB2,167,526 not yet paid up, as the company has been only established recently.

- (c) The advances to subsidiaries are advances to intermediate holding companies, and they are unsecured, non-interest-bearing, with no fixed repayment terms and are expected to be settled in cash. The intermediate holding companies used these advances to finance their investment holdings of equity interests in the Group's indirect subsidiaries, details of which are as follows:

	<i>Notes</i>	2015	2014
Amounts due from:			
CNTD Shenyang		690,897	690,897
CNTD Wuxi		658,053	658,053
CNTD Changchun	(d)	176,320	176,320
New Town Procurement Co., Ltd. ("Procurement")		–	3,235
Safewell Investment Limited		1,513	1,513
CNTD Holding		400,000	400,000
Less: Impairment	(d)	(110,200)	(176,320)
		<u>1,816,583</u>	<u>1,753,698</u>

- (d) CCJV, a subsidiary of CNTD Changchun, made a full provision of RMB199 million against the outstanding receivables relating to the terminated land development in Changchun. CCJV incurred a significant loss and it was unable to repay the advances made to it by the Company. As a result, the Company, after performing an impairment assessment on the advances to CCJV, made a full impairment allowance amounting to RMB176 million in its own separate financial statements for the year ended 31 December 2011.

In November 2015, CNTD Changchun, a wholly-owned subsidiary of the Company, and Changchun Kaida Development Co., Ltd. ("Changchun Kaida"), a subsidiary of the Administrative Committee of Changchun Automotive Economic-Technology Development Zone (the "Changchun Committee"), entered into a share transfer agreement, pursuant to which CNTD Changchun agreed to sell 30% of the share capital of CCJV to Changchun Kaida for a consideration of RMB66.28 million. Due to this favourable development, the Company reversed an impairment loss amounting to RMB66.12 million in the Company's separate financial statements for the year ended 31 December 2015.

Such allowance for impairment, as reported in the Company's separate financial statements, did not affect the consolidated financial statements, as the advances to subsidiaries have been fully eliminated upon consolidation and all operating results of CCJV before the date of disposal were included in the consolidated financial statements.

(e) Material partly-owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests:

Name	Country of incorporation and operation	2015	2014
SGLD	PRC	27.37%	27.37%
Shenyang Lixiang	PRC	10.00%	10.00%
CCJV	PRC	N/A	20.00%

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

Summarised statement of profit or loss for 2015:

	SGLD	Shenyang Lixiang
Revenue	135,188	—
Cost of sales	(36,579)	—
Loss and total comprehensive loss for the year	(65,680)	(8,521)
Attributable to non-controlling interests	(17,977)	(852)
Dividends paid to non-controlling interests	—	—

Summarised statement of profit or loss for 2014:

	SGLD	Shenyang Lixiang	CCJV
Revenue	186,512	—	—
Cost of sales	(730,020)	—	—
(Loss)/profit and total comprehensive (loss)/income for the year	(482,823)	(8,770)	7,311
Attributable to non-controlling interests	(132,149)	(877)	1,462
Dividends paid to non-controlling interests	—	—	—

Summarised statement of financial position as of 31 December 2015:

	SGLD	Shenyang Lixiang
Current assets	2,239,581	925,933
Non-current assets	2,965,851	11,491
Current liabilities	(3,016,957)	(292,426)
Non-current liabilities	(1,157,481)	—
Total equity	1,030,994	644,998
Attributable to: Non-controlling interests	282,183	64,500

Summarised statement of financial position as of 31 December 2014:

	SGLD	Shenyang Lixiang	CCJV
Current assets	2,239,344	924,320	680
Non-current assets	2,867,696	18,932	29,209
Current liabilities	(2,976,323)	(289,733)	(8,674)
Non-current liabilities	(1,034,043)	—	—
Total equity	<u>1,096,674</u>	<u>653,519</u>	<u>21,215</u>
Attributable to: Non-controlling interests	<u>300,160</u>	<u>65,352</u>	<u>4,243</u>

Summarised cash flow information for 2015:

	SGLD	Shenyang Lixiang
Operating	95,800	(3,499)
Investing	9,517	1,081
Financing	(207,943)	—
Net decrease in cash and cash equivalents	<u>(102,626)</u>	<u>(2,418)</u>

Summarised cash flow information for 2014:

	SGLD	Shenyang Lixiang	CCJV
Operating	615,435	4,986	(4,174)
Investing	114,414	(3,222)	3,399
Financing	(706,163)	—	—
Net increase/(decrease) in cash and cash equivalents	<u>23,686</u>	<u>1,764</u>	<u>(775)</u>

4. INVESTMENT IN A JOINT VENTURE

	2015	2014
Unlisted shares	10,595	—

Details of the joint venture are as follows:

Name	Place and date of establishment	Proportion of ownership interest attributable to the Group (%)		Effective equity interest attributable to the Group (%)		Issued and paid-in capital	Authorised share capital	Principal activity
		2015	2014	2015	2014			
CCJV	PRC 15 November 2007	50%	80%	50%	80%	RMB220 million	RMB220 million	Land development

In 2015, CNTD Changchun sold 30% of equity interest in CCJV to Changchun Kaida. Immediately upon completion of the transaction, the Group lost control over CCJV and CCJV became a joint venture of the Group.

Summarised financial information of the joint venture, based on its IFRS financial statements, and the reconciliation to the carrying amount of the investment in consolidated financial statements are set out below:

	2015
Current assets	405
Non-current assets	29,196
Current liabilities	(8,412)
Non-current liabilities	—
Equity	21,189
Proportion of the Group's ownership	50%
Carrying amount of the investment	10,595

Summarised statement of profit or loss of the joint venture:

	2015
Revenue	—
Cost of sales	—
Administrative expenses	(102)
Loss before tax	(102)
Income tax expense	—
Net loss for the year	(102)
Total comprehensive loss for the year	(102)
Group's share of loss for the year	(51)

5. REVENUE, OTHER INCOME AND OTHER EXPENSES

Revenue

	2015	2014
Land development	67,022	56,813
Less: Business tax and surcharges	—	—
	<u>67,022</u>	<u>56,813</u>

Other income

	2015	2014
Interest income from loans and receivables	96,940	7,770
Interest income from bank deposits	37,941	28,564
Gain on financial assets designated at fair value through profit or loss	2,925	—
Foreign exchange gain, net	1,483	12,424
Reversal of bad debt provision	1,500	5,800
Others	3,026	1,843
	<u>143,815</u>	<u>56,401</u>

Other expenses

	2015	2014
Bank charges	505	734
Provision for doubtful debts	2,803	—
Others	213	113
	<u>3,521</u>	<u>847</u>

6. EXPENSES BY NATURE

	2015	2014
Cost of land development	12,445	46,397
Impairment of land development for sale	–	604,798
Depreciation of property, plant and equipment	1,984	4,696
Amortisation of prepaid land lease payments	377	2,810
Audit fees and non-audit fees	6,679	7,479
<i>Audit fees</i>		
– Auditor of the Company	3,600	4,050
– Other auditors	355	1,091
<i>Non-audit fees</i>		
– Auditor of the Company	–	–
– Other auditors	2,724	2,338
Employee benefits	47,388	34,513
Utility expenses	884	1,185
Property tax, stamp duty and land use tax	441	819
Advertising	–	8,745
Rental expense	5,743	4,916
Property management service expenses	8,688	9,012
Other expenses	25,561	17,085
	<u>110,190</u>	<u>742,455</u>
Total cost of sales, selling and distribution costs and administrative expenses		

7. FINANCE COSTS

	2015	2014
Interest on bank and other borrowings	19,783	85,923
Interest on senior guaranteed notes	49,447	–
Less: Interest capitalised	–	–
	<u>69,230</u>	<u>85,923</u>

8. GAIN ON DISPOSAL OF SUBSIDIARIES/ASSETS AND LIABILITIES RELATING TO DISCONTINUED OPERATIONS

In November 2015, CNTD Changchun, a wholly-owned subsidiary of the Group, entered into an agreement with Changchun Kaida, a subsidiary of the Changchun Committee, for the sale of 30% equity interest in CCJV to Changchun Kaida for a consideration of RMB66.28 million. Immediately upon completion of the transaction in November 2015, the Group's equity interest in CCJV decreased from 80% to 50% and the Group lost control over CCJV thereafter. The net consideration of RMB66.27 million, after immediately deducting a withholding tax of RMB14 thousand, was fully received by 31 December 2015. CCJV does not constitute part of the Disposal Assets.

In February and March 2015, with the consent of SREI, SGLD entered into an agreement to dispose of five subsidiaries to Black Eagle (Shanghai) Investment Management Co., Ltd. ("Black Eagle (Shanghai)") for RMB14,573,952. For the disposal of the assets and liabilities of the five subsidiaries, consideration attributable to SREI in relation to assets and liabilities belonging to the Disposal Assets was RMB14,573,952. The disposal consideration of RMB2,069,832,594 set out in the Disposal Master Agreement will therefore be reduced by RMB14,573,952 as a result (Note 13). The consideration was settled by net-off against the advances received for the settlement of Disposal Assets.

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In July 2015, with the consent of SREI, the Company entered into an agreement to dispose of Procurement and its two subsidiaries to Black Eagle Investment Advisors Limited (“Black Eagle Advisors”) for a net consideration of RMB21,591,582, after immediately deducting a withholding tax of RMB2,399,065. For the disposal of the assets and liabilities of the subsidiaries, consideration attributable to SREI in relation to assets and liabilities belonging to the Disposal Assets was RMB23,990,647. The disposal consideration of RMB2,069,832,594 set out in the Disposal Master Agreement will therefore be reduced by RMB23,990,647 as a result (Note 13). As at 31 December 2015, the net consideration amounting to RMB21,591,582 was still outstanding (Note 21).

As at the date of disposal	CCJV	Assets and liabilities relating to discontinued operations
Net assets/(liabilities) disposed of:		
Property, plant and equipment	672	24,516
Other assets	59	1,531
Inventories	–	2,645
Prepayments	–	3,134
Other receivables	58,249	287,803
Trade receivables	–	87,075
Cash and bank balances	351	6,245
Interest-bearing bank and other borrowings	–	(84,950)
Trade payables	–	(77,257)
Other payables and accruals	(38,039)	(269,461)
Advance from customers	–	(5,363)
Current income tax liability	–	(6,878)
	21,292	(30,960)
Non-controlling interests	(4,743)	1,842
Fair value of retained investments	(10,646)	–
Gain on disposal of subsidiaries/assets and liabilities relating to discontinued operations before tax	60,378	67,683
Consideration	66,281	38,565

In December 2014, with the consent of SREI, CNTD Wuxi, a wholly-owned subsidiary of the Group, entered into an agreement to dispose of the Wuxi Project Group to Wuxi Municipal New District Economic Development Group Limited (“Wuxi Xinfu Group”) for a net consideration of RMB1,133,905,524, after immediately deducting a withholding tax of RMB64,893,131. A portion of the assets under the Wuxi Project Group is part of the Disposal Assets and accordingly consent from SREI was obtained when negotiating this transaction. It was agreed in principle that gains arising from the disposal of the Wuxi Project Group will largely accrue to continuing operations. In addition, instead of transferring the assets and liabilities relating to discontinued operations to SREI as originally planned, such assets and liabilities will be transferred to Wuxi Xinfu Group.

For the disposal of the Wuxi Project Group, consideration attributable to SREI in relation to assets and liabilities belonging to the Disposal Assets was RMB600,246,164. The disposal consideration of RMB2,069,832,594 set out in the Disposal Master Agreement will therefore be reduced by RMB594,246,164 (Note 13), being the amount of the consideration attributable to the Disposal Assets (RMB600,246,164), net of the capital increase of Wuxi Xinrui Hospital (RMB6,000,000), which shall be borne by SREI.

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As at the date of disposal	Wuxi Project Group (excluding Disposal Assets)	Assets and liabilities relating to discontinued operations
Net (liabilities)/assets disposed of:		
Interest in a joint venture	–	55,498
Property, plant and equipment	38,623	23,110
Completed investment properties	–	51,000
Investment properties under construction	–	106,000
Prepaid land lease payments (current)	85,349	–
Deferred tax assets	16,460	–
Land development for sale	2,373,650	93,681
Inventories	–	107
Prepayments	–	199
Other receivables	2,407	330,651
Trade receivables	–	57
Cash and bank balances	1,579	4,699
Trade payables	(1,266,681)	(17,504)
Other payables and accruals	(949,044)	(798)
Amounts due to related parties	(3,000)	–
Deferred tax liabilities	–	(2,682)
Deferred revenue arising from land development	(286,649)	–
Current income tax liability	(16,482)	(5,770)
	<u>(3,788)</u>	<u>638,248</u>
Non-controlling interests	<u>(13,750)</u>	<u>(42,950)</u>
Gain on disposal of subsidiaries/assets and liabilities relating to discontinued operations before tax	<u>616,091</u>	<u>4,948</u>
Consideration	<u>598,553</u>	<u>600,246</u>

After immediately deducting a withholding tax of RMB64,893,131, the net consideration of RMB1,133,905,524 will be settled in cash. RMB608 million was received in January 2015. As at 31 December 2015, the remaining consideration amounting to RMB526 million was still outstanding (Note 21). In addition, the Group also has outstanding receivables from the Wuxi Project Group of approximately RMB738 million (Note 21).

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of subsidiaries/assets and liabilities relating to discontinued operations is as follows:

Year ended 31 December 2015	CCJV	Assets and liabilities relating to discontinued operations
Cash received	66,281	–
Cash and bank balances disposed of	<u>(351)</u>	<u>(6,245)</u>
Net inflow/(outflow) of cash and cash equivalents in respect of the disposal of subsidiaries/assets and liabilities relating to discontinued operations	<u>65,930</u>	<u>(6,245)</u>

Year ended 31 December 2014	Wuxi Project Group (excluding Disposal Assets)	Assets and liabilities relating to discontinued operations
Cash received	—	—
Cash and bank balances disposed of	(1,579)	(4,699)
Net outflow of cash and cash equivalents in respect of the disposal of subsidiaries/assets and liabilities relating to discontinued operations	(1,579)	(4,699)

9. INCOME TAX

The Group is subject to income tax on an entity basis on profit arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate.

The Company is a tax-exempted company incorporated in the British Virgin Islands.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the year.

The principal operating subsidiaries of the Company were subject to income tax at the rate of 25% on their taxable income according to the Income Tax Law of the PRC.

Mainland China withholding tax

Pursuant to the PRC Corporate Income Tax, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. The Group is therefore liable for withholding taxes on dividends distributed and remitted out of PRC by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

Pursuant to the PRC Corporate Income Tax, the member of the Group, who is not a tax resident in the jurisdiction of the PRC, will suffer a 10% withholding tax on the incomes from Mainland China, such as interest income and gains from disposal of equity investments. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. The Group determined that such withholding tax is an income tax in the scope of IAS 12 and has recognised such withholding taxes as a tax expense in the statement of profit or loss and other comprehensive income.

The major components of income tax are:

	2015	2014
Income tax charge/(credit):		
Current income tax	2,015	(149,174)
Deferred tax	(15,042)	40,298
Withholding tax	7,773	63,935
Income tax credit as reported in profit or loss	(5,254)	(44,941)

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A reconciliation between tax charge/(credit) and the product of accounting profit/(loss) multiplied by the Group's applicable income tax rate is as follows:

Year ended 31 December 2015

	CNTD and BVI companies		Mainland China		Total	
Profit/(loss) before tax	97,764		(9,541)		88,223	
Tax at the statutory tax rate	–	–	(2,385)	25.0%	(2,385)	-2.7%
Non-deductible expenses for tax purposes	–	–	253	-2.7%	253	0.3%
Income not subject to tax	–	–	(10,895)	114.2%	(10,895)	-12.3%
Effect of withholding tax	7,773	8.0%	–	–	7,773	8.8%
Income tax as reported in the statement of profit or loss and other comprehensive income	7,773	8.0%	(13,027)	136.5%	(5,254)	-5.9%

Year ended 31 December 2014

	CNTD and BVI companies		Mainland China		Total	
Profit/(loss) before tax	599,060		(698,980)		(99,920)	
Tax at the statutory tax rate	–	–	(174,745)	25.0%	(174,745)	174.9%
Tax losses not recognised	–	–	27,980	-4.0%	27,980	-28.0%
Non-deductible expenses for tax purposes	–	–	160	0.0%	160	-0.2%
Previously recognised tax losses written off	–	–	37,729	-5.4%	37,729	-37.8%
Effect of withholding tax	63,935	10.7%	–	–	63,935	-64.0%
Income tax as reported in the statement of profit or loss and other comprehensive income	63,935	10.7%	(108,876)	15.6%	(44,941)	44.9%

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities when the deferred tax assets and liabilities relate to income taxes, if any, levied by the same tax authority and the same taxable entity.

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Deferred income tax relates to the following:

	Consolidated statement of financial position		Consolidated statement of profit or loss and other comprehensive income	
	2015	2014	2015	2014
Deferred tax assets/(liabilities)				
Net difference between net carrying amount of land development for sale and their tax base	32,608	33,000	(392)	1,127
Accrued expenses	4,426	3,600	826	779
Losses available for offsetting against future taxable income	14,608	–	14,608	(37,731)
Provision for impairment of receivables	4,549	4,549	–	404
Effect of withholding tax at 10% on the distributable profits of the Group's subsidiaries in Mainland China	(21,151)	(21,151)	–	–
Others	–	–	–	(4,877)
Net deferred tax assets	<u>35,040</u>	<u>19,998</u>		
Deferred income tax credit/(charge)			<u>15,042</u>	<u>(40,298)</u>

Deferred tax movements:

	2015	2014
As of 1 January	19,998	100,430
Tax income/(expense) recognised in profit or loss	15,042	(40,298)
Disposal of subsidiaries	–	(13,778)
Discontinued operations	–	(299)
Transferred to held for sale	–	(26,057)
As at 31 December	<u>35,040</u>	<u>19,998</u>
Deferred tax assets	<u>56,191</u>	<u>41,149</u>
Deferred tax liabilities	<u>(21,151)</u>	<u>(21,151)</u>

10. DIVIDENDS

No final dividend to the shareholders has been proposed by the Company in respect of the year ended 31 December 2015 (2014: nil).

11. PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated profit/(loss) attributable to owners of the parent for the years ended 31 December 2015 and 2014 includes a profit of RMB100,227 thousand and a loss of RMB4,149 thousand, respectively, which have been dealt with in the financial statements of the Company.

12. EARNINGS/(LOSS) PER SHARE

The calculations of the basic earnings/(loss) per share amounts are based on the profit/(loss) attributable to ordinary equity holders of the parent for the years ended 31 December 2015 and 2014.

The following reflects the earnings/(loss) and share data used in the basic and diluted earnings/(loss) per share calculations:

	2015	2014
Profit/(loss) attributable to ordinary equity holders of the parent:		
Continuing operations	106,501	54,622
Discontinued operations	(41,360)	(116,026)
Profit/(loss) attributable to ordinary equity holders of the parent for basic and diluted earnings/(loss) per share	<u>65,141</u>	<u>(61,404)</u>
Weighted average number of ordinary shares used to calculate the basic and diluted earnings/(loss) per share	<u>9,846,119,747</u>	<u>8,571,409,793</u>
Basic and diluted earnings/(loss) per share (RMB)	<u>0.0066</u>	<u>(0.0072)</u>
Basic and diluted earnings per share from continuing operations (RMB)	<u>0.0108</u>	<u>0.0063</u>
Basic and diluted loss per share from discontinued operations (RMB)	<u>(0.0042)</u>	<u>(0.0135)</u>

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of approval and authorisation of these financial statements.

13. DISCONTINUED OPERATIONS

As an appendix to the Subscription Agreement (Note 1), there was a Disposal Master Agreement between the Company and SREI, pursuant to which the Company has conditionally agreed to sell and SREI has conditionally agreed to purchase, within 24 months upon completion of the Subscription, specified assets and liabilities not relating to the Group's main principal business of planning and development of new town projects in Mainland China, the Disposal Assets, for a total consideration of RMB2,069,832,594 in the form of cash payment in instalments subject to the terms and conditions contained therein (the "Disposal"). The parties to the Disposal Master Agreement may however, after discussion, agree to dispose of a Disposal Asset to a third party other than SREI and its subsidiaries. The Disposal was conditional on completion of the Subscription which was completed in the first quarter of 2014. According to the Disposal Master Agreement, the Company's entitled cash consideration in relation to disposing of such assets has been fixed and shall not be affected by the subsequent profit or loss associated with such assets.

To date, as disclosed in Note 8, transfers of the following assets and liabilities relating to the Disposal Assets had been completed:

	Consideration
Wuxi Project Group to Wuxi Xinfu Group	594,246
Five subsidiaries to Black Eagle (Shanghai)	14,574
Procurement and its two subsidiaries to Black Eagle Advisors	23,991

As at 31 December 2015, the Disposal Assets are classified as assets held for sale in the financial statements and deemed discontinued operations of the Group and the unsettled disposal consideration of the Disposal Master Agreement amounted to RMB1,437 million (2014: RMB1,475 million).

On 9 June 2015, SRE announced that the Changzhou City People's Procuratorate of the People's Republic of China has required Mr. Shi Jian to stay under custody at a designated residence (the "Measures"). As Mr. Shi Jian is also the controlling shareholder and Chairman of the board of directors of SREI, who is responsible for the acquisition of the Disposal Assets, the process of the Disposal Master Agreement was delayed and the overall progress for the transfer of the Disposal Assets to SREI is affected.

In addition, due to the delay in transition and settlement procedures of the disposal of Wuxi Project Group by various external factors, completion of the disposal has to be postponed and the relevant payment date is therefore temporarily delayed, after a payment of RMB608 million was made in January 2015. Management of the Group is of the view that consideration and receivables will be settled in due course, based on ongoing communications with Wuxi Xinfu Group and an assessment of the situation.

Although the overall progress for the disposal of discontinued operations to SREI or parties designated by it has taken longer than originally expected, progresses were made during the year. The management of the Group is actively negotiating with SREI and looking for new buyers, and various arrangements are under negotiation, with the consent of SREI. Management assessed and estimated that the transfer of the Disposal Assets will be completed within the next 12 months. To date, an advance of RMB553,549 thousand had been received from Black Eagle (Shanghai) in advance. In addition, 14.91% of the equity shares in the Company held by SREI had been pledged to CDBIH to enforce the performance of the contract for the purchase of the Disposal Assets if necessary.

The financial results of discontinued operations for the following years are set out below:

	<i>Notes</i>	2015	2014
Revenue	<i>13.a</i>	151,483	386,598
Cost of sales		<u>(85,547)</u>	<u>(261,205)</u>
Gross profit		65,936	125,393
Other income		1,100	1,662
Selling and distribution costs		(17,740)	(82,385)
Administrative expenses		(69,791)	(90,584)
Other expenses		(25,254)	(2,054)
Fair value gain on completed investment properties		<u>–</u>	<u>8,674</u>
Operating loss from discontinued operations		(45,749)	(39,294)
Finance costs	<i>13.b</i>	(75,888)	(105,070)
Share of loss from a joint venture		<u>–</u>	<u>(158)</u>
Loss before tax from discontinued operations		(121,637)	(144,522)
Income tax		<u>(3,722)</u>	<u>(9,669)</u>
Loss for the year from discontinued operations		(125,359)	(154,191)
Gain after tax on partial disposal of assets and liabilities relating to discontinued operations	<i>8</i>	<u>67,683</u>	<u>3,990</u>
Total loss for the year from the discontinued operations		<u><u>(57,676)</u></u>	<u><u>(150,201)</u></u>

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- a. The revenue of discontinued operations are as follows:

	2015	2014
Property development	48,600	234,649
Hotel operations	28,113	49,980
Golf operations	33,604	95,589
Investment property leasing	17,130	15,337
Hospital operations	36,326	18,592
Others	335	2,125
Less: Business tax and surcharges	(12,625)	(29,674)
Total	151,483	386,598

- b. The finance costs of discontinued operations are as follows:

	2015	2014
Interest on bank and other borrowings wholly repayable within five years	83,051	108,739
Less: Interest capitalised	(7,163)	(3,669)
	75,888	105,070

The major classes of assets and liabilities classified as held for sale as at 31 December 2015 and 2014 are as follows:

	Notes	2015	2014
Assets			
Investment in an associate		200	200
Property, plant and equipment		1,609,322	1,623,721
Completed investment properties	13.c	698,000	698,000
Prepaid land lease payments – long-term		146,851	146,851
Non-current trade receivables		–	110
Deferred tax assets		27,358	30,722
Other assets		40,714	43,442
Properties under development for sale	13.d	1,589,023	1,539,563
Prepaid land lease payments – short-term		443,638	469,059
Inventories		1,998	5,116
Prepayments		9,322	35,240
Other receivables		199,184	210,896
Trade receivables		2,059	6,866
Prepaid income taxes		25,158	13,608
Cash and bank balances		10,689	80,843
Assets classified as held for sale		4,803,516	4,904,237

	<i>Notes</i>	2015	2014
Liabilities			
Non-current interest-bearing bank and other borrowings	<i>13.f</i>	688,619	947,690
Deferred revenue arising from sale of golf club memberships	<i>13.e</i>	453,296	470,107
Deferred tax liabilities		4,665	4,665
Interest-bearing bank and other borrowings	<i>13.f</i>	488,471	573,480
Trade payables		412,734	463,182
Other payables and accruals		1,037,212	756,151
Advances from customers		281,223	249,864
Current income tax liabilities		–	6,882
Liabilities directly associated with assets classified as held for sale			
		<u>3,366,220</u>	<u>3,472,021</u>
Net assets directly associated with Disposal Assets			
		<u>1,437,296</u>	<u>1,432,216</u>

- c. As at 31 December 2015 and 2014, the completed investment properties are as follows:

Description and location	Existing use	2015	2014
Scandinavia Street, Shanghai, PRC	Retail street	488,000	488,000
Shopping mall, Shanghai, PRC	Supermarket	<u>210,000</u>	<u>210,000</u>
		<u>698,000</u>	<u>698,000</u>

The movements of the completed investment properties are as follows:

Completed investment properties	2015	2014
At the beginning of the year	698,000	689,326
Add: Gain from increase in fair value	<u>–</u>	<u>8,674</u>
At the end of the year	<u>698,000</u>	<u>698,000</u>

The fair values were valued by DTZ Debenham Tie Leung Limited (“DTZ”), an independent professionally qualified valuer.

- d. As at 31 December 2015 and 2014, the properties under development for sale are as follows:

	2015	2014
At cost:		
In Shanghai City, PRC	1,285,263	1,279,260
In Chengdu City, PRC	303,760	261,918
	<u>1,589,023</u>	<u>1,541,178</u>
Provision for the excess of cost over net realisable value:	<u>–</u>	<u>(1,615)</u>
	<u>1,589,023</u>	<u>1,539,563</u>

- e. The deferred revenue arising from sale of golf club memberships is deferred and recognised on the straight-line basis over the expected period when the related benefits would be provided. For the years ended 31 December 2015 and 2014, RMB16,811 thousand and RMB16,101 thousand respectively of the deferred revenue arising from sale of golf club memberships were released to the statement of profit or loss and other comprehensive income of discontinued operation.

- f. As at 31 December 2015 and 2014, the interest-bearing bank and other borrowings are as follows:

	2015	2014
Bank and other borrowings – secured	797,090	1,121,170
Bank and other loans – guaranteed	380,000	400,000
Bank and other borrowings – unsecured and unguaranteed	<u>–</u>	<u>–</u>
	<u>1,177,090</u>	<u>1,521,170</u>

The interest-bearing bank and other borrowings are repayable as follows:

	2015	2014
Within 6 months	351,694	448,940
6 months to 9 months	29,770	24,770
9 months to 12 months	107,007	99,770
1 year to 2 years	321,789	303,780
2 years to 5 years	172,660	400,660
Over 5 years	<u>194,170</u>	<u>243,250</u>
	<u>1,177,090</u>	<u>1,521,170</u>

The Group's interest-bearing bank borrowings of discontinued operations in RMB bore interest at rates ranging from 5.5% to 10.0% per annum for the year ended 31 December 2015 (2014: from 5.5% to 10.0% per annum).

Bank borrowings – secured

As at 31 December 2015, bank borrowings of RMB772,090 thousand (2014: RMB1,006,170 thousand) were pledged by the Group's certain properties, which were classified as assets held for sale, including property, plant and equipment, completed investment properties, properties under development for sale as well as prepaid land lease payments, whose net carrying amounts at 31 December 2015 were RMB108,491 thousand (2014: RMB422,367 thousand), RMB605,365 thousand (2014: RMB605,365 thousand), RMB1,180,288 thousand (2014: RMB1,167,353 thousand) and RMB454,062 thousand (2014: RMB526,653 thousand), respectively. Among which, a loan of RMB79,570 thousand (2014: RMB88,650 thousand) was also guaranteed by Mr. Shi Jian besides collateral, and loans of RMB407,100 thousand (2014: RMB589,600 thousand) was also guaranteed by SRE besides collateral. Another loan of RMB285,420 thousand (2014: RMB327,920 thousand) was also guaranteed by several companies and

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individuals, who are SGLD, Shanghai Lake Malaren Commercial Management Co., Ltd., SRE, Shanghai Shuo Cheng Real Estate Ltd., Shanghai Lake Malaren Real Estate Development Co., Ltd., Mr. Shi Jian and Ms. Si Xiaodong as well as Wuxi Yong Qing Real Estate Co., Ltd., besides collateral.

As at 31 December 2015, bank borrowings of RMB25,000 thousand (2014: RMB30,000 thousand) were pledged by real estate of Shanghai Anderson Fuxing Land Co., Ltd.

Bank and other borrowings – guaranteed

As at 31 December 2015, a long-term loan of RMB380,000 thousand (2014: RMB400,000 thousand) was guaranteed by several companies and individuals, who are SGLD, SRE, Shanghai Shuo Cheng Real Estate Ltd., Shanghai Lake Malaren Real Estate Development Co., Ltd., Mr. Shi Jian and Ms. Si Xiaodong as well as Wuxi Yong Qing Real Estate Co., Ltd..

The net cash flows related to the Disposal Assets are as follows:

	2015	2014
Operating	307,985	360,508
Investing	(44,335)	60,699
Financing	(333,804)	(424,919)
Net cash outflow	(70,154)	(3,712)

Loss per share (RMB):	Notes	2015	2014
Basic and diluted loss for the year from discontinued operations	12	(0.0042)	(0.0135)

14. LOANS AND RECEIVABLES

		2015	2014
CDB Yuhua	(a)	490,000	490,000
Danyang Public Private Partnership (“PPP”)	(b)	200,000	–
Danyang Xinmeng River	(c)	200,000	–
Other loans		370,488	–
		1,260,488	490,000
Amounts due in next 12 months classified as current assets		570,488	–
Amounts classified as non-current assets		690,000	490,000

- (a) On 3 November 2014, the Group entered into the Cooperation Framework Agreement with the People’s Government of Nanjing Yuhuatai District (the “Yuhuatai District Government”) and CDB Capital, the controlling shareholder of the Group to participate in the primary land development of the Two Bridges area, which has a total site area of 21.4 sq.km (the Two Bridges Project). Pursuant to the Agreement, the Yuhuatai District Government has agreed to contractually appoint Nanjing CDB Yuhua Urban Re-development Company Limited (“CDB Yuhua”) as the sole authorised primary land developer of the Two Bridges Project. Then after, the Group contributed capital of RMB490 million to CDB Yuhua. The Yuhuatai District Government has agreed that Yuhuatai District State-Owned Assets Operations (“Yuhuatai SOAO”) shall guarantee 12.8% after-tax fixed return on the Group’s capital contribution to CDB Yuhua. The Group will not share the operating profits, nor bear the operating loss of CBD Yuhua.

Upon expiry of the term of the cooperation agreement in five years, the Yuhuatai District Government is obliged to repurchase the shares held by the Group at a determinable price, which is the principal of RMB490,000,000 plus interest receivable. As such, the investment is classified as loans and receivables.

- (b) In July 2015, the Group entered into a PPP Cooperative Investment Agreement with Danyang Investment Group Co., Ltd. (“Danyang Investment”) and Danyang Municipal Development Co., Ltd., to engage in the development and operation of the Danyang Municipal Flood-discharge Canal Regulation and Suzhou South Canal (Danyang Segment) Regulation Project. Pursuant to the Agreement, CNTD Holding and CDB New Town, subsidiaries of the Group, as private sector investors shall fund in aggregate RMB200 million in the form of capital to Danyang Tiansheng New Town Development Investment Company Limited (“Danyang Tiansheng” or the “Project Company”) which constitute 36.6% of share capital to Danyang Tiansheng. The Group will be entitled to a fixed investment return of 13% per annum, payable quarterly, during the development period, which shall be paid by Danyang Investment. Upon expiry of the PPP arrangement in 2 years, Danyang Investment is obliged to repurchase the Group’s share of Danyang Tiansheng at a consideration equal to the actual invested capital. As such, the investment is classified as loans and receivables.
- (c) In December 2015, the Group entered into the Cooperative Investment Agreement with Danyang Investment and Danyang Chengtai Construction Development Co., Ltd. (“Danyang Chengtai”) to engage in the investment and development of Danyang Xinmeng River’s Extension and Expansion Project. Pursuant to the Agreement, CNTD Holding and CDB New Town, subsidiaries of the Group, as private sector investors shall contribute in aggregate RMB200 million in the form of capital to Danyang Tiansheng Water Conservancy Development Company Limited (“Tiansheng Water Conservancy” or the “Project Company”) to fund the development of the project. This constitutes 33.3% of the share capital of Tiansheng Water Conservancy. The Group will be entitled to a fixed investment return of 12% per annum, payable quarterly, during the investment period, which shall be paid by Danyang Chengtai. Upon expiry of the arrangement in 1 year, Danyang Chengtai is obliged to repurchase the Group’s share of Tiansheng Water Conservancy at a consideration based on the actual invested capital plus interest receivable. As such, the investment is classified as loans and receivables.

15. AVAILABLE-FOR-SALE FINANCIAL ASSETS

In July 2015, CDB Nanjing, a subsidiary of the Group, entered into an agreement to purchase a 13.89% equity interest in Jiangsu Hong-tu Software Venture Capital Investment Ltd., at RMB37.5 million. The company will participate in the development of land parcel A5 of Yuhuatai District Software Valley in Nanjing. As of 31 December 2015, RMB32 million was paid up by CDB Nanjing.

16. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

In June 2015, CDB New Town, a wholly-owned subsidiary of the Group, entered into a limited partnership agreement in relation to an investment partnership, CDB (Beijing) – BOCOMM New-Type Urbanisation Development Fund (the “Urbanisation Fund”) with a fund size of RMB10 billion.

As a junior-tranche limited partner, CDB New Town is committed to contributing 1.5% capital ratio to the partnership, which amounted to RMB150 million, and will share residual value. As at 31 December 2015, CDB New Town had invested RMB65.949 million to the partnership which had in turn invested in various debt and equity investments. The management of the Group has designated such investments at fair value through profit or loss.

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17. PROPERTY, PLANT AND EQUIPMENT

	Hotel properties	Golf operational assets	Other buildings	Furniture, fixtures and equipment	Motor vehicles	Construction in progress	Total
Original cost							
At 1 January 2014	753,690	756,580	540,724	96,508	47,689	96,995	2,292,186
Additions	–	3,132	101,596	7,989	2,326	98	115,141
Transfers to held for sale	(729,690)	(759,712)	(566,714)	(88,328)	(27,993)	(71,345)	(2,243,782)
Disposals of subsidiaries	(24,000)	–	(18,413)	(413)	(2,807)	(25,517)	(71,150)
Disposals	–	–	(2,571)	(7,566)	(4,634)	–	(14,771)
At 31 December 2014	–	–	54,622	8,190	14,581	231	77,624
Additions	–	–	68	935	202	–	1,205
Disposals of subsidiaries	–	–	–	(142)	(1,583)	(231)	(1,956)
Disposals	–	–	–	(1,012)	(68)	–	(1,080)
At 31 December 2015	–	–	54,690	7,971	13,132	–	75,793
Accumulated depreciation							
At 1 January 2014	234,311	147,440	26,945	52,139	37,811	–	498,646
Provided during the year	6,053	5,380	6,520	2,512	2,059	–	22,524
Transfers to held for sale	(239,344)	(152,820)	(6,157)	(39,621)	(20,546)	–	(458,488)
Disposals of subsidiaries	(1,020)	–	(5,514)	(384)	(2,499)	–	(9,417)
Disposals	–	–	(5,857)	(7,025)	(4,109)	–	(16,991)
At 31 December 2014	–	–	15,937	7,621	12,716	–	36,274
Provided during the year	–	–	988	376	620	–	1,984
Disposals of subsidiaries	–	–	–	(123)	(1,160)	–	(1,283)
Disposals	–	–	–	(913)	(61)	–	(974)
At 31 December 2015	–	–	16,925	6,961	12,115	–	36,001
Impairment							
At 1 January 2014	145,583	–	–	–	–	15,990	161,573
Transfers to held for sale	(145,583)	–	–	–	–	(15,990)	(161,573)
At 31 December 2014	–	–	–	–	–	–	–
Recognised during the year	–	–	–	–	–	–	–
At 31 December 2015	–	–	–	–	–	–	–
Net carrying amount							
At 1 January 2014	373,796	609,140	513,779	44,369	9,878	81,005	1,631,967
At 31 December 2014	–	–	38,685	569	1,865	231	41,350
At 31 December 2015	–	–	37,765	1,010	1,017	–	39,792

18. PREPAID LAND LEASE PAYMENTS

The Group's prepaid land lease payments represent prepaid operating lease payments and their movements are analysed below:

	2015	2014
In Mainland China, held on:		
– Leases of between 10 and 50 years	11,657	12,034
– Leases of over 50 years	–	–
	<u>11,657</u>	<u>12,034</u>
At beginning of year	12,034	886,898
Additions	–	3,474
Disposals with the sale of completed properties	–	(76,488)
Disposal of subsidiaries	–	(172,734)
Amortisation charged to profit or loss	(377)	(3,826)
Amortisation capitalised as properties under development for sale	–	(9,380)
Transfer to held for sale	–	(615,910)
	<u>11,657</u>	<u>12,034</u>
At the end of the year	<u>11,657</u>	<u>12,034</u>

As at 31 December 2015 and 2014, none of the above prepaid land lease payments were held for development into properties for sale, which should be classified as current assets.

19. LAND DEVELOPMENT FOR SALE

	2015	2014
At lower of cost and net realisable value:		
Mainland China	<u>1,546,483</u>	<u>1,549,079</u>

Land development for sale represents the cost of land development within the districts of the new town development projects. Though the Group does not have ownership title or land use rights to such land, the Group is given the right to carry out construction and preparation works in respect of land infrastructure and ancillary public facilities in those new town development projects. When the land plots are sold by the local governments, the Group is entitled to receive from the local authorities a proportion of the proceeds from land sales (including related public utility fees, if any).

Land development for sale is expected to be realised in the normal operating cycle, which is longer than twelve months.

As mentioned in the accounting policy for revenue recognition on land development for sale in Note 2.4, revenue is recognised depending on the timing of sales of related parcel of land by the authorities, which is uncertain and out of the control of the Group. Upon the sales of related land plots by the authorities, the amounts of land development for sale were recognised and recorded as cost of sales.

Impairment charge to state land development for sale at net realisable value

At Luodian New Town, the total area of 6.8 sq. km of prepared land can be divided into Western and Eastern portions of 3.4 sq. km and 3.4 sq. km respectively. To date, all land parcels in the Western portion had been sold while none of the land in the Eastern portion is sold. In 2014, the Directors performed an assessment of the land development for sale at Luodian and determined that additional costs need to be incurred beyond what had been originally committed, to improve the infrastructure for the area to promote the overall attractiveness of the Eastern land parcel. Although further costs incurred to improve the overall attractiveness of the location may result in higher selling prices for the prepared land, this has not been taken into consideration on grounds of prudence when assessing impairment. As a result, RMB605 million of impairment charge was recognised for land development for sale at SGLD to state it at net realisable value for the year ended 31 December 2014. As at 31 December 2015, the Directors reassessed the recoverable amount of the land in the Eastern portion and found it was close to the carrying amount. As a result, the Group neither further provided nor reversed the impairment.

20. PREPAYMENTS

	2015	2014
Prepayments	1,675	8,539

The prepayments as at 31 December 2015 mainly included a prepayment of RMB1,126 thousand for rental and property management expenses for the headquarters.

The prepayments as at 31 December 2014 mainly included a prepayment of RMB8,536 thousand for renovation and rental prepayments for the headquarters.

21. OTHER RECEIVABLES

	Notes	2015	2014
Other receivables			
Net disposal consideration	8	547,467	1,133,906
Due from Wuxi Project Group	8	738,027	738,027
Interests receivable from loans and receivables		75,293	7,770
Due from Changchun Committee	(a)	–	182,569
Others		73,136	44,932
		1,433,923	2,107,204
Less: Impairment	(a)	(18,196)	(200,765)
Other receivables, net		1,415,727	1,906,439

An aged analysis of the other receivables is as follows:

	Other receivables	2015 Less: allowance for impairment	Other receivables, net
Within 6 months	87,695	–	87,695
6 months to 1 year	21,600	–	21,600
1 year to 2 years	1,306,432	–	1,306,432
2 years to 3 years	–	–	–
Over 3 years	18,196	(18,196)	–
	1,433,923	(18,196)	1,415,727

		2014	
	Other receivables	Less: allowance for impairment	Other receivables, net
Within 6 months	1,904,097	—	1,904,097
6 months to 1 year	2	—	2
1 year to 2 years	90	—	90
2 years to 3 years	—	—	—
Over 3 years	203,015	(200,765)	2,250
	<u>2,107,204</u>	<u>(200,765)</u>	<u>1,906,439</u>

The Group does not hold any collateral or other credit enhancements over these balances.

- (a) As at 31 December 2014, the balance represents the development cost and related compensation which should be repaid by the Changchun Committee. The Group has made a full provision against the outstanding balance due to the delay in payments by the Changchun Committee. In 2015, with the disposal of CCJV, the outstanding balance together with the provision was derecognised in the Group's statement of financial position.

22. TRADE RECEIVABLES

	2015	2014
Receivables from land development for sale	59,218	62,218
Others	—	1,635
	<u>59,218</u>	<u>63,853</u>
Less: Impairment	—	—
Trade receivables, net	<u>59,218</u>	<u>63,853</u>

An aged analysis of the trade receivables is as follows:

	2015	
	Trade receivables	Less: allowance for impairment
		Trade receivables, net
Within 6 months	—	—
6 months to 1 year	—	—
1 year to 2 years	27,000	27,000
2 years to 3 years	—	—
Over 3 years	32,218	32,218
	<u>59,218</u>	<u>59,218</u>

		2014	
	Trade receivables	Less: allowance for impairment	Trade receivables, net
Within 6 months	31,635	–	31,635
6 months to 1 year	–	–	–
1 year to 2 years	–	–	–
2 years to 3 years	–	–	–
Over 3 years	32,218	–	32,218
	<u>63,853</u>	<u>–</u>	<u>63,853</u>

The above balances are unsecured and interest-free.

23. CASH AND BANK BALANCES

	2015	2014
Cash on hand	152	534
Cash at banks	<u>1,373,007</u>	<u>875,760</u>
Cash and cash equivalents	1,373,159	876,294
Restricted bank deposits	206,186	–
Cash at banks and on hand transferred to discontinued operations	<u>(10,689)</u>	<u>(80,843)</u>
	<u>1,568,656</u>	<u>795,451</u>

Cash at banks earns interest at floating rates based on daily bank deposit rates.

There were RMB206,186 thousand of restricted bank deposits as at 31 December 2015 (2014: nil), which was pledged for bank borrowings.

The carrying amounts of the cash and deposits which are denominated in the following currencies are set out below:

RMB equivalent of the following currencies:	2015	2014
SG\$	258	168
RMB	1,566,972	788,130
HK\$	1,354	7,052
US\$	<u>72</u>	<u>101</u>
	<u>1,568,656</u>	<u>795,451</u>

RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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24. SHARE CAPITAL

Group and Company

	2015		2014	
	Number of shares (thousand)	Amount*	Number of shares (thousand)	Amount*
Ordinary shares authorised	<u>20,000,000</u>		<u>20,000,000</u>	
Ordinary shares issued and fully paid:				
Share capital at the beginning of the year	9,846,120	4,110,841	4,498,199	2,980,809
Placing of new shares	<u>–</u>	<u>–</u>	<u>5,347,921</u>	<u>1,130,032</u>
Share capital at the end of the year	<u>9,846,120</u>	<u>4,110,841</u>	<u>9,846,120</u>	<u>4,110,841</u>

* There is no par value for the shares of the Company. In 2007, there was a share split whereby one existing share was split into 75,000 shares.

The holders of ordinary shares are entitled to receive dividends as and when they are declared by the Board of Directors and approved by the shareholders. Each ordinary share carries one vote per share without restrictions.

25. OTHER RESERVES

Group

	Imputed equity contribution upon reorganisation	Capital contribution received upon the repurchase of convertible bonds	Others	Total
At 1 January 2014, 31 December 2014 and 2015	<u>224,032</u>	<u>163,433</u>	<u>191,805</u>	<u>579,270</u>

Company

	Imputed equity contribution upon reorganisation	Capital contribution received upon the repurchase of convertible bonds	Others	Total
At 1 January 2014, 31 December 2014 and 2015	<u>1,557,445</u>	<u>163,433</u>	<u>191,805</u>	<u>1,912,683</u>

There were no movements in other reserves during the years ended 31 December 2015 and 2014.

Nature and purpose of other reserves***Imputed equity contribution upon reorganisation***

The Company applied the pooling of interest method to account for the business combination under common control that occurred on 20 December 2006. This therefore represents the difference between the Company's share of net assets of the Group and the sum of share capital and retained earnings that should be recorded as a result of applying the pooling of interest method.

Capital contribution received upon the repurchase of convertible bonds

This represents the capital contribution from SREI in connection with the Company's repurchase of convertible bonds.

Other

This represents the fair value change of the equity component of certain convertible bonds issued by the Company upon their repurchase.

26. SENIOR GUARANTEED NOTES

In May 2015, Finance I, a wholly-owned subsidiary of the Company completed senior guaranteed notes issuance of RMB1.3 billion with a maturity date of 6 May 2018. The net proceeds (after deducting underwriting commissions and certain other expenses) amounted to RMB1.29 billion, intended for general corporate purposes. The senior guaranteed notes bore interest at 5.5% per annum. The senior guaranteed notes were guaranteed by the Company with credit enhancement measures, such as the keepwell deed, liquidity support and deed of equity interest purchase undertaking from CDB Capital.

The movements of the carrying amounts of senior guaranteed notes during the year ended 31 December 2015 were as follows:

	2015
At the beginning of year	–
Net proceeds of senior guaranteed notes issued	1,288,057
Accrued Interest expenses	49,447
Interest payment	(36,044)
At the end of year	1,301,460
Categorised as current liabilities (<i>Note 29</i>)	10,970
Categorised as non-current liabilities	1,290,490

27. INTEREST-BEARING BANK AND OTHER BORROWINGS

Details of interest-bearing bank and other borrowings which were all denominated in RMB are as follows:

	2015	2014
Bank and other borrowings – secured	200,000	246,000
Bank and other borrowings – guaranteed	324,030	–
Other borrowings – unsecured and unguaranteed	150,000	650,000
	674,030	896,000

The interest-bearing bank and other borrowings are repayable as follows:

	2015	2014
Within 6 months	150,000	679,000
6 months to 9 months	200,000	100,000
9 months to 12 months	15,000	117,000
1 year to 2 years	50,000	–
2 years to 5 years	259,030	–
Over 5 years	–	–
	<u>674,030</u>	<u>896,000</u>

The Group's interest-bearing bank borrowings in RMB bore interest at floating rates ranging from 2.42% to 5.09% per annum for the year ended 31 December 2015 (2014: 5.9% per annum).

As at 31 December 2015, the Group had fully repaid a borrowing from a related party of RMB500 million (see Note 31) which bore interest at a fixed rate of 10% per annum.

Bank borrowings – secured

As at 31 December 2015, bank borrowings of RMB200 million (2014: nil) were secured by pledge of the Group's bank deposits, whose net carrying amounts at 31 December 2015 were RMB206,186 thousand. Bank borrowings of RMB246 million had been fully repaid in 2015, which were pledged by the Group's certain properties which were classified as assets held for sale, including property, plant and equipment and prepaid land lease payments, whose net carrying amounts at 31 December 2014 were RMB313,876 thousand and RMB64,444 thousand, respectively.

Bank and other borrowings – guaranteed

As at 31 December 2015, bank borrowings of RMB324,030 thousand were guaranteed by a related party, CDB Capital (2014: nil).

Other borrowings – unsecured and unguaranteed

As at 31 December 2015, the Group's unsecured other borrowing of RMB150 million is an interest-free loan from Shanghai Luodian Old Town Real Estate Limited (2014: RMB150 million).

As at 31 December 2015, the Group had undrawn credit facilities of RMB110 million (2014: nil).

28. DEFERRED REVENUE

	Note	2015	2014
Deferred revenue arising from:			
Land development for sale	(i)	<u>352,794</u>	<u>383,716</u>
		<u>352,794</u>	<u>383,716</u>

Note:

- (i) The deferred revenue arising from land development for sale represents the portion of amounts received or receivable from the land authorities as a result of the sales of parcels of land developed by the Group that are not yet recognised as revenue, because the developments of the ancillary public facilities of land sold are still in progress. The amounts received or receivable are non-refundable unless the Group fails to complete the development work. The deferred revenue is classified as a current liability as the remaining development work is expected to be provided within the normal operating cycle.

29. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	2015	2014
Trade payables	149,942	161,534
Payroll and welfare	13,478	5,356
Accrued coupon interest of senior guaranteed notes	10,970	–
Other taxes payable:		
Business tax payable	13,685	12,715
Property tax payable	32	–
Other miscellaneous tax	1,215	61
Estimated payables to constructors for the Changchun project	–	8,618
Receipts in excess of the Group's estimated share of land sales proceeds	26,477	26,477
Payable for transaction cost of the Disposal	7,119	12,106
Payable for expense incurred in application for National AAAA Tourist Attraction (Luodian New Town)	3,200	3,200
Amounts due to related parties (<i>Note 31(a)</i>)	36,908	–
Balances due to subsidiaries disposed of	101,410	–
Others	56,470	48,350
	<u>420,906</u>	<u>278,417</u>

Terms and conditions of the above liabilities:

- Trade payables are non-interest-bearing and are normally settled within one year, among which trade payables of approximately RMB57 million (2014: approximately RMB61 million) are contracted with no specified due date.
- Payroll and welfare are normally settled within the next month.
- Other payables and other tax payables are non-interest-bearing and are normally settled when they are due or within one year.

An aged analysis of the Group's trade payables as at the reporting dates is as follows:

	2015	2014
Within 1 year	577	20,089
1 to 2 years	12,554	26,784
Over 2 years	136,811	114,661
	<u>149,942</u>	<u>161,534</u>

30. EMPLOYEE BENEFITS AND DIRECTORS' REMUNERATION**Employee benefits (including directors)**

	2015	2014
Included in administrative expenses:		
Wages and salaries	26,605	25,266
Social welfare other than pensions	5,136	1,127
Pension – defined contribution plan	3,088	2,041
Staff welfare and bonuses	12,559	6,079
	<u>47,388</u>	<u>34,513</u>

APPENDIX VII**AUDITED CONSOLIDATED FINANCIAL
STATEMENTS OF THE GROUP FOR FY2015****Directors' remuneration**

Details of the directors' remuneration are as follows:

	2015	2014
Fees	1,184	1,217
Other emoluments:		
Salaries, allowances and benefits in kind	3,359	8,874
Equity-settled share option expense	–	–
Pension scheme contributions	–	91
	<u>4,543</u>	<u>10,182</u>

The names of the directors and their remuneration for the year are set out below:

Year ended 31 December 2015	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Total
Shi Jian*	–	571	–	571
Li Yao Min	–	595	–	595
Liu Heqiang	–	919	–	919
Yang Meiyu	–	560	–	560
Ren Xiaowei	–	714	–	714
Henry Tan Song Kok	376	–	–	376
Kong Siu Chee	331	–	–	331
Zhang Hao	210	–	–	210
E Hock Yap	267	–	–	267
	<u>1,184</u>	<u>3,359</u>	<u>–</u>	<u>4,543</u>

* Removed as director in year 2015.

Year ended 31 December 2014	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Total
Shi Jian	–	1,585	–	1,585
Li Yao Min	–	1,387	–	1,387
Gu Biya*	–	2,291	–	2,291
Mao Yiping*	–	1,485	63	1,548
Liu Heqiang	–	449	–	449
Shi Janson Bing*	–	547	28	575
Yang Meiyu	–	169	–	169
Qian Yifeng*	–	607	–	607
Ren Xiaowei	–	306	–	306
Yue Wai Leung Stan*	–	48	–	48
Henry Tan Song Kok	399	–	–	399
Kong Siu Chee	351	–	–	351
Zhang Hao	206	–	–	206
E Hock Yap	261	–	–	261
	<u>1,217</u>	<u>8,874</u>	<u>91</u>	<u>10,182</u>

* Resigned as director in year 2014.

The directors have not waived any remuneration as listed above.

Five highest paid employees

The five highest paid employees of the Group during the year included one (2014: four) director, details of whose remuneration are set out above. Details of the remuneration of the remaining four (2014: one) non-director, highest paid employees for the year are as follows:

	2015	2014
Salaries, allowances and benefits in kind	4,927	794
Pension scheme contributions	131	–
	<u>5,058</u>	<u>794</u>

The number of non-director, highest paid employees whose remuneration fell within the following band is as follows:

	2015	2014
HK\$1,000,001 – HK\$1,500,000	2	1
HK\$1,500,001 – HK\$2,000,000	1	–
HK\$2,000,001 – HK\$2,500,000	1	–
	<u>4</u>	<u>1</u>

31. RELATED PARTY DISCLOSURES

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

As mentioned in Note 1, in the opinion of the Directors, since the completion of the share subscription of CDBIH, the Company's ultimate holding company is CDB Capital, which holds 54.32% of the issued share capital of the Company. Then SREI became the second largest shareholder of the Company with the ability to exert significant influence.

On 11 September 2015, SREI purchased 100% equity share of Black Eagle Asset Management Limited, the controlling shareholder of Black Eagle (Shanghai) and Black Eagle Advisors. Therefore, Black Eagle (Shanghai) and Black Eagle Advisors as members of SREI group, were related parties of the Group, since 11 September 2015.

(a) Amounts due to related parties

	2015	2014
Other payables		
CCJV	31,590	–
Black Eagle (Shanghai)	5,000	–
CDBIH	105	–
CDB Capital	213	–
	<u>36,908</u>	<u>–</u>
Advances		
Black Eagle (Shanghai)	538,975	–
	<u>575,883</u>	<u>–</u>

(b) Amounts due from related parties

	2015	2014
Loans and receivables		
Black Eagle (Shanghai)	72,043	—
Other receivable		
Black Eagle Advisors	21,592	—
	<u>93,635</u>	<u>—</u>

(c) In addition to the transactions detailed in Note 30 above, the Group had the following material transactions with related parties during the years ended 31 December 2015 and 2014:

	Notes	2015	2014
Loan obtained from and repaid to CDB Siyuan (Beijing) Investment Fund Limited (“CDB Siyuan”)	(i)	(500,000)	500,000
Interest paid to CDB Siyuan	(i)	28,611	—
Financial guarantee from CDB Capital	(ii)	324,030	—
Consideration for the transfer of 30% equity interest in CCJV to Changchun Kaida	8	66,281	—
Loans to Black Eagle (Shanghai)	(iii)	70,488	—
Interests from Black Eagle (Shanghai)	(iii)	1,555	—

Notes:

- (i) During the year ended 31 December 2014, Shanghai Jiatong, a subsidiary of the Group, obtained an half-year loan from CDB Siyuan, which is a fund managed by a subsidiary of CDB Capital. Interest for the loan was charged at 10% per annum and the loan had been fully repaid in 2015, with interest of RMB28,611 thousand paid.
- (ii) During the year ended 31 December 2015, SGLD obtained bank borrowings of RMB324,030 thousand, which were guaranteed by CDB Capital.
- (iii) On 3 August 2015, the Company announced that CDB Capital had provided an unconditional guarantee to support a new loan facility of RMB180 million granted by Industrial and Commercial Bank of China Limited, Shanghai Baoshan Sub-Branch to SGLD (the “SGLD Loan”), a subsidiary of the Company. Proceeds from the SGLD Loan will be applied by SGLD for various purposes on the Disposal Assets that are held by SGLD and are yet to be transferred to SREI, including re-financing certain third party loans owed by the Disposal Assets.

On the same day, CDBIH had entered into a charge over shares with SREI. Pursuant to which, SREI had agreed to charge all the shares of the Company held by it, together with all property rights in such shares, in favour of CDBIH to secure the liabilities including the SGLD Loan. Soon afterwards, before Black Eagle (Shanghai) became a related party of the Group, SGLD and Black Eagle (Shanghai) had entered into a loan agreement, which was used for Disposal Assets. As a results, SGLD was forced to extend loans amounting to RMB70,488 thousand to Black Eagle (Shanghai), since it became a related party, with an interest income of RMB1,555 thousand recognised.

(d) Compensation of key management personnel of the Group:

	2015	2014
Short term employee benefits	10,753	12,563
Post-employment benefits	131	127
	<u>10,884</u>	<u>12,690</u>

Further details of directors' remuneration are included in Note 30.

32. COMMITMENTS AND CONTINGENCIES

At the end of each reporting period, the Group mainly had capital commitments and commitments in respect of property development for sale and various investments as follows:

	2015	2014
Commitments in respect of land development for sale:		
Contracted, but not provided for	155,651	163,377
Authorised, but not contracted for	4,652,118	4,891,152
Property, plant and equipment and leasehold land:		
Contracted, but not provided for	–	40
Authorised, but not contracted for	–	–
Commitments in respect of various investments		
Contracted, but not provided for	672,563	–
Authorised, but not contracted for	–	–
Total	<u>5,480,332</u>	<u>5,054,569</u>

The Group had significant commitments in respect of land development for sale as it had entered into two township development projects in Shanghai and Shenyang and these commitments are quantified based on contracts, feasibility studies and detailed plans for the respective projects. As a result, the Group prepares cash flow budgets for major project companies annually and updates the cash flow budgets regularly.

At 31 December 2015, the Group had commitments in respect of various investments of RMB672,563 thousand (2014: nil).

The Group provided guarantees in respect of the mortgage facilities granted by certain banks to the certain purchasers of the Group's properties, which were classified as held for sale as of 31 December 2015. Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the purchasers, the Group is responsible for repaying the outstanding mortgage loans together with any accrued interest and penalty owed by the defaulted purchasers to the banks. The Group's guarantee periods commence from the dates of grant of the relevant mortgage loans and end when the purchasers pledge related property certificates as securities to the banks for the mortgage loans granted by the banks. The Group entered into guarantee contracts of principal amounts totalling approximately RMB294 million (2014: 259 million).

The Group did not incur any material losses during the period in respect of the guarantees provided for mortgage facilities granted to purchasers of the Group's properties, which were classified as held for sale as of 31 December 2015. The Directors consider that the probability of default of purchasers is remote and even in case of default on payments, the net realisable value of the related properties is expected to be sufficient to cover the repayment of the outstanding mortgage loans together with any accrued interest and penalty, because the mortgage principals were normally below 70% of sales price of the properties at date of sales agreement, and therefore no provision has been made in connection with the guarantees.

33. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its products and services and has the following operating segments. The Group's operational assets and operations are located in Mainland China.

- Land development segment, which provides land infrastructure development and construction of ancillary public facilities;
- Others segment, which includes investment and provision of other services.

Management monitors the operating results of the Group's business units separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on operating profit and loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to the operating segments.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the prevailing market prices.

Land development revenue from the Group's share of proceeds from land sales (including related public utility fees, if any) by local authorities accounted for 100% in Shanghai (2014: 100% in Shanghai) of the revenue in the year ended 31 December 2015.

An analysis by operating segment is as follows:

	Year ended 31 December 2015			
	Land development	Others	Adjustments and eliminations	Total
Segment results				
External sales	67,022	–	–	67,022
Inter-segment sales	–	–	–	–
Total segment sales	67,022	–	–	67,022
Results				
Depreciation	(1,704)	(280)	–	(1,984)
Amortisation	(377)	(126)	–	(503)
Share of loss of a joint venture	–	(51)	–	(51)
Gain on financial assets designated at fair value through profit or loss	–	2,925	–	2,925
Segment profit/(loss)	30,621	126,832	(69,230) ¹	88,223
Segment assets	1,742,087	4,283,822	4,859,707 ²	10,885,616
Segment liabilities	1,211,011	101,664	5,688,519 ³	7,001,194
Other disclosures				
Capital expenditure ⁴	371	834	7,838	9,043

1 Profit for each operating segment of continuing operations does not include finance costs of RMB69,230 thousand.

2 Assets in segments do not include deferred tax assets of RMB56,191 thousand, and assets related to held for sale assets of RMB4,803,516 thousand as these assets are managed on a group basis.

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- 3 Liabilities in segments do not include current income tax liabilities of RMB336,628 thousand, senior guaranteed notes of RMB1,290,490 thousand, interest-bearing bank and other borrowings of RMB674,030 thousand, and deferred tax liabilities of RMB21,151 thousand and liabilities related to held for sale assets of RMB3,366,220 thousand as these liabilities are managed on a group basis.
- 4 Capital expenditure of continuing operations consists of additions of property, plant and equipment of RMB1,205 thousand. Capital expenditure of discontinued operations consists of additions of property, plant and equipment of RMB7,838 thousand, which are not allocated as such capital expenditure are managed on a group basis.

	Year ended 31 December 2014			
	Land development	Others	Adjustments and eliminations	Total
Segment results				
External sales	56,813	–	–	56,813
Inter-segment sales	–	–	–	–
Total segment sales	56,813	–	–	56,813
Results				
Depreciation	(4,609)	(87)	–	(4,696)
Amortisation	(2,810)	–	–	(2,810)
Segment profit/(loss)	<u>(621,916)</u>	<u>607,919</u>	<u>(85,923)¹</u>	<u>(99,920)</u>
Segment assets	<u>1,727,251</u>	<u>3,139,494</u>	<u>4,945,386²</u>	<u>9,812,131</u>
Segment liabilities	<u>1,183,412</u>	<u>32,270</u>	<u>4,749,013³</u>	<u>5,964,695</u>
Other disclosures				
Capital expenditure ⁴	<u>703</u>	<u>324</u>	<u>117,588</u>	<u>118,615</u>

- 1 Profit for each operating segment of continuing operations does not include finance costs of RMB85,923 thousand.
- 2 Assets in segments do not include deferred tax assets of RMB41,149 thousand and assets related to held for sale assets of RMB4,904,237 thousand as these assets are managed on a group basis.
- 3 Liabilities in segments do not include current income tax liabilities of RMB359,841 thousand, interest-bearing bank and other borrowings of RMB896,000 thousand, and deferred tax liabilities of RMB21,151 thousand and liabilities related to held for sale assets of RMB3,472,021 thousand as these liabilities are managed on a group basis.
- 4 Capital expenditure of continuing operations consists of additions of property, plant and equipment of RMB1,027 thousand. Capital expenditure of discontinued operations consists of additions of property, plant and equipment of RMB114,114 thousand and prepaid land lease payments of RMB3,474 thousand, which are not allocated as such capital expenditure are managed on a group basis.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise senior guaranteed notes, bank and other borrowings and trade and other payables. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various financial assets such as loans and receivables, available-for-sale financial assets, financial assets designated at fair value through profit or loss, trade and other receivables, cash and short-term deposits, which arose directly from its operations. The main risks faced by the Group are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group does not hold or issue derivative financial instruments either for hedging or for trading purposes. The Board of Directors reviews and agrees policies for managing each of the risks which are summarised below:

Interest rate risk

The Group's exposure to the risk of changes in interest rates relates primarily to its interest-bearing bank and other borrowings. The Group does not use derivative financial instruments to manage its interest rate risk. The interest rates and terms of repayments of the borrowings are disclosed in Note 27.

The following table demonstrates the sensitivity to reasonably possible changes in interest rate, with all other variables held constant, of the Group's profit before tax (mainly the impact on floating rate borrowings). The Group's equity is not affected, other than the consequential effect on the accumulated losses of the changes in the profit before tax as disclosed below.

	2015	2014
Increase/(decrease) in interest rates (basis points)	100/(100)	100/(100)
(Decrease)/increase in profit before tax	(3,300)/3,300	(2,460)/2,460

Foreign currency risk to the rules and regulations of the foreign exchange control promulgated by the PRC government

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to its cash and bank balances (see Note 23). The Group's exposure to foreign currency changes is not material.

Credit risk

Credit risk arises from cash and bank balances, loans and receivables, trade receivables and other receivables, the balances of which represent the maximum credit risk exposure of the Group. As at 31 December 2015 and 2014, a large portion of the net receivables was from the revenue derived from land development for sale, and there was a significant other receivable as mentioned in Note 21, which constitutes a concentration of credit risk.

Further quantitative data in respect of the Group's exposure to credit risk arising from loans and receivables, trade and other receivables are disclosed in Notes 14, 22 and 21.

Liquidity risk

The Group's policy is to maintain sufficient cash and cash equivalents to have available funding through the use of bank loans, debentures and other borrowings to meet its commitments over the foreseeable future in accordance with its strategic plan.

APPENDIX VII

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2015

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

31 December 2015	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Contractual due date not specified	Total
Interest-bearing loans and other borrowings	150,000	5,287	247,671	351,817	–	–	754,775
Senior guaranteed notes	–	–	71,500	1,407,250	–	–	1,478,750
Trade payables	92,645	–	–	–	–	57,297	149,942
Other liabilities	243,003	–	–	–	–	–	243,003
	<u>485,648</u>	<u>5,287</u>	<u>319,171</u>	<u>1,759,067</u>	<u>–</u>	<u>57,297</u>	<u>2,626,470</u>

31 December 2014	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Contractual due date not specified	Total
Interest-bearing loans and other borrowings	–	503,951	396,794	–	–	–	900,745
Trade payables	100,698	–	–	–	–	60,836	161,534
Other liabilities	103,135	–	–	–	–	–	103,135
	<u>203,833</u>	<u>503,951</u>	<u>396,794</u>	<u>–</u>	<u>–</u>	<u>60,836</u>	<u>1,165,414</u>

Capital management

The primary objective of the Group's capital management is to maintain healthy capital ratios in order to support its business and maximise the shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, issue bonds, convertible bonds or new shares.

As the Group is engaged in land and property development, it needs a substantial amount of funds. The Group manages capital by closely monitoring its gearing ratio (which is defined by management as net debt divided by capital plus net debt).

Net debt includes senior guaranteed notes, interest-bearing bank and other borrowings and excludes cash and bank balances. Equity includes equity attributable to owners of the parent and non-controlling interests. The gearing ratios are calculated as follows:

	2015	2014
Interest-bearing bank and other borrowings	674,030	896,000
Senior guaranteed notes	1,290,490	–
Less: Cash and bank balances	<u>(1,568,656)</u>	<u>(795,451)</u>
Net debt	395,864	100,549
Capital:		
Total equity	<u>3,884,422</u>	<u>3,847,436</u>
Capital and net debt	<u>4,280,286</u>	<u>3,947,985</u>
Gearing ratio	<u>9.25%</u>	<u>2.55%</u>

Collateral held

The Group did not hold any collateral as at 31 December 2015 and 2014.

35. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets	2015	2014
Available-for-sale financial assets	32,000	–
Loans and receivables		
– Other receivables	1,415,727	1,906,439
– Trade receivables	59,218	63,853
– Cash and bank balances	1,568,656	795,451
– Loans and receivables	1,260,488	490,000
Financial assets designated at fair value through profit or loss	68,874	–
	<u>4,404,963</u>	<u>3,255,743</u>
Financial liabilities		
Financial liabilities at amortised cost		
– Interest-bearing bank and other borrowings	674,030	896,000
– Senior guaranteed notes	1,290,490	–
– Trade payables	149,942	161,534
– Others	256,032	104,107
	<u>2,370,494</u>	<u>1,161,641</u>

36. FAIR VALUE AND FAIR VALUE HIERARCHY**Fair values of financial assets and liabilities**

Fair value estimates are made at a specific point in time based on relevant market information and information about the various financial instruments. When an active market exists, such as an authorised securities exchange, the market value is the best reflection of the fair value of financial instrument. For financial instruments where there is no active market or when current market prices are not available, their fair values are determined using valuation techniques (Note 2.4).

The Group's financial assets mainly include loans and receivables, cash and bank balances and receivables. The Group's financial liabilities mainly include senior guaranteed notes, interest-bearing bank and other borrowings, and payables. The fair values of the Group's and the Company's financial instruments are not materially different from their carrying amounts.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values:

Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

The following table shows the fair value measurement hierarchy of the Group's assets.

Quantitative disclosures of assets measured at fair value as at 31 December 2015:

		Fair value measurement using			
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	Date of valuation	Total			
Assets measured at fair value:					
Investment properties					
(Note 13.c):					
Scandinavia Street, Shanghai	31 December 2015	488,000	–	–	488,000
Shopping mall, Shanghai	31 December 2015	210,000	–	–	210,000
Available-for-sale financial assets (Note 15)	31 December 2015	32,000	–	32,000	–
Financial assets designated at fair value through profit or loss (Note 16)	31 December 2015	68,874	–	–	68,874

As at 31 December 2015, the investment properties listed above had been classified as assets held for sale.

There have been no transfers between Level 1 and Level 2 during the year ended 31 December 2015.

The Group did not have any financial liability measured at fair value as at 31 December 2015.

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2015	2014
Assets		
Non-current assets		
Investments in subsidiaries	3,054,144	2,991,259
Property, plant and equipment	127	93
Total non-current assets	<u>3,054,271</u>	<u>2,991,352</u>
Current assets		
Amounts due from subsidiaries	160,043	371,286
Other receivables	179,078	128,204
Trade receivables	–	1,635
Cash and bank balances	741,121	543,542
Total current assets	<u>1,080,242</u>	<u>1,044,667</u>
Total assets	<u><u>4,134,513</u></u>	<u><u>4,036,019</u></u>

APPENDIX VII

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2015

	2015	2014
Equity and liabilities		
Equity		
Equity holders of the parent:		
Share capital	4,110,841	4,110,841
Other reserves	1,912,683	1,912,683
Accumulated losses	(1,906,811)	(2,007,038)
Total equity	4,116,713	4,016,486
Current liabilities		
Other payables and accruals	17,800	19,533
Total current liabilities	17,800	19,533
Total liabilities	17,800	19,533
Total equity and liabilities	4,134,513	4,036,019
Net current assets	1,062,442	1,025,134
Total assets less current liabilities	4,116,713	4,016,486

Note:

A summary of the Company's reserve is as follows:

	Other reserves	Accumulated losses	Total reserves
As at 1 January 2014	1,912,683	(2,002,889)	(90,206)
Total comprehensive loss	–	(4,149)	(4,149)
As at 31 December 2014 and 1 January 2015	1,912,683	(2,007,038)	(94,355)
Total comprehensive income	–	100,227	100,227
As at 31 December 2015	1,912,683	(1,906,811)	5,872

There were no movements in other reserves during the years ended 31 December 2015 and 2014. See Note 25 for the nature and purpose of the Company's other reserves.

38. EVENTS AFTER THE REPORTING PERIOD

On 2 March 2016, CDB New Town and Sheng Qi Investment Fund Management Company Limited ("Sheng Qi IFM") entered into a limited partnership agreement in relation to (i) the establishment of an investment partnership, CDB New Town New-type Urbanisation Development Fund (tentative name), comprising a total capital amount of RMB5 billion (the "Investment Partnership"), and (ii) the governance of the relationship between the investors of the Investment Partnership.

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 RMB1,000,000, and is engaged in the principal activity of operating and managing funds focusing on urbanisation-related investments. The other three limited partners are differentiated in accordance with the priority of their rights to distributions from the Investment Partnership, which includes CIB Wealth Management Co., Ltd. (the senior-tranche limited partner), CDB Jingcheng (Beijing) Investment Fund Company Limited. (the intermediate-tranche limited partner) and CDB New Town (the junior-tranche limited partner).

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 centred 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.

39. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 11 March 2016.

**APPENDIX VIII UNAUDITED INTERIM FINANCIAL STATEMENTS OF THE
GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2016**

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2016

(Amount expressed in thousands of Renminbi unless otherwise stated)

<i>RMB'000</i>	<i>Notes</i>	Six months ended 30 June* 2016	2015
Continuing Operations			
Revenue		108,640	59,407
Land development		–	–
Gain on investments in new town projects	5	83,479	41,864
Other income	6	25,161	17,543
Cost of sales		(95,966)	(49,048)
Finance costs	8	(50,024)	(19,579)
Cost of development of land		–	14,500
Business tax and surcharges		(1,182)	(2,827)
Selling and administrative expenses		(44,028)	(37,529)
Other expenses	7	(732)	(3,613)
Operating profit		12,674	10,359
Gain on reorganisation of joint venture		99,534	–
Attributable profit from a joint venture		4	–
Profit before tax from continuing operations		112,212	10,359
Income tax	9	(11,903)	(9,660)
Profit after tax from continuing operations		100,309	699
Discontinued Operations			
Loss after tax from discontinued operations		(24,648)	(74,595)
Gain after tax on partial disposal of assets and liabilities relating to discontinued operations		25,306	59,632
Profit/(loss) for the period		100,967	(14,264)
Other comprehensive income, net of tax		–	–
Total comprehensive profit/(loss), net of tax		<u>100,967</u>	<u>(14,264)</u>
Profit/(loss) attributable to:			
Equity holders of the parent		111,827	(9,080)
Non-controlling interests		(10,860)	(5,184)
		<u>100,967</u>	<u>(14,264)</u>
Total comprehensive profit/(loss) attributable to:			
Equity holders of the parent		111,827	(9,080)
Non-controlling interests		(10,860)	(5,184)
		<u>100,967</u>	<u>(14,264)</u>
Profit/(loss) per share attributable to ordinary equity holders of the parent:			
Basic profit/(loss) per share (<i>RMB</i>)	11	<u>0.0114</u>	<u>(0.0009)</u>
Diluted profit/(loss) per share (<i>RMB</i>)	11	0.0114	(0.0009)

APPENDIX VIII UNAUDITED INTERIM FINANCIAL STATEMENTS OF THE GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2016

* The Group formulated its future development strategy as the complementary combination of “investment in primary land development” with “downstream business cultivation and operation”, affirming that investment in township development is the Group’s principal activity. Therefore the Company adjusted its disclosure of revenue and related costs to reflect such changes. The 2015 comparative information was restated to conform with the current period’s presentation and disclosures.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

(Amounts expressed in thousands of Renminbi unless otherwise stated)

<i>RMB'000</i>	<i>Notes</i>	Group 30 June 2016	31 December 2015
Assets			
Non-current assets			
Investment in a joint venture		—	10,595
Loans and receivables		1,099,133	690,000
Financial assets available for sale		32,000	32,000
Financial assets designated at fair value through profit or loss		89,846	68,874
Property, plant and equipment		39,854	39,792
Prepaid land lease payments		11,468	11,657
Deferred tax assets		56,191	56,191
Other assets		9,841	10,744
Total non-current assets		1,338,333	919,853
Current assets			
Land development for sale	12	1,552,539	1,546,483
Prepayments		4,735	1,675
Inventories		6,289	—
Other receivables		1,611,694	1,415,727
Trade receivables	13	58,606	59,218
Loans and receivables		471,592	570,488
Cash and bank balances		2,420,459	1,568,656
Assets classified as held for sale		4,675,109	4,803,516
Total current assets		10,801,023	9,965,763
Total assets		12,139,356	10,885,616
Equity			
Owners of the parent:			
Share capital		4,110,841	4,110,841
Other reserves		579,270	579,270
Accumulated losses		(987,327)	(1,099,154)
		3,702,784	3,590,957
Non-controlling interests		299,982	293,465
Total Equity		4,002,766	3,884,422

**APPENDIX VIII UNAUDITED INTERIM FINANCIAL STATEMENTS OF THE
GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2016**

<i>RMB'000</i>	<i>Notes</i>	Group 30 June 2016	31 December 2015
Non-current liabilities			
Senior guaranteed notes	<i>15</i>	1,292,335	1,290,490
Interest-bearing bank and other borrowings	<i>15</i>	289,623	309,030
Deferred tax liabilities		21,151	21,151
Total non-current liabilities		1,603,109	1,620,671
Current liabilities			
Interest-bearing bank and other borrowings	<i>15</i>	400,000	365,000
Trade payables	<i>14</i>	159,006	149,942
Other payables and accruals		282,906	270,964
Advance from customers		1,269	–
Advances received for the settlement of Disposal Assets		1,591,258	538,975
Deferred revenue arising from land development		352,794	352,794
Current income tax liabilities		339,472	336,628
Liabilities directly associated with assets classified as held for sale		3,406,776	3,366,220
Total current liabilities		6,533,481	5,380,523
Total liabilities		8,136,590	7,001,194
Equity and total liabilities		12,139,356	10,885,616
Net current assets		4,267,542	4,585,240
Total assets less current liabilities		5,605,875	5,505,093

**APPENDIX VIII UNAUDITED INTERIM FINANCIAL STATEMENTS OF THE
GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2016**

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

(Amounts expressed in thousands of Renminbi unless otherwise stated)

<i>RMB'000</i>	Six months ended 30 June	
	2016	2015
Cash flows from operating activities		
Profit before tax from continuing operations	112,212	10,359
Profit/(loss) before tax from discontinued operations	658	(14,963)
Profit/(loss) before tax	112,870	(4,604)
Adjustments for:		
Bad debt provision of trade and other receivables	–	2,803
Depreciation of property, plant and equipment	2,315	1,728
Amortisation of prepaid land lease payments	189	189
Amortisation of intangible assets	132	–
Gain from disposal of subsidiaries and joint venture	(124,840)	(59,632)
Profit and loss from fair value changes	(1,472)	–
Share of gain from associate and joint venture	(4)	–
Gain from loans and receivables	(83,479)	(41,864)
Interest income	(19,221)	(16,522)
Interest expenses on bank and other borrowings	37,498	50,024
Interest expense on senior guaranteed notes	37,497	11,538
Foreign exchange loss/(gain)	556	(75)
	(37,959)	(56,415)
Increase in land development for sale	(6,056)	(6,761)
Increase in properties under development for sale	(28,011)	(29,250)
Decrease in prepaid land lease payments	2,910	3,041
(Increase)/decrease in inventories	(2,617)	461
(Increase)/decrease in prepayments	(16,936)	14,407
Increase in other receivables and other current assets	(41,676)	(114,170)
(Increase)/decrease in trade receivables	(26,633)	2,977
Increase in prepaid income tax	–	(52)
Decrease in deferred income from sale of golf club membership	(7,996)	(8,009)
Increase in advances from customers	78,854	65,803
Increase in trade and other payables	395,768	313,750
	309,648	185,782
Payment of income tax	2,206	(23,493)
Net cash inflow from operating activities	311,854	162,289

**APPENDIX VIII UNAUDITED INTERIM FINANCIAL STATEMENTS OF THE
GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2016**

<i>RMB'000</i>	Six months ended 30 June	
	2016	2015
Cash flows from investing activities		
Purchase/construction of property, plant and equipment	(1,017)	(27,476)
Payment for investment properties	–	(4,562)
Payments for intangible assets	(40)	–
Disposal of subsidiaries and joint venture	3,474	601,821
Acquisition of a subsidiary	9,277	–
Investments in loans and receivables	(200,104)	–
Gain from loans and receivables	112,656	7,770
Investments in financial assets designated at fair value through profit or loss	(19,500)	–
Interest received from bank deposits	19,221	16,522
Advances received for the settlement of disposed assets	1,052,283	–
Net cash inflow from investing activities	<u>976,250</u>	<u>594,075</u>
Cash flows from financing activities		
Cash proceeds from issuance of senior guaranteed notes	–	1,288,057
Proceeds from bank borrowings	30,000	284,530
Repayment of bank borrowings	(373,036)	(488,448)
Repayment of borrowing from a related party	–	(500,000)
Interest paid	(78,140)	(57,911)
Net cash (outflow)/inflow from financing activities	<u>(421,176)</u>	<u>526,228</u>
Net increase in cash and cash equivalents	866,928	1,282,592
Cash and cash equivalents at beginning of period	<u>1,373,159</u>	<u>876,294</u>
Cash and cash equivalents at end of period	<u>2,240,087</u>	<u>2,158,886</u>

**APPENDIX VIII UNAUDITED INTERIM FINANCIAL STATEMENTS OF THE
GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2016**

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

(Amounts expressed in thousands of Renminbi unless otherwise stated)

GROUP

Six months ended 30 June 2016

<i>RMB'000</i>	Equity attributable to owners of the parent				Non- controlling interests	Total equity
	Share capital	Other reserves	Accumulated losses	Total		
Balance as at						
1 January 2016	4,110,841	579,270	(1,099,154)	3,590,957	293,465	3,884,422
Total comprehensive income/(loss)	–	–	111,827	111,827	(10,860)	100,967
Acquisition of a subsidiary	–	–	–	–	17,377	17,377
Balance as at 30 June 2016	4,110,841	579,270	(987,327)	3,702,784	299,982	4,002,766

Six months ended 30 June 2015

<i>RMB'000</i>	Equity attributable to owners of the parent				Non- controlling interests	Total equity
	Share capital	Other reserves	Accumulated losses	Total		
Balance as at						
1 January 2015	4,110,841	579,270	(1,164,295)	3,525,816	321,620	3,847,436
Total comprehensive loss	–	–	(9,080)	(9,080)	(5,184)	(14,264)
Disposal of subsidiaries	–	–	–	–	1,841	1,841
Balance as at 30 June 2015	4,110,841	579,270	(1,173,375)	3,516,736	318,277	3,835,013

APPENDIX VIII UNAUDITED INTERIM FINANCIAL STATEMENTS OF THE GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2016

NOTES TO FINANCIAL STATEMENTS

(All amounts expressed in thousands of Renminbi unless otherwise stated)

1. CORPORATE INFORMATION

The Company was incorporated on 4 January 2006 in the British Virgin Islands (the “BVI”). After a series of reorganisations, on 14 November 2007, the Company was listed on the Main Board of the Singapore Exchange Securities Trading Limited (the “SGX-ST”). On 22 October 2010, the Company was listed on the Main Board of the HKEx by way of introduction. As a result, the Company is dual-listed on the Main Boards of both the SGX-ST and the HKEx.

The Group is a new town developer in Mainland China and is principally engaged in planning and developing large-scale new towns in China’s largest cities, the activities of which include designing the master plan, relocating and resettling incumbent residents and businesses, clearing and preparing the land and installing infrastructure. Land use rights to the residential parcels in the new towns developed by the Group are then sold by the relevant land authorities to real estate property developers, the proceeds from which are apportioned to the Group on specified bases. Since 2014, the Group has also been entering into arrangements with local governments to work on projects whereby it will be compensated based on a fixed return. The Group also develops or manages some residential and commercial properties in those new towns.

The Company used to be a subsidiary of SRE since September 2009. During 2012, SRE disposed of its entire holding of shares in the Company to SRE’s own shareholders via a special dividend in the form of a distribution in species. Upon completion of that distribution in October 2012, SRE no longer held any shares in the Company and ceased to be the parent of the Company. As a result of that distribution, SRE Investment Holding Limited (“SREI”, the parent of SRE) became the largest Shareholder.

On 10 October 2013, the Company, China Development Bank International Holdings Limited (“CDBIH”) and SREI entered into a share subscription agreement (the “Subscription Agreement”), pursuant to which CDBIH has agreed to subscribe for 5,347,921,071 new shares of the Company subject to the terms and conditions contained therein (the “Subscription”). The Subscription was completed in the first quarter of 2014. As a result, CDBIH, a wholly-owned subsidiary of CDB Capital, became the largest Shareholder.

As a schedule of the Subscription Agreement, there was a disposal master agreement (the “Disposal Master Agreement”) between the Company and SREI to dispose of the specified assets and liabilities not relating to the Group’s main principal business of planning and development of new town projects in Mainland China (the “Disposal Assets”). Execution of the Disposal Assets is discussed in “Discontinued Operations” under the section headed “Management Discussion and Analysis” of this interim report.

In the opinion of the directors of the Company (the “Directors”), since the completion of the share subscription of CDBIH, the Company’s ultimate holding company is CDB Capital, which holds 54.32% of the issued share capital of the Company.

2. BASIS OF PREPARATION

The consolidated financial statements of the Group and the statements of financial position and statement of changes in equity of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Board (the “IASB”).

The financial statements have been prepared under the historical cost convention, except for available-for-sale assets, financial assets designated at fair value through profit or loss and investment properties and investment properties under construction which have been measured at fair value. Disposal groups held for sale are stated at the lower of their carrying amounts and fair values less costs to sell as further explained in Note 12. The financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand (’000) unless otherwise indicated.

(a) Basis of consolidation

The consolidated financial statements include the financial statements of the Group as at 30 June 2016. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

APPENDIX VIII UNAUDITED INTERIM FINANCIAL STATEMENTS OF THE GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2016

Profit or loss and each component of other comprehensive income (“OCI”) are attributed to the owners of the parent of the Group and to the non-controlling interests, even if it results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

(b) Operating cycle

The operating cycle of the Group is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Due to the nature of the Group’s business, the Group’s normal operating cycle is longer than twelve months. The Group’s current assets include assets (such as land development for sale) that are sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within twelve months after the end of the reporting period, in accordance with IFRSs.

3. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The unaudited interim consolidated financial statements of the Group for the first half of 2016 were prepared in accordance with IAS 34 – interim financial reports, and shall be read together with the 2015 financial statements of the Group.

The accounting policies adopted in the preparation of the interim consolidated financial statements of the Group are consistent with those followed in the preparation of the Group’s annual financial statements for the 2015 financial year, except for the adoption of the applicable accounting policies and revised standards described below:

Starting from 1 January 2016, the Group has adopted the following standards, amendments and interpretations:

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation with early adoption permitted. It is not expected that these amendments would have a significant impact on the Group’s financial statements.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. These amendments are not expected to have any impact to the Group given that the Group has not used a revenue-based method to depreciate its non-current assets.

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, IAS 20 Accounting for Government Grants and Disclosure of Government Assistance will apply. These amendments will not have any significant impact on the Group’s consolidated financial statements.

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Amendments to IAS 27: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. These amendments will not have any significant impact on the Group's consolidated financial statements.

Amendments to IAS 1 Disclosure Initiative

In December 2014, the IASB issued amendments to IAS 1 to further encourage companies to apply professional judgement in determining what information to disclose and how to structure it in their financial statements. The amendments to IAS 1 include narrow-focus improvements in the following five areas: materiality, disaggregation and subtotals, notes structure, disclosure of accounting policies, and presentation of items of OCI arising from equity accounted investments. These amendments will not have any significant impact on the Group's consolidated financial statements.

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate and Joint Venture

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. Currently, it is expected that the amendments would have no significant impact on the Group's financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

The amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures introduce minor clarifications to the requirements when accounting for investment entities. The amendments also provide relief in particular circumstances, which will reduce the costs of applying the standards. Currently, it is expected that the amendments would have no significant impact on the Group's financial statements.

Annual Improvements to IFRSs 2012-2014 Cycle

In September 2014, the IASB issued Annual Improvements to IFRSs 2012-2014 Cycle, which contains five amendments to four standards, excluding consequential amendments. The amendments affect IFRS 5, IFRS 7, IAS 19 and IAS 34. Currently, it is expected that the amendments would have no significant impact on the Group's financial statements.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its products and services and has the following operating segments. The Group's operational assets and operations are located in the Mainland China.

- Land development segment, which provides land infrastructure development and construction of ancillary public facilities;
- Investment segment, which is responsible for investments in new town projects;
- Others segment, which includes investment and provision of other services.

Management monitors the operating results of the Group's business units separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on operating profit and loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to the operating segments.

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Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the prevailing market prices.

An analysis by operating segment is as follows:

<i>RMB'000</i>	For the six months ended 30 June 2016				
	Land development	Investment	Others	Adjustments and eliminations	Total
Segment results					
External sales	–	83,479	–	–	83,479
Intersegment sales	–	–	–	– ¹	–
Total segment sales	–	83,479	–	–	83,479
Segment (loss)/profit	(6,433)	64,438	104,231	–	162,236
Finance cost				(50,024) ²	(50,024)
Profit before income tax					112,212

1 Intersegment sales are eliminated on consolidation.

2 Profit/(loss) for each operating segment does not include finance costs (RMB50,024 thousand).

<i>RMB'000</i>	For the six months ended 30 June 2015				
	Land development	Investment ³	Others	Adjustments and eliminations	Total
Segment results					
External sales	–	41,864	–	–	41,864
Intersegment sales	–	–	–	– ¹	–
Total segment sales	–	41,864	–	–	41,864
Segment (loss)/profit	(1,637)	31,575	–	–	29,938
Finance cost				(19,579) ²	(19,579)
Profit before income tax					10,359

1 Intersegment sales are eliminated on consolidation.

2 Profit/(loss) for each operating segment does not include finance costs (RMB19,579 thousand).

3 The 2015 comparative information of investment was restated to conform with the current period's presentation and disclosures.

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5. GAIN ON INVESTMENTS IN NEW TOWN PROJECTS

<i>RMB'000</i>	Six months ended 30 June 2016	Six months ended 30 June 2015*
Nanjing Two Bridges Project	36,318	41,864
Danyang Flood Discharge PPP Project	12,551	—
Danyang Xinmeng River Project	11,805	—
Yangzhou Airport New Town Project	7,890	—
Other projects	14,915	—
	<u>83,479</u>	<u>41,864</u>

6. OTHER INCOME

<i>RMB'000</i>	Six months ended 30 June 2016	Six months ended 30 June 2015*
Interest income	19,184	16,382
Gain on financial assets designated at fair value through profit or loss	1,472	—
Foreign exchange gain, net	(556)	75
Others	5,061	1,086
	<u>25,161</u>	<u>17,543</u>

7. OTHER EXPENSES

<i>RMB'000</i>	Six months ended 30 June 2016	Six months ended 30 June 2015
Bank charges	56	425
Others	676	3,188
	<u>732</u>	<u>3,613</u>

* The 2015 comparative information was restated to conform with the current period's presentation and disclosures.

8. FINANCE COSTS

<i>RMB'000</i>	Six months ended 30 June 2016	Six months ended 30 June 2015
Interest on bank and borrowings	12,527	8,041
Interest on senior guaranteed notes	37,497	11,538
Less: interest capitalised	—	—
	<u>50,024</u>	<u>19,579</u>

No borrowing costs during the first half of 2016 and the first half of 2015 had been capitalised.

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9. INCOME TAX

The Group is subject to income tax on an entity basis on profit arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate.

The Company is a tax-exempted company incorporated in the BVI.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the Reporting Period.

The principal operating subsidiaries of the Company were subject to income tax at the rate of 25% on their taxable income according to the Income Tax Law of the PRC.

Mainland China Withholding Tax

Pursuant to the laws governing the PRC Corporate Income Tax, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the Mainland China and the jurisdiction of the foreign investors. The Group is, therefore, liable for withholding taxes on dividends distributed and remitted out of the PRC by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

Pursuant to the laws governing the PRC Corporate Income Tax as members of the Group are not tax residents under the PRC jurisdiction, a 10% withholding tax is applicable on the income from the Mainland China, such as interest income and gain from disposal of equity investment. A lower withholding tax rate may be applied if there is a tax treaty between the Mainland China and the jurisdiction of the foreign investors. The Group has decided that the withholding tax is classified as income tax under IAS 12, and therefore has recognised such withholding tax as a tax expense in the statement of profit or loss and other comprehensive income.

The major components of income tax are:

<i>RMB'000</i>	Six months ended 30 June 2016	Six months ended 30 June 2015
Income tax charge:		
Current income tax	3,323	9,660
Deferred tax	—	—
Withholding tax	<u>8,580</u>	<u>—</u>
Income tax credit as reported in profit or loss	<u><u>11,903</u></u>	<u><u>9,660</u></u>

10. DIVIDEND

The Board has resolved not to declare any interim dividend for the Reporting Period (2015: Nil).

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11. EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings/(loss) per share amount is based on the profit or loss attributable to ordinary equity holders of the parent for the Reporting Period.

The following reflects the profit and share data used in the basic and diluted earnings/(loss) per share calculations:

<i>RMB'000</i>	Six months ended 30 June 2016	Six months ended 30 June 2015
Profit/(loss) attributable to ordinary equity holders of the parent	<u>111,827</u>	<u>(9,080)</u>
Weighted average number of ordinary shares used to calculate the basic and diluted earnings per share	<u>9,846,119,747</u>	<u>9,846,119,747</u>
Basic earnings/(loss) per share (<i>RMB</i>)	<u>0.0114</u>	<u>(0.0009)</u>
Diluted earnings/(loss) per share (<i>RMB</i>)	<u>0.0114</u>	<u>(0.0009)</u>

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

12. LAND DEVELOPMENT FOR SALE

<i>RMB'000</i>	30 June 2016	31 December 2015
At cost:		
Mainland China	<u>1,552,539</u>	<u>1,546,483</u>

13. TRADE RECEIVABLES

<i>RMB'000</i>	30 June 2016	31 December 2015
Receivables from land development for sale	56,218	59,218
Others	<u>2,388</u>	<u>—</u>
	<u>58,606</u>	<u>59,218</u>

An aging analysis of the Group's trade receivables is as follows:

<i>RMB'000</i>	30 June 2016	31 December 2015
Within 6 months	2,388	—
6 months to 1 year	—	—
1 year to 2 years	—	27,000
2 years to 3 years	24,000	—
Over 3 years	<u>32,218</u>	<u>32,218</u>
	<u>58,606</u>	<u>59,218</u>

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The above balances are unsecured and interest-free. The fair values of the trade receivables as at the end of each reporting period approximate to their carrying amounts. No trade receivables were written off as at 30 June 2016 (31 December 2015: Nil).

14. ACCOUNT PAYABLES

<i>RMB'000</i>	30 June 2016	31 December 2015
Trade payables	159,006	149,942

Trade payables are not interest-bearing and are normally settled within one year.

An aging analysis of the Group's trade payables as at the reporting dates is as follows:

<i>RMB'000</i>	30 June 2016	31 December 2015
Within one year	23,333	577
1 to 2 years	5,274	12,554
Over 2 years	130,399	136,811
	159,006	149,942

15. INTEREST-BEARING BANK AND OTHER BORROWINGS AND SENIOR GUARANTEED NOTES

The interest-bearing bank and other borrowings which were all denominated in RMB are as follows:

<i>RMB'000</i>	30 June 2016	31 December 2015
Bank and other borrowings – secured	200,000	200,000
Bank and other borrowings – guaranteed	339,623	324,030
Bank and other borrowings – unsecured and unguaranteed	150,000	150,000
	689,623	674,030

The bank and other borrowings are repayable as follows:

<i>RMB'000</i>	30 June 2016	31 December 2015
Within 6 months	365,000	150,000
6 months to 9 months	–	200,000
9 months to 12 months	35,000	15,000
1 year to 2 years	50,000	50,000
2 years to 5 years	239,623	259,030
Over 5 years	–	–
	689,623	674,030

The Group's bank and other borrowings bore interest at floating rates from 2.42% to 5.09% per annum for the Reporting Period and the year ended 31 December 2015, respectively.

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Bank and other borrowings – secured or guaranteed

As at 30 June 2016, the carrying amount of long-term bank loan of RMB340 million was due to the loan from Industrial and Commercial Bank of China Limited. This loan was guaranteed by CDB Capital.

As at 30 June 2016, an outstanding short-term bank loan balance of RMB200 million was due to the loan from the Beijing branch of Xiamen International Bank Company Limited with a term from 6 September 2015 to 1 September 2016. China New Town Holding Company Limited, a wholly-owned subsidiary of the Company, provided guarantee by pledging a cash deposit together with the corresponding interest income at the pledgee (Xiamen International Bank Company Limited Beijing Branch).

Bank and other borrowings – unsecured and unguaranteed

As at 30 June 2016, the Group's unsecured other borrowing of RMB150 million was an interest-free loan from Shanghai Luodian Old Town Real Estate Limited.

Senior guaranteed notes

Senior guaranteed notes of RMB1.292 billion were RMB senior guaranteed notes issued by the Company in 2015, with the issuer being a wholly-owned subsidiary of the Company – China New Town Finance I Limited. The notes were guaranteed by the Company with credit enhancement measures such as the keepwell deed, liquidity support and deed of equity interest purchase undertaking from CDB Capital. The Company announced on 28 April 2015 with the issue amount of RMB1.3 billion, tenor of three years, coupon rate of 5.5%, and issue costs of RMB11.94 million measured at amortised cost.

The movements of the carrying amounts of senior guaranteed notes as at 30 June 2016 were as follows:

<i>RMB'000</i>	30 June 2016	31 December 2015
Book value of senior guaranteed notes at the beginning of period	1,301,460	–
Net proceeds of issued senior guaranteed notes	–	1,288,057
Interest expenses (based on effective interest rate of 5.84%)	37,497	49,447
Interest payment	(35,653)	(36,044)
	<u>1,303,304</u>	<u>1,301,460</u>
Book value of senior guaranteed notes at the end of period	<u>1,303,304</u>	<u>1,301,460</u>
Categorised as current liabilities	10,969	10,970
Categorised as non-current liabilities	<u>1,292,335</u>	<u>1,290,490</u>

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

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

(Hong Kong Stock Code : 1278)

(Singapore Stock Code : D4N.sj)

UNAUDITED 2016 THIRD QUARTER RESULTS

This announcement is made by China New Town Development Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to the disclosure obligation under Rule 13.10(B) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“**HKEx**”). This announcement is originally prepared in English. In case of any inconsistency between the English version and the Chinese version, the English version shall prevail.

This announcement is prepared in accordance with relevant regulations of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). The financial information set out in this report has been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) and has not been audited nor reviewed by auditors. Shareholders of the Company and public investors should exercise caution when trading in the shares of the Company.

Statements found in this presentation are not guarantees of future performance of the Group and are subject to factors that could cause actual results and company plans and objectives to differ materially from those expressed in these statements. These factors include, but not limited to, timing and price of sales of land in public bidding process; adverse changes in the Chinese economy and property market; fluctuations in the availability and pricing of residential and commercial properties; performance of construction and other contractors; and competition. The Group undertakes no obligation to update or revise any statements to reflect subsequent events or circumstances.

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Unaudited Third Quarter Financial Statements for the Financial Period Ended 30 September 2016

**PART I INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND
FULL YEAR ANNOUNCEMENTS**

**1(a) A statement of profit or loss and other comprehensive income (for the group) together with
a comparative statement for the corresponding period of the immediately preceding
financial year.**

**1(a)(i) Statement of profit or loss and other comprehensive income for the third quarter and nine
months ended 30 September 2016**

RMB'000 Group	From 1 July to 30 September *		Increase/ (Decrease) (%)	9 months ended 30 September *		Increase/ (Decrease) (%)
	2016	2015		2016	2015	
Continuing Operations						
Revenue	84,676	61,534	38	191,844	135,441	42
Gain on investments in new town projects	58,369	26,591	120	141,848	68,455	107
Land development	21,862	21,600	1	21,862	36,100	(39)
Other income	4,445	13,343	(67)	28,134	30,886	(9)
Cost of sales	(80,406)	(46,138)	74	(174,900)	(109,686)	59
Finance costs	(23,838)	(22,791)	5	(73,862)	(42,370)	74
Cost of development of land	(29,099)	-	100	(29,099)	-	100
Cost of goods sold	(96)	-	100	(96)	-	100
Business tax and surcharges	(523)	(1,159)	(55)	(1,705)	(3,986)	(57)
Selling and administrative expenses	(21,972)	(21,548)	2	(66,000)	(59,077)	12
Other expenses	(4,878)	(640)	662	(4,138)	(4,253)	(3)
Operating profit	4,270	15,396	(72)	16,944	25,755	(34)
Gain on reorganisation of joint venture	-	-	100	99,534	-	100
Attributable profit from a joint venture	-	-	-	4	-	100
Profit before tax from continuing operations	4,270	15,396	(72)	116,482	25,755	352
Income tax	(1,139)	(4,860)	(77)	(13,042)	(14,520)	(10)
Profit after tax from continuing operations	3,131	10,536	(70)	103,440	11,235	821
Discontinued Operations						
Loss after tax from discontinued operations	(9,417)	(10,846)	(13)	(34,065)	(85,441)	(60)
Gain after tax on partial disposal of assets and liabilities relating to discontinued operations	275,971	5,352	5,056	301,277	64,984	364
Profit/(loss) for the period	269,685	5,042	5,249	370,652	(9,222)	(4,119)
Other comprehensive income, net of tax	-	-	-	-	-	-

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RMB'000 Group	From 1 July to 30 September *		Increase/ (Decrease) (%)	9 months ended 30 September *		Increase/ (Decrease) (%)
	2016	2015		2016	2015	
Total comprehensive profit/(loss), net of tax	269,685	5,042	5,249	370,652	(9,222)	(4,119)
Profit/(loss) attributable to:						
Equity holders of the parent	239,313	4,117	5,713	351,140	(4,963)	(7,175)
Non-controlling interests	30,372	925	3,183	19,512	(4,259)	(558)
	269,685	5,042	5,249	370,652	(9,222)	(4,119)
Total comprehensive profit/(loss) attributable to:						
Equity holders of the parent	239,313	4,117	5,713	351,140	(4,963)	(7,175)
Non-controlling interests	30,372	925	3,183	19,512	(4,259)	(558)
	269,685	5,042	5,249	370,652	(9,222)	(4,119)

*: The Group formulated its future development strategy as the complementary combination of “investment in primary land development” with “downstream business cultivation and operation”, affirming that investment in township development is the Group’s principal activity. Therefore the Company adjusted its disclosure of revenue and related costs to reflect such changes. The 2015 comparative information was restated to conform with the current period’s presentation and disclosures.

1(a)(ii) Notes to statement of profit or loss and other comprehensive income

a) Gain on investments in new town projects

RMB'000	From 1 July to 30 September *		Increase/ (Decrease) (%)	9 months ended 30 September *		Increase/ (Decrease) (%)
	2016	2015		2016	2015	
Nanjing Two Bridges Project	18,359	20,856	(12)	54,677	62,720	(13)
Danyang Flood Discharge PPP Project	5,797	4,880	19	18,348	4,880	276
Danyang Xinmeng River Project	5,771	-	100	17,576	-	100
Yangzhou Airport New Town Project	9,733	-	100	17,623	-	100
Other projects	18,709	855	2,088	33,624	855	3,833
	58,369	26,591	120	141,848	68,455	107

b) Other income and other expenses

Other income

RMB'000	From 1 July to 30 September *		Increase/ (Decrease) (%)	9 months ended 30 September *		Increase/ (Decrease) (%)
	2016	2015		2016	2015	
Interest income	7,267	12,232	(41)	26,451	28,614	(8)
Reversal of bad debt provision-other receivables	-	1,500	(100)	-	1,500	(100)
Foreign exchange gain, net	(2,743)	139	(2,073)	(3,299)	214	(1,642)
Others	(79)	(528)	(85)	4,982	558	793
	4,445	13,343	(67)	28,134	30,886	(9)

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Other expenses

RMB'000	From 1 July to 30 September		Increase/ (Decrease) (%)	9 months ended 30 September		Increase/ (Decrease) (%)
	2016	2015		2016	2015	
Bank charges	13	635	(98)	69	1,060	(94)
Loss on financial assets designated at fair value through profit or loss	4,816	-	100	3,344	-	100
Others	49	5	883	725	3,193	(77)
	<u>4,878</u>	<u>640</u>	<u>662</u>	<u>4,138</u>	<u>4,253</u>	<u>(3)</u>

c) Cost of sales by business units

RMB'000	From 1 July to 30 September		Increase/ (Decrease) (%)	9 months ended 30 September		Increase/ (Decrease) (%)
	2016	2015		2016	2015	
Cost of land development	29,099	-	100	29,099	-	100
Others	96	-	100	96	-	100
	<u>29,195</u>	<u>-</u>	<u>100</u>	<u>29,195</u>	<u>-</u>	<u>100</u>

d) Finance costs

RMB'000	From 1 July to 30 September		Increase/ (Decrease) (%)	9 months ended 30 September		Increase/ (Decrease) (%)
	2016	2015		2016	2015	
Interest on bank and other borrowings	4,884	3,837	27	17,411	11,878	47
Interest on senior guaranteed notes	18,954	18,954	-	56,451	30,492	85
Less: interest capitalised	-	-	-	-	-	-
	<u>23,838</u>	<u>22,791</u>	<u>5</u>	<u>73,862</u>	<u>42,370</u>	<u>74</u>

*: The 2015 comparative information was restated to conform with the current year's presentation and disclosures.

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**1(b)(i) A Statement of Financial Position (for the group), together with a comparative statement
as at the end of immediately preceding financial year.**

Statement of Financial Position as at 30 September 2016

RMB'000	Group	
	30 September 2016	31 December 2015
Assets		
Non-current assets		
Investment in a joint venture	-	10,595
Loans and receivables	1,055,154	690,000
Available-for-sale financial assets	32,000	32,000
Financial assets designated at fair value through profit or loss	86,289	68,874
Property, plant and equipment	39,534	39,792
Prepaid land lease payments	11,373	11,657
Deferred tax assets	56,190	56,191
Other assets	9,596	10,744
Total non-current assets	1,290,136	919,853
Current assets		
Land development for sale	1,553,684	1,546,483
Prepayments	7,264	1,675
Inventories	6,435	-
Other receivables	2,234,857	1,415,727
Trade receivables	47,250	59,218
Loans and receivables	880,000	570,488
Cash and bank balances	1,861,631	1,568,656
Assets classified as held for sale	-	4,803,516
Total current assets	6,591,121	9,965,763
Total assets	7,881,257	10,885,616
Equity		
Owners of the parent:		
Share capital	4,110,841	4,110,841
Other reserves	579,270	579,270
Accumulated losses	(748,014)	(1,099,154)
	3,942,097	3,590,957
Non-controlling interests	369,858	293,465
Total Equity	4,311,955	3,884,422
Non-current liabilities		
Senior guaranteed notes	1,293,268	1,290,490
Interest bearing bank and other borrowings	290,075	309,030
Deferred tax liabilities	21,151	21,151
Total non-current liabilities	1,604,494	1,620,671

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RMB'000	Group	
	30 September 2016	31 December 2015
Current liabilities		
Interest bearing bank and other borrowings	200,000	365,000
Trade payables	153,149	149,942
Other payables and accruals	216,772	270,964
Advance from customers	1,988	-
Advances received for the settlement of Disposal Assets	538,975	538,975
Deferred revenue arising from land development	352,794	352,794
Current income tax liabilities	381,371	336,628
Financial liabilities designated as at fair value through profit or loss	119,759	-
Liabilities directly associated with assets classified as held for sale	-	3,366,220
Total current liabilities	1,964,808	5,380,523
Total liabilities	3,569,302	7,001,194
Equity and total liabilities	7,881,257	10,885,616
Net current assets	4,626,313	4,585,240
Total assets less current liabilities	5,916,449	5,505,093

1(b)(ii) Aggregate amount of the group's borrowing and debt securities.

i) Borrowings

RMB'000	30 September 2016	31 December 2015
Bank and other borrowings - secured	-	200,000
Bank and other borrowings - guaranteed	340,075	324,030
Bank and other borrowings – unsecured and unguaranteed	150,000	150,000
	490,075	674,030

a) Amount repayable in one year or less, or on demand

RMB'000	30 September 2016	31 December 2015
Bank and other borrowings - secured	-	200,000
Bank and other borrowings - guaranteed	50,000	15,000
Bank and other borrowings – unsecured and unguaranteed	150,000	150,000
	200,000	365,000

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b) Amount repayable after one year

RMB'000	30 September 2016	31 December 2015
Bank and other borrowings - guaranteed	290,075	309,030
	<u>290,075</u>	<u>309,030</u>

c) Whether the amounts are secured/guaranteed or unsecured.

See table above.

d) Details of any collateral/guarantee

Bank and other borrowings – guaranteed

As at 30 September 2016, the carrying amount of the guaranteed bank borrowing of RMB340 million was due to the loan from Industrial and Commercial Bank of China Limited. This loan was guaranteed by China Development Bank Capital Corporation Limited.

ii) Senior guaranteed notes

RMB'000	30 September 2016	31 December 2015
Book value of senior guaranteed notes at the beginning of period	1,301,460	-
Net proceeds of issued senior guaranteed notes	-	1,288,057
Interest expenses (based on effective interest rate of 5.84%)	56,452	49,447
Interest payment	<u>(35,653)</u>	<u>(36,044)</u>
Book value of senior guaranteed notes at the end of period	<u>1,322,259</u>	<u>1,301,460</u>
Categorized as current liabilities	28,991	10,970
Categorized as non-current liabilities	<u>1,293,268</u>	<u>1,290,490</u>

The Company issued senior guaranteed notes through its wholly owned subsidiary, China New Town Finance I Limited., in 2015 with a face value of RMB1.3 billion, tenor of three years, and with coupon rate of 5.5% per year. The senior guaranteed notes were guaranteed by the Company with the benefit of a keepwell and liquidity support by China Development Bank Capital Co., Ltd. The senior guaranteed notes were initially recognised at RMB1,288,057 thousand, being the face value of RMB1.3 billion deducted by the issuing cost of RMB RMB11.94 million. As at 30 September 2016, the carrying amount of the senior guaranteed notes were RMB1,322,259 thousand, of which RMB28,991 thousand was classified to current liabilities and RMB1,293,268 thousand was classified to non-current liabilities.

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1(c) A Statement of Cash Flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Cash Flow				
RMB'000	3Q 2016 from 1 July 2016 to 30 September 2016	3Q 2015 from 1 July 2015 to 30 September 2015	9 months ended 30 September 2016	9 months ended 30 September 2015
Cash flow from operating activities				
Profit before tax from continuing operations	4,270	15,396	116,482	25,755
Profit/(loss) before tax from discontinued operations	313,554	(5,289)	314,212	(20,252)
Profit before tax	317,824	10,107	430,694	5,503
Adjustments for:				
Bad debt provision of other receivables	-	-	-	2,803
Depreciation of property, plant and equipment	181	728	2,496	2,456
Amortization of prepaid land lease payments	94	94	283	283
Amortization of intangible assets	27	-	159	-
Gain on disposal of property, plant and equipment	(326)	-	(326)	-
Gain from disposal of subsidiaries and joint venture	(322,972)	(5,352)	(447,812)	(64,984)
Profit and loss from fair value changes	(1,872)	-	(3,344)	-
Share of gain from associate and joint venture	-	-	(4)	-
Gain from loans and receivables	(57,100)	(25,432)	(140,579)	(64,469)
Interest income	(7,265)	(12,254)	(26,486)	(28,776)
Interest expenses on bank and other borrowings	13,514	20,319	51,012	70,343
Interest expenses on senior guaranteed notes	18,955	18,954	56,452	30,492
Foreign exchange loss/(gain)	2,743	(139)	3,299	(214)
	(36,197)	7,025	(74,156)	(46,563)
Increase in land development for sale	(1,145)	(356)	(7,201)	(7,117)
Increase in properties under development for sale	(18,219)	(1,901)	(46,230)	(31,151)
Decrease in prepaid land lease payments	13,760	5,304	16,670	8,345
(Increase)/decrease in inventories	(175)	31	(2,792)	492
Increase in prepayments	(32,797)	(66,382)	(49,733)	(51,975)
Increase in other receivables and other current assets	(143,044)	(252,475)	(184,720)	(366,645)
Increase/(decrease) in trade receivables	(386)	235	(27,019)	3,212
Decrease/(increase) in prepaid income tax	25,158	-	25,158	(52)
Decrease in deferred income from sale of golf club membership	(3,998)	(4,005)	(11,994)	(12,014)
Increase/(decrease) in advances from customers	61,982	(53,617)	140,836	12,186

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RMB'000	3Q 2016 from 1 July 2016 to 30 September 2016	3Q 2015 from 1 July 2015 to 30 September 2015	9 months ended 30 September 2016	9 months ended 30 September 2015
Increase in trade and other payables	245,688	162,807	690,298	473,730
Payment of income tax	110,627	(203,334)	469,117	(17,552)
Net cash inflow/(outflow) from operating activities	(3,070)	-	(864)	(23,493)
	107,557	(203,334)	468,253	(41,045)
Cash flow from investing activities				
Purchase/construction of property, plant and equipment	(16,642)	(4)	(17,659)	(27,480)
Proceeds from disposal of property, plant and equipment	326	-	326	-
Payment for investment properties	-	-	-	(4,562)
Payments for intangible assets	-	-	(40)	-
Disposal of subsidiaries and joint venture	-	(34)	1,006,915	601,787
Acquisition of a subsidiary	1,000	-	10,277	-
Investment in available-for-sale financial assets	-	(19,500)	-	(19,500)
Investments in loans and receivables	(455,021)	(200,000)	(655,125)	(200,000)
Gain from loans and receivables	14,464	12,254	127,120	7,770
Investments in financial assets designated at fair value through profit or loss	4,170	(18,699)	(15,330)	(18,699)
Interest received from bank deposits	7,265	-	26,486	28,776
Net cash (outflow) /inflow from investing activities	(444,438)	(225,983)	482,970	368,092
Cash flows from financing activities				
Cash proceeds from issuance of senior guaranteed notes	-	-	-	1,288,057
Proceeds from bank borrowings	-	229,300	30,000	513,830
Repayment of bank borrowings	(354,770)	(31,912)	(727,806)	(520,360)
Repayment of borrowing from a related party	-	-	-	(500,000)
Cash released from restricted deposits in relation to repayment of bank borrowings	206,186	-	206,186	-
Investments received from financial liabilities designated as at fair value through profit or loss	121,019	-	121,019	-
Interest paid	(14,010)	(19,912)	(92,150)	(77,823)
Net cash (outflow)/ inflow from financing activities	(41,575)	177,476	(462,751)	703,704
Net (decrease)/ increase in cash and cash equivalents	(378,456)	(251,841)	488,472	1,030,751
Cash and cash equivalents at beginning of period	2,240,087	2,158,886	1,373,159	876,294
Cash and cash equivalents at end of period	1,861,631	1,907,045	1,861,631	1,907,045

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- 1(d)(i) A statement (for the group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Statements of Change in Equity

9 months ended 30 September 2016

RMB'000	Equity attributable to owners of parent				Non-controlling interest	Total equity
	Share capital	Other reserves	Accumulated loss	Total		
Balance as at 1 January 2016	4,110,841	579,270	(1,099,154)	3,590,957	293,465	3,884,422
Total comprehensive income	-	-	351,140	351,140	19,512	370,652
Acquisition of subsidiaries	-	-	-	-	18,377	18,377
Disposal of subsidiaries	-	-	-	-	38,504	38,504
Balance as at 30 September 2016	4,110,841	579,270	(748,014)	3,942,097	369,858	4,311,955

9 months ended 30 September 2015

RMB'000	Equity attributable to owners of parent				Non-controlling interest	Total equity
	Share capital	Other reserves	Accumulated loss	Total		
Balance as at 1 January 2015	4,110,841	579,270	(1,164,295)	3,525,816	321,620	3,847,436
Total comprehensive loss	-	-	(4,963)	(4,963)	(4,259)	(9,222)
Disposal of subsidiaries	-	-	-	-	1,841	1,841
Balance as at 30 September 2015	4,110,841	579,270	(1,169,258)	3,520,853	319,202	3,840,055

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

The number of shares that may be issued on conversion of all the outstanding convertibles (including the number of shares held as treasury shares, if any) and against the total number of issued shares excluding treasury shares as at 30 September 2016 and as at 30 September 2015 are set out below:

	As at 30 September 2016	As at 30 September 2015
	No. of shares	No. of shares
Treasury shares	-	-
Total number of issued shares (excluding treasury shares) as at the end of the period	9,846,119,747	9,846,119,747

The Group has no convertible securities as at 30 September 2016.

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- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	As at 30 September 2016	As at 31 December 2015
	No. of shares	No. of shares
Total number of issued shares excluding treasury shares as at the beginning of the period	9,846,119,747	9,846,119,747
Add/(Less): Treasury shares	-	-
Total number of issued shares excluding treasury shares as at the end of the period	9,846,119,747	9,846,119,747

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

The Group had no treasury shares in issue as at 30 September 2016.

- 2 Whether the figures have been audited or reviewed, and in accordance with auditing standard or practice.**

The figures have not been audited nor reviewed by the auditors.

- 3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

- 4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as compared with the most recently audited annual financial statements for the financial year ended 31 December 2015, except that the Group has adopted all the new and amended IFRS and IFRIC interpretations effective in the first 9 months ended as at 30 September 2016.

- 5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group and the Company have adopted all the new and revised IFRSs that are relevant in the current financial period. The adoption of these new/revised IFRSs has no material effect on the financial statements.

- 6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

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		Group			
	Earnings per ordinary share for the period based on profit/(loss) attributable to shareholders after deducting any provision for preference dividends	3Q from 1 July 2016 to 30 September 2016	3Q from 1 July 2015 to 30 September 2015	9 months ended 30 September 2016	9 months ended 30 September 2015
(i)	Based on the weighted average number of ordinary shares on issue (RMB)	0.0243	0.0004	0.0357	(0.0005)
(ii)	On a fully diluted basis (RMB)	0.0243	0.0004	0.0357	(0.0005)

The calculation of basic earnings per share amounts is based on the profit attributable to ordinary equity holders of the parent for the period ended 30 September 2016 and the period ended 30 September 2015.

The following reflects the income and share data used in the basic and diluted earnings per share computation:

	3Q from 1 July 2016 to 30 September 2016	3Q from 1 July 2015 to 30 September 2015	9 months ended 30 September 2016	9 months ended 30 September 2015
	RMB'000	RMB'000	RMB'000	RMB'000
Earnings /(loss) attributable to ordinary equity holders of the parent	239,313	4,117	351,140	(4,963)
Number of ordinary shares used to calculate the basic and diluted earnings/(loss) per share	9,846,119,747	9,846,119,747	9,846,119,747	9,846,119,747

- 7 **Net asset value (for the issuer and the group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the: (a) current financial period reported on; and (b) immediately preceding financial year.**

	Group	
Net asset value per ordinary share based on the total number of issued shares excluding treasury shares of the issuer as at the end of the period reported on (RMB)	30 September 2016	31 December 2015
	0.4004	0.3647

- 8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

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Operating Results

Revenue

Our results from operation mainly include fixed-income investments in new town projects, sharing of land sale proceeds in some projects and downstream operations in urbanization. In the third quarter of 2016, The Group recorded revenue of RMB58.37 million from fixed-income investments in new town projects, mainly including those from Nanjing Two Bridges Project, Danyang Flood Discharge PPP Project, Danyang Xinneng River Project, and Yangzhou Airport New Town Project, and accumulated investment gain of RMB3.56 million which has been received till the end of September 30 2016, by CDB New Town (Beijing) Asset Management Company Limited, a junior-tranche limited partner of CDB-BOCOMM New-type Urbanization Development Fund.

In the third quarter of 2016, we recorded revenue of RMB21.86 million related to land development, basically flat with the same period of 2015. This was due to the facilities fee earned at the Shanghai Golden Luodian project.

Other income

In the third quarter of 2016, other income decreased by RMB8.90 million as compared with the same period of 2015, which was mainly attributable to reduction in interest income from bank deposits, foreign exchange gain, and reversal of bad debt provision as compared with the same period of last year.

Cost of development of land

In the third quarter of 2016, we recorded RMB29.1 million cost of development of land. This was due to the corresponding cost of the facilities fee including cost to rectify certain facilities for the western part of the Shanghai Golden Luodian project.

Selling and administrative costs

In the third quarter of 2016, selling and administrative costs increased by RMB0.424 million as compared with the same period of 2015, which was mainly attributable to increase of selling and administrative costs in relation to CDB New Town Changchun Development Company Limited and CDB Modern Agriculture Investment Management (Beijing) Company Limited.

Finance costs

In the third quarter of 2016, the Group incurred net finance costs of RMB23.84million, including the interest expense of RMB4.89 million on bank and other borrowings and interest expense of RMB18.95 million on senior guaranteed notes. This represented an increase of RMB1.05 million from the net finance costs in the same period of 2015, primarily due to the additional interest expenses arising from bank and other borrowings as compared with the same period of last year.

Other expenses

In the third quarter of 2016, other expenses increased by RMB4.24million as compared with the same period of 2015, which was mainly attributable to an increase in the fair value loss on financial assets.

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Income tax

In the third quarter of 2016, the Company recorded income tax of RMB1.14 million, which was attributable to the profit from fixed-income investment projects.

Profit after tax from continuing operation

A profit after tax from continuing operation of RMB3.13 million was recorded for the third quarter of 2016, representing a decrease of RMB7.41million from the same period of 2015.

Statements of Financial Position

Loans and receivables (Non-current assets and Current assets)

The balance as at 30 September 2016 increased by RMB674.66 million as compared with the balance as at 2015 year end. Such increase was mainly due to the new investment in loans and receivables of RMB300 million to Yangzhou Airport New Town Project in the first half of 2016, as well as new investments in the third quarter, including RMB150 million to the Qinhuangdao Project, RMB300 million to the Danyang Zhongbei College Project and RMB200 million to the Zhenjiang Hi-tech District Affordable Housing Project, which was partially offset by recovering the RMB200 million investment principal of the Danyang Xinneng River Project upon exit.

Financial assets designated at fair value through profit or loss

The balance as at 30 September 2016 increased by RMB17.42 million as compared with the balance as at 2015 year end. This was mainly due to CDB New Town (Beijing) Asset Management Company Limited, in the capacity of junior-tranche limited partner, contributed capital of RMB19.50 million towards the CDB-BOCOMM New-type Urbanization Development Fund in the first half of 2016, and gain from the change in the fair value of RMB1.47 million, as well as having accumulatively received investment gain of RMB3.56 million as at 30 September 2016.

Inventories

The balance as at 30 September 2016 increased by RMB6.44 million as compared with the balance as at 2015 year end. Such increase was mainly due to the agricultural and by-products in connection with the acquisition of CDB Chengdu Agriculture Development Company Limited in 2016.

Prepayments

The balance as at 30 September 2016 increased by RMB5.59 million as compared with the balance as at 2015 year end. Such increase was mainly due to prepaid office rent of CDB Chengdu Agricultural Development Company Limited, and prepaid office rent and property management fee of CDB New Town (Beijing) Asset Management Company Limited from October to December.

Other receivables

The balance as at 30 September 2016 increased by RMB819 million as compared with the balance as at 2015 year end. Such increase was mainly attributable to outstanding proceeds from the disposal of discontinued operations in 2016, including an increase of RMB276 million due

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from SREI, an increase in disposal consideration receivables of RMB263 million, as well as the outstanding receivables due from the disposed assets in Shenyang amounting to RMB183 million.

Interest-bearing bank and other borrowings (non-current liabilities)

The balance as at 30 September 2016 was RMB290 million, representing a decrease of RMB184 million from the balance as at 2015 year end. This was mainly due to the repayment of a short-term loan of RMB200 million from the Beijing branch of Xiamen International Bank Company Limited during the third quarter of 2016.

Trade payables

The balance as at 30 September 2016 increased by RMB3.21million as compared with the balance as at 2015 year end. Such increase was mainly due to increase of RMB19.78 million from Shenyang Lixiang Project and decrease of RMB16.68 million from Shanghai Luodian Project.

Financial liabilities designated at fair value through profit or loss

The balance as at 30 September 2016 increased by RMB119.76 million as compared with the balance as at 2015 year end. This was mainly due to CIB Wealth Management Co., Ltd. as the senior-tranche limited partner, and CDB Jingcheng (Beijing) Investment Fund Company Limited, as the intermediate-tranche limited partner contributed capital to CDB New Town New-type Urbanization Development Fund.

Liquidity

Overall, cash and cash equivalents in the Reporting Period increased by RMB488 million as compared with the balance as at 2015 year end with a balance of RMB1.86 billion as at 30 September 2016. This was mainly due to net cash inflow from operating activities amounting to RMB468 million, net cash inflow from investing activities amounting to RMB482 million, as well as net cash outflow from financing activities amounting to RMB463 million for nine months ended 30 September 2016.

Discontinued Operations

On 10 October 2013, the Company, CDBIH and SREI (the then controlling shareholder of the Company) entered into share subscription agreement (the “**Subscription Agreement**”), pursuant to the terms and conditions of which CDBIH agreed to subscribe for 5,347,921,071 shares of the Company (the “**Subscription**”). The Subscription had been completed on 28 March 2014 and the relevant shares were issued.

As a schedule of the Subscription Agreement, the Company and SREI entered into the Disposal Master Agreement, pursuant to the terms and conditions of which the Company agreed to dispose the Disposal Assets, and SREI agreed to purchase the Disposal Assets at total consideration of RMB2,069,832,594, the relevant consideration of which shall be paid in several cash instalments (“**Assets Disposal**”).

The Disposal Assets are classified as assets held for sale in the financial statements and deemed discontinued operations of the Group. In the first half of 2016, the Company entered into a formal agreement regarding the disposal of a number of Disposal Assets (“**Disposal Agreement**”) with SRE Group Limited and SREI, certain Disposal Assets held under Luodian Company will be

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disposed to SRE Group, which is consistent with the terms and conditions, and the consideration is RMB1.315 billion. As at 30 September 2016, the Group has received 80% consideration of the Disposal Agreement. As the relevant conditions have been satisfied, the Disposal Assets are derecognized from the balance sheet, and the Group recognized an after-tax gain of RMB276 million in the third quarter of 2016.

The financial results of discontinued operations in the following periods are as set out below:

RMB'000	9 months ended 30 September	
	2016	2015
Revenue	116,612	102,577
Cost of sales	(60,745)	(60,051)
Gross profit	55,867	424,526
Other income	907	907
Selling and distribution costs	(11,542)	(18,971)
Administrative expenses	(44,988)	(48,544)
Other expenses	(707)	(2,689)
Operating loss from discontinued operations	(463)	(26,771)
Finance costs	(33,602)	(58,465)
Loss before tax from discontinued operations	(34,065)	(85,236)
Income tax	-	(205)
Loss for the year from discontinued operations	(34,065)	(85,441)
Gain after tax from disposal of subsidiaries	301,277	64,984
Profit/(loss) for the period from discontinued operations	<u>267,212</u>	<u>(20,457)</u>

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

As is evident from the third quarter results announced, the results for the current quarter is generally in line with the statements made in the Company's commentary in paragraph 10 of 2016 second quarter results. The Company considered that the market conditions remained similar to those that were expected in the last period.

10 Commentary of the significant trends and competitions of the industry in which the Group operates as at the date of this announcement and any known factors or events that may affect the Group in the next reporting period and the next 12 months.

In the third quarter of 2016, the Chinese Government continued to regulate the macro economy through supply side reform, and a series of measures targeted at stimulating economic growth (including consumption, investment and industrial output) were launched. In the fourth quarter, the macro economy will continue to be affected by supply side factors such as destocking,

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deleveraging and prevention of bubbles, which will impact on investments in infrastructures, real estate and private sectors. Overall, there remains substantial downward pressure on the macro economic front.

In the beginning of 2016, after carefully reviewing the current status of China's new-type urbanization and the Group's core competitive advantages, the Group refined its strategic focus from urbanization investment pure play to gradually evolve into the more optimal mix of "investments + operations". Furthermore, sectors such as education, tourism, healthcare and retirement services, were identified as targets for our downstream business extension in the field of urbanization. On this backdrop, leveraging the nationwide business network and strategic resources of China Development Bank Capital, and through proactive project sourcing and execution, the Group has also made progress. On 26 October 2016, the Group announced that it will partner with Beijing Vanke to develop the Junzhuang Project in the Beijing Mentougou District. The project has a total site area of 4.14 hectares, including more than 2 sq.km. of the East Zone which we hold exclusive development and operation rights, and would be developed into a large scale integrated consumption destination featuring various elements such as leisure and resort, eco-conservancy and healthcare, as well as parent-child experience and education. Furthermore, it positions us to participate in the development of the 1.44 sq.km. West Zone, featuring business opportunities such as shanty town reformation, primary land and integrated primary and secondary land developments. The launching of the Junzhuang project demonstrated the capability and determination of the Group in executing its strategy, and is a milestone for the Group in terms of building a quality asset portfolio and comprehensive consumption business in top cities. In addition, the partnership with Vanke represents the strategic combination of resources and branding between the nation's leading integrated land developer and leading property developer. By combining the worldwide partnership resources in the fields of healthcare, integrated tourism and international education from the CDB Urbanization Strategic Alliance and the top notch development and operation capability of Vanke in China, the project is positioned to be developed into an integrated tourism and consumption destination showcase.

While on the business side we remain focused on project investment and executing the Group's strategy, the Group is also proactively optimizing its corporate finance strategies and seeking to improve its listing status. On 18 October 2016, the Company announced that it intends to seek voluntary delisting from Singapore to become solely listed in Hong Kong. The delisting was intended to consolidate the trading of the Company's shares to bring about better liquidity, to align the Group's China-based principal business with the listing platform and thus to improve its appeal to investors. In addition, it helps to reduce the Company's operating costs and optimize the allocation of managerial resources. Please refer to Note 16 for details.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?	No
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(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?	No
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- (c) **Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated)**

Not applicable.

- (d) **Date Payable**

Not applicable.

- (e) **Book Closure Date**

Not applicable

12 If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared or recommended for the first quarter ended 30 September 2016.

13 Interest Persons Transactions ("IPT")

RMB'000	Financial period ended 30 September 2016	
Name of interested person	Aggregate value of all IPTs during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all IPTs conducted under shareholder's mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
CDB Jingcheng (Beijing) Investment Fund Company Limited	1,050,000	NA

As CDB Capital is the controlling shareholder of the Company, CDB Jingcheng (Beijing) Investment Fund Company Limited ("**CDB Fund**"), which is under CDB Capital's management, is deemed interested person of the Company under the Singapore Listing Manual. On 2 March 2016, CDB New Town (Beijing) Asset Management and Shengqi (Jiaxing) Investment Management, wholly-owned subsidiaries of the Company, entered into partnership agreement with CDB Fund regarding the establishment of the CDB New Town New-type Urbanization Development Fund. Pursuant to the agreement, the total capital amount was set at RMB5 billion, while the Company committed to contribute a total capital of RMB1.05 billion with the capacity as the junior-tranche limited partner and manager. For further information, please refer to the announcement made by the Company on 2 March 2016.

14 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company confirms that undertakings have been procured from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

15 Negative assurance confirmation by the Board of Directors pursuant to Rule 705 (5) of the Listing Manual of the Singapore Exchange Securities Trading Limited

The Directors of the Company confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the interim unaudited financial

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statements of China New Town Development Company Limited for the third quarter ended 30 September 2016 presented in this announcement to be false or misleading in any material aspect.

16 Subsequent event

On 18 October 2016, the Company proposed to seek a voluntary delisting of its Shares from the Official List of the SGX-ST pursuant to Rules 1307 and 1309 of the SGX-ST Listing Manual. Pursuant to the proposed delisting, the Company proposes to make a conditional cash exit offer to shareholders by way of a selective share buyback under the British Virgin Islands Business Companies Act and Articles of Association, which will involve the Company buying back and cancelling all tendered shares. The cash exit offer is a share buyback by way of general offer for the purposes of the Hong Kong Share Buy-back Code. For further information on the transaction, please refer to the announcements by the Company dated 18 October 2016 and 19 October 2016.

On 21 October 2016, the Company's wholly-owned subsidiary, namely CDB New Town, and Vanke BJ entered into a series of investment agreements with the Junzhuang Town Government of Beijing Mentongou District, Mengwu Village Co-op, Dongshan Village Co-op and Jiahua in respect of the development of the Junzhuang Town Project, pursuant to the terms and conditions of which the Group and Vanke BJ shall jointly develop and operate the project. Further to this, on 26 October 2016, CDB New Town and Vanke BJ entered into the *Cooperative Investment Agreement*, which sets out the details of establishing the joint venture for the project. For further information on the project, please refer to the announcement by the Company dated 26 October 2016.

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

Singapore and Hong Kong, 14 November 2016

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

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14 November 2016

The Board of Directors
China New Town Development Company Limited
Suite 4506-4509, Two International Finance Centre,
8 Finance Street, Central,
Hong Kong

Dear Sirs,

China New Town Development Company Limited ("the Company") and its subsidiaries
(the "Group")

Independent reporting accountants' report on profit estimate for the nine months ended
30 September 2016

We refer to the estimate of the unaudited consolidated total comprehensive profit attributable to owners of the parent for the nine months ended 30 September 2016 ("the Profit Estimate") set forth in the announcement of the Company dated 14 November 2016 (the "Announcement") in relation to the unaudited results of the Group for the nine months ended 30 September 2016. The Profit Estimate is required to be reported on under Rule 25 of the Singapore Code on Takeovers and Mergers.

Directors' responsibilities

The Profit Estimate has been prepared by the directors of the Company based on the unaudited consolidated results of the Group for the nine months ended 30 September 2016 as shown in the management accounts of the Group for the nine months ended 30 September 2016.

The Company's directors are solely responsible for the Profit Estimate.

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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Reporting accountants' responsibilities

Our responsibility is to express an opinion on the accounting policies and calculations of the Profit Estimate based on our procedures.

We conducted our engagement in accordance with *International Standards on Assurance Engagements 3000 (Revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the International Auditing and Assurance Standards Board (IAASB). Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company's directors have properly compiled the Profit Estimate in accordance with the bases adopted by the directors and as to whether the Profit Estimate is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work is substantially less in scope than an audit conducted in accordance with International Standards on Auditing issued by the IAASB. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled in accordance with the bases adopted by the directors as set out in the note 4 and note 5 of the Announcement and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the annual report of the Company for the year ended 31 December 2015.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong

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BNP PARIBAS, SINGAPORE BRANCH

20 Collyer Quay #01-01
Singapore 049319

14 November 2016

The Board of Directors
China New Town Development Company Limited
Suite 4506-4509, Two International Financial Centre,
8 Finance Street, Cental,
Hong Kong

Dear Sirs,

CHINA NEW TOWN DEVELOPMENT COMPANY LIMITED AND ITS SUBSIDIARIES

**FINANCIAL ADVISERS' LETTER ON PROFIT ESTIMATE FOR THE NINE MONTHS ENDED 30
SEPTEMBER 2016**

On 18 October 2016, China New Town Development Company Limited ("**China New Town**") proposed to seek a voluntary delisting of its shares from the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual of the SGX-ST (the "**Proposed Delisting**"). Pursuant to the Proposed Delisting, China New Town proposes to make a conditional cash exit offer to shareholders by way of a selective share buyback which will involve China New Town buying back and cancelling all tendered shares. The cash exit offer is a share buy-back by way of general offer for the purposes of the Hong Kong Code on Share Buy-backs.

We have examined the estimate of the unaudited consolidated total comprehensive profit attributable to owners of the parent for the nine-month ended 30 September 2016 (the "**Profit Estimate**") set forth in the announcement of China New Town dated 14 November 2016 and have discussed the same with the management of China New Town. We have also considered the independent auditor's report dated 14 November 2016 on the Profit Estimate. Based on the above, we are of the opinion that the Profit Estimate has been prepared by China New Town after due and careful enquiry.

For the purpose of this letter, we have relied on and assumed the accuracy and completeness of all information provided to us and/or discussed with us by China New Town. We have not assumed any responsibility for independently verifying the accuracy and completeness of such information or undertaken any independent evaluation or appraisal of any of the assets or liabilities of China New Town Group. Save as provided in this letter, we do not express any other opinion or views on the Profit Estimate. The board of directors of China New Town remain solely responsible for the Profit Estimate and the assumptions on which it is based.

This letter is provided to the board of directors of China New Town solely for the purpose of complying with Rule 25 of the Singapore Code on Take-overs and Mergers and not for any other purpose. We do not accept any responsibility to any person(s), other than the board of directors of China New Town, in respect of, arising out of, or in connection with this letter.

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Yours faithfully,

For and on behalf of

BNP Paribas, Singapore Branch

Jasper REISER
Managing Director
Co-Head, Equity Capital Markets Asia-Pacific
Investment Banking Asia-Pacific

Calvin LI Xiangrun
Director
Real Estate, South East Asia
Investment Banking Asia-Pacific

1. Unaudited pro forma statement of adjusted net assets

The following unaudited pro forma statements of adjusted net assets of the Group attributable to the equity holders of the parent is prepared based on the unaudited consolidated statement of financial position of the Group as at 30 June 2016, as extracted from the Company's announcement of the unaudited 2016 interim results for the six months ended 30 June 2016, and adjusted for the effect of the share repurchase up to 2,405,576,650 Shares at S\$0.07 per share (the "Exit Offer") as if they had been taken place on 30 June 2016. It has been prepared in accordance with Rule 4.29 of the Listing Rules for illustrative purposes only, to provide the shareholders with information about the impact of the Offer and, because of its hypothetical nature, may not give a true picture of the consolidated financial position of the Group as at 30 June 2016 had the Exit Offer been completed on 30 June 2016 or any future date.

	Unaudited consolidated net assets of the Group attributable to the equity holders of the parent as at 30 June 2016 <i>RMB'000</i> <i>(Note 1)</i>	Pro forma adjustment Effect of the Exit Offer <i>RMB'000</i> <i>(Note 2)</i>	Unaudited pro forma adjusted consolidated net assets of the Group attributable to the equity holders of the parent <i>RMB'000</i>	Unaudited unadjusted consolidated net assets per Share attributable to the equity holders of the parent as at 30 June 2016 <i>RMB</i> <i>(Note 3)</i>	Unaudited pro forma adjusted consolidated net assets per Share attributable to the equity holders of the Company immediately after the completion of the Offer <i>RMB</i> <i>(Note 4)</i>
The Offer of 2,405,576,650 Shares at a price of HK\$0.38 (or S\$0.07 or RMB0.34) per Share	3,702,784	(821,406)	2,881,378	0.376	0.387

Notes:

- The amounts are extracted from the unaudited consolidated statement of financial position of the Group as at 30 June 2016 as included in the Company's announcement of the unaudited 2016 interim results for the six months ended 30 June 2016.
- The amount of cash to be paid for the Exit Offer represents the maximum amount payable by the Group under the Offer of S\$168,390,366 (approximately RMB809,183,062) which is based on the repurchase of up to 2,405,576,650 Shares at a price of S\$0.07 (approximately RMB0.34 at the LPD Exchange Rate) per Share and the estimated expenses of approximately RMB12,223,171 directly attributable to the Exit Offer.
- The unaudited unadjusted consolidated net assets per Share attributable to the equity holders of the parent as at 30 June 2016 is calculated based on the unaudited consolidated net assets of the Group attributable to equity holders of the parent as at 30 June 2016 of RMB3,702,784 thousand and 9,846,119,747 Shares in issue as at 30 June 2016.
- The unaudited pro forma adjusted net assets per Share attributable to the equity holders of the parent immediately after completion of the Exit Offer is calculated based on the unaudited pro forma adjusted consolidated net assets of the Group attributable to equity holders of the parent as at 30 June 2016 of RMB2,881,378 thousand and 7,440,543,097 Shares in issue following the completion of the Exit Offer, which is 9,846,119,747 Shares in issue as at 30 June 2016 as detailed above, reduced by 2,405,576,650 Shares repurchased assuming that there is full acceptance of the Exit Offer by the tendering Shareholders up to the maximum number of Shares.

2. Unaudited pro forma basic earnings per Share

The following unaudited pro forma basic earnings per Share of the Group for the year ended 31 December 2015 is prepared based on the audited consolidated profit attributable to equity holders of the parent for the year ended 31 December 2015, as shown in the Company's annual report for the year ended 31 December 2015, and adjusted for the effect of the Exit Offer as if the completion of the Offer had taken place on 1 January 2015. It has been prepared in accordance with Rule 4.29 of the Listing Rules for illustrative purposes only, to provide the Shareholders with information about the impact of the Offer, and, because of its hypothetical nature, may not give a true picture of the results of the Group for the year ended 31 December 2015 had the Exit Offer been completed on 1 January 2015 or any future periods.

	Audited consolidated profit attributable to the equity holders of the parent for the year ended 31 December 2015 RMB'000 (Note 1)	Audited basic earnings per Share RMB (Note 1)	Unaudited pro forma basic earnings per Share RMB (Note 2)
The Offer of 2,405,576,650 Shares at a price of HK\$0.38 (or S\$0.07 or RMB0.34) per Share	65,141	0.0066	0.0088

Notes:

1. The amounts are extracted from the Company's annual report for the year ended 31 December 2015. The audited basic earnings per Share for the year ended 31 December 2015 is calculated based on the audited consolidated profit attributable to equity holders of the parent for the year ended 31 December 2015 of RMB65,141 thousand and the weighted average number of 9,846,119,747 Shares in issue during the year ended 31 December 2015.
2. The unaudited pro forma basic earnings per Share for the year ended 31 December 2015 is calculated based on the audited consolidated profit attributable to the equity holders of the parent of RMB65,141 thousand and the adjusted weighted average number of 7,440,543,097 Shares in issue, which is the weighted average number of 9,846,119,747 Shares in issue during the year ended 31 December 2015, reduced by 2,405,576,650 Shares repurchased as if the completion of the Offer had taken place on 1 January 2015 and that there is full acceptance of the Offer by the tendering Shareholders up to the maximum number of Shares.
3. The Exit Offer will be mainly funded by internal cash resource of the Company and/or shareholder's loan of US\$75,000,000, which is charged at interest rate of 2.5% per year and the annual interest is RMB13,008,750. The unaudited pro forma basic earnings per share does not take into account the annual interest of RMB13,008,750. Had the annual interest been taken into account, the unaudited pro forma profit attributable to the equity holders of the parent and unaudited pro forma basic earnings per share would be RMB52,132 thousand and RMB0.0070, respectively.
4. The estimated expenses directly attributable to the Exit Offer of approximately RMB12,223,171 is accounted for as a deduction from equity in accordance with IFRS.
5. No adjustment has been made to the unaudited pro forma basic earnings per Share to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2015.

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

21 December 2016

The Directors
China New Town Development Company Limited
Suite 4506-4509, Two International Finance Centre,
8 Finance Street, Central
Hong Kong

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of China New Town Development Company Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma adjusted net assets as at 30 June 2016, the unaudited pro forma basic earnings per share for the year ended 31 December 2015 and related notes (the "Unaudited Pro Forma Financial Information") set out on pages 246 to 247 of the Company's circular dated 21 December 2016, in connection with the proposed voluntary delisting from the official list of the Singapore Exchange Securities Trading Limited (the "SGX-ST") pursuant to a conditional cash exit offer by way of selective share buyback (the "Circular"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages 246 to 247 to the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the conditional cash exit offer by way of selective share buyback ("Selective Share Buyback") on the Group's unaudited net assets as at 30 June 2016, and the Group's basic earnings per share for the year ended 31 December 2015 as if the transaction had taken place at 30 June 2016 and 1 January 2015 respectively. As part of this process, information about the Group's unaudited consolidated net assets attributable to the equity owners of the parent have been extracted by the Directors from the Group's published unaudited consolidated financial statements for the six months ended 30 June 2016. Information about the basic earnings per share has been extracted by the Directors from the Group's consolidated financial statements for the year ended 31 December 2015, on which an audit report has been published.

Directors' responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline ("AG") 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of the Selective Share Buyback on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong

Amended and Restated Articles of Association

of

China New Town Development Company Limited

(Adopted pursuant to a resolution passed by the shareholders of China New Town Development Company Limited at the 2011 annual general meeting held on 29 April 2011)

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INTERPRETATION

1. In these Articles, unless the context otherwise requires, the words standing in the first column of the following table shall bear the meaning set opposite them respectively in the second column.

<u>WORD</u>	<u>MEANING</u>
“Act”	the Business Companies Act, 2004 of the British Virgin Islands as from time to time amended or restated.
"Articles"	these Articles of Association as originally registered or as from time to time amended or restated.
“associate”	has the meaning attributed to it in the rules or regulations of the Designated Stock Exchange.
"Auditor"	the auditor of the Company for the time being and may include any individual or partnership.
"Board"	the board of directors appointed or elected pursuant to these Articles and acting by resolution in accordance with the Act and these Articles or the directors present at a meeting of directors at which there is a quorum.
"clear days"	in relation to the period of notice that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect.
“clearing house”	a clearing house recognised by the laws of the jurisdiction in which the shares of the Company are listed or quoted on a stock exchange in such jurisdiction other than the Depository
"Company"	China New Town Development Company Limited.
"debenture" and "debenture holder"	include debenture stock and debenture stockholder respectively.
"Depositor"	a person being a Depository Agent or a holder of a Securities Account maintained with the Depository.
"Depository"	The Central Depository (Pte) Limited, a company incorporated in the Republic of Singapore and a wholly-owned subsidiary of the Singapore Exchange Securities Trading Limited.

"Depository Agent"	an entity registered as a Depository Agent with the Depository for the purpose of maintaining securities sub-accounts for its own account and for the account of others.
"Designated Stock Exchange"	the Singapore Exchange Securities Trading Limited for so long as the shares of the Company are listed or quoted on the Singapore Exchange Securities Trading Limited and/or The Stock Exchange of Hong Kong Limited for so long as the shares of the Company are listed or quoted on The Stock Exchange of Hong Kong Limited and/or such other stock exchange in respect of which the shares of the Company are listed or quoted and where such appointed stock exchange deems such listing or quotation to be the primary listing or quotation of the shares of the Company.
"Director"	a director of the Company and shall include an alternate director.
"Distribution"	(a) the direct or indirect transfer of an asset, other than the Company's own shares, to or for the benefit of a Member; or (b) the incurring of a debt to or for the benefit of a Member; in relation to shares held by a Member and whether by means of the purchase or an asset, the purchase, redemption or other acquisition of shares, a transfer of indebtedness or otherwise, and includes a dividend.
"head office"	such office of the Company as the Directors may from time to time determine to be the principal office of the Company.
"market day"	a day on which the Designated Stock Exchange is open for trading in securities.
"Member" or "shareholder"	a duly registered holder from time to time of the shares of the Company.
"Memorandum"	the Memorandum of Association of the Company as originally registered or as from time to time amended or restated.
"month"	a calendar month.

"Notice"	written notice as further provided in these Articles unless otherwise specifically stated.
"Office"	the registered office of the Company for the time being.
"paid up"	paid up or credited as paid up.
"Register"	the principal register of Members and where applicable, any branch register of Members of the Company to be maintained at such place within or outside the British Virgin Islands as the Board may determine from time to time.
"Registration Office"	in respect of any class of share such place as the Board may from time to time determine to keep a branch register of Members in respect of that class of share and where (except in cases where the Board otherwise directs) the transfers or other documents of title for such class of share are to be lodged for registration and are to be registered.
"Seal"	common seal or any one or more duplicate seals of the Company (including a securities seal) for use in the British Virgin Islands or in any place outside the British Virgin Islands.
"Secretary"	any person, firm or corporation appointed by the Board to perform any of the duties of secretary of the Company and includes any assistant, deputy, temporary or acting secretary.
"Securities Account"	the securities account maintained by a person with the Depository.
"Singapore Companies Act"	the Companies Act, Chapter 50, of Singapore.
"subsidiary" and "holding company"	the meanings attributed to them in the Singapore Companies Act.
"Statutes"	the Act and every other act of the legislature of the British Virgin Islands for the time being in force applying to or affecting the Company, its Memorandum and/or these Articles.
"year"	a calendar year.

2. In these Articles, unless there be something within the subject or context inconsistent with

such construction:-

- (a) words importing the singular include the plural and *vice versa*;
- (b) words denoting the masculine gender include the feminine and neuter genders;
- (c) words importing persons include companies, associations and bodies of persons whether corporate or not;
- (d) the words:-
 - (i) "may" shall be construed as permissive;
 - (ii) "shall" or "will" shall be construed as imperative;
- (e) expressions referring to writing or its cognates shall be construed as including facsimile printing, lithography, photography, electronic mail and other modes of representing words in a visible form;
- (f) references to any law, act, ordinance, statute or statutory provision shall be interpreted as relating to any statutory modification or re-enactment thereof for the time being in force;
- (g) save as aforesaid words and expressions defined in the Statutes shall bear the same meanings in these Articles;
- (h) a resolution shall be a special resolution when it has been passed by a majority of not less than three-fourths of the votes of those Members entitled to vote and voting on the resolution;
- (i) a resolution shall be an ordinary resolution when it has been passed by a simple majority of votes of those Members entitled to vote and voting on the resolution;
- (j) a special resolution shall be effective for any purpose for which an ordinary resolution is expressed to be required under any provision of these Articles or the Statutes; and
- (k) references to a document being executed include references to it being executed under hand or under seal or by electronic signature or by any other method and references to a notice or document include a notice or document recorded or stored in any digital, electronic, electrical, magnetic or other retrievable form or medium and information in visible form whether having physical substance or not.

SHARES

3. The shares of the Company at the date on which these Articles come into effect shall be ordinary shares of no par value and the Company is authorised to issue a maximum of 20,000,000,000 shares.

REPURCHASE AND REDEMPTION OF SHARES

3A. (1) The Company may purchase, redeem or otherwise acquire and hold its own shares.

(2) Any power of the Company to purchase, redeem or otherwise acquire its own shares shall be exercisable by the Board upon such terms and subject to such conditions as it thinks fit and shall also be subject to the Act and the Memorandum and, for so long as the shares of the Company are listed on the Designated Stock Exchange, any such purchase, redemption or acquisition shall also be subject to the rules and regulations of the Designated Stock Exchange and, for so long as the shares of the Company are listed on The Stock Exchange of Hong Kong Limited, any such purchase, redemption or acquisition not made through the market or by tender shall be limited to a maximum price as may from time to time be determined by the Company in general meeting, either generally or with regard to specific purchases, and if purchases are by tender, tenders shall be available to all Members alike.

(3) The Company may not purchase, redeem or otherwise acquire its own shares without the consent of Members whose shares are to be purchased, redeemed or otherwise acquired unless the Company is permitted by the Act or any provision of the Memorandum or these Articles to purchase, redeem or otherwise acquire the shares without their consent.

(4) No purchase, redemption or acquisition of shares shall be made unless the Directors are satisfied, on reasonable grounds, that immediately after the purchase, redemption or acquisition, the value of the Company's assets exceeds its liabilities and the Company is able to pay its debts as they fall due.

(5) Shares that the Company purchases, redeems or otherwise acquires shall be cancelled and the share certificate(s) (if any) relating to such shares shall be cancelled and destroyed as soon as reasonably practicable following settlement of such purchase, redemption or acquisition.

(6) The provisions of sections 60, 61 and 62 of the Act shall not apply to any purchase, redemption or acquisition by the Company of its own shares.

ALTERATION OF SHARES

4. The Company may from time to time by ordinary resolution of Members and in accordance with the Act amend its Memorandum:

- (a) to change the maximum number of shares that the Company is authorised to issue, or to authorise the Company to issue an unlimited number of shares;

- (b) to increase the classes of shares which the Company is authorised to issue and, without prejudice to any special rights previously conferred on the holders of existing class of shares, attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or such restrictions which in the absence of any such determination by the Company in general meeting, as the Directors may determine provided always that where the Company issues shares which do not carry voting rights, the words "non-voting" shall appear in the designation of such shares and where shares with different voting rights, the designation of each class of shares, other than those with the most favourable voting rights, must include the words "restricted voting" or "limited voting";
- (c) divide its shares, including issued shares, into a larger number of shares or combine its shares, including issued shares, into a smaller number of shares;
- (d) make provision for the issue and allotment of shares which do not carry any voting rights; and
- (e) cancel any shares which, at the date of the passing of the resolution, have not been taken, or agreed to be taken, by any person.

5. Where shares are divided or combined under paragraph (c) of Article 4, the aggregate par value (if any) of the new shares must be equal to the aggregate par value (if any) of the original shares. A division or combination of shares, including issued shares, of a class or series shall be for a larger or smaller number, as the case may be, of shares in the same class or series. The Company shall not divide its shares if it would cause the maximum number of shares that the Company is authorised to issue to be exceeded.

6. (1) The Board may settle as it considers expedient any difficulty which arises in relation to any division or combination of shares under the last preceding Article and in particular but without prejudice to the generality of the foregoing may issue certificates in respect of fractions of shares or arrange for the sale of the shares representing fractions and the distribution of the net proceeds of sale (after deduction of the expenses of such sale) in due proportion amongst the Members who would have been entitled to the fractions, and for this purpose the Board may authorise some person to transfer the shares representing fractions to their purchaser or resolve that such net proceeds be paid to the Company for the Company's benefit. Such purchaser will not be bound to see to the application of the purchase money nor will his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale.

(2) The Company may issue fractional shares and fractional shares shall have the corresponding fractional rights, obligations and liabilities of a whole share of the same class or series of shares.

7. Except so far as otherwise provided by the conditions of issue, or by these Articles, any shares issued by the Company shall be subject to the provisions contained in these Articles with reference to the payment of calls and instalments, transfer and transmission, forfeiture, lien, cancellation, surrender, voting and otherwise.

SHARE RIGHTS

8. (1) Subject to the Act, the Memorandum and these Articles, and any special rights conferred on the holders of any shares or class of shares, any share in the Company may be issued with or have attached thereto such rights or restrictions whether in regard to Distribution, voting or otherwise as the Company may by special resolution determine or, if there has not been any such determination or so far as the same shall not make specific provision, as the Board may determine.

(2) Subject to the Act, the rules or regulations of any Designated Stock Exchange, the Memorandum and these Articles, and any special rights conferred on the holders of any shares or attaching to any class of shares, shares may be issued on the terms that they may be, or at the option of the Company or the holder are, liable to be redeemed on such terms and in such manner as the Board may deem fit.

9. (1) In the event of preference shares being issued the total nominal value (if any) or the total number of issued preference shares, as the case may be, shall not at any time exceed the total nominal value (if any) or the total number of the issued ordinary shares, as the case may be, and preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance sheets and attending general meetings of the Company, and preference shareholders shall also have the right to vote at any meeting convened for the purpose of winding-up or sanctioning a sale of the undertaking or where the proposition to be submitted to the meeting directly affects their rights and privileges or when the Distribution on the preference shares is more than six (6) months in arrear.

(2) Subject to the Act, any preference shares may be issued or converted into shares that, at a determinable date or at the option of the Company or, if so authorised by the Memorandum, by the holder, are liable to be redeemed on such terms and in such manner as the Company before the issue or conversion may by ordinary resolution of the Members determine.

(3) The Company has power to issue further preference shares ranking equally with, or in priority to, preference shares already issued.

VARIATION OF RIGHTS

10. Whenever the shares of the Company are divided into different classes of shares, subject to the provisions of the Statutes, preference shares other than redeemable preference shares may be repaid and the special rights attached to any class may be varied or abrogated either with the consent in writing of the holders of three-quarters of the total issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class (but not otherwise) and may be so repaid, varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate general meeting and all adjournments thereof all the provisions of these Articles relating to general meetings of the Company and to the proceedings thereat shall *mutatis mutandis* apply, except that the necessary quorum (other than at an adjourned meeting) shall be two persons at least holding or

representing by proxy at least one-third of the total issued shares of the class and at any adjourned meeting of such holders, two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him, provided always that where the necessary majority for such a special resolution is not obtained at such general meeting, consent in writing if obtained from the holders of three-quarters of the total issued shares of the class concerned within two months of such general meeting shall be as valid and effectual as a special resolution carried at such general meeting.

11. Rights conferred upon the holders of any class of shares with preferred or other rights shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied, modified or abrogated by the creation or issue of further shares ranking *pari passu* therewith.

SHARES

12. (1) Subject to the Act and to the rules or regulations of the Designated Stock Exchange (if applicable), no shares may be issued by the Board without the prior approval of the Company in general meeting but subject thereto and to these Articles and without prejudice to any special rights or restrictions for the time being attached to any shares or any class or series of shares, the unissued shares of the Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration and upon such terms and conditions as the Board may in its absolute discretion determine but so that no shares with a par value shall be issued at a discount, provided always that:-

- (a) no shares shall be issued to transfer a controlling interest in the Company without the prior approval of the Members in general meeting;
- (b) (subject to any direction to the contrary that may be given by the Company in general meeting) any issue of shares for cash to Members holding shares of any class shall be offered to such Members in proportion as nearly as may be to the number of shares of such class then held by them and the provisions of the second sentence of Article 12(2) with such adaptations as are necessary shall apply; and
- (c) any other issue of shares, the aggregate of which would exceed the limits referred to in Article 12(3), shall be subject to the approval of the Company in general meeting.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to Members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the Board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(2) Except as permitted under the rules or regulations of the Designated Stock Exchange or any direction given by the Company in general meeting, all new shares shall, before issue, be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as far as the circumstances admit, to the amount of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined. After the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Board may dispose of those shares in such manner as they think most beneficial to the Company. The Board may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Board, be conveniently offered under this Article 12(2).

(3) Notwithstanding Article 12(2) above but subject to the Statutes and in accordance with any applicable listing rules of the Designated Stock Exchange, the Company in general meeting may by ordinary resolution grant to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the said ordinary resolution, to:-

- (a) (i) issue shares of the Company ("Shares") whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares; and
- (b) (notwithstanding the authority conferred by the said ordinary resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while the said ordinary resolution was in force,

provided that:-

- (aa) the aggregate number of Shares to be issued pursuant to the said ordinary resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to the said ordinary resolution) shall be subject to such limits and manner of calculation as may be prescribed by the Designated Stock Exchange;
- (bb) in exercising the authority conferred by the said ordinary resolution, the Company shall comply with the listing rules of the Designated Stock Exchange for the time being in force (unless such compliance is waived by the Designated Stock Exchange) and these presents; and
- (cc) (unless revoked or varied by the Company in general meeting) the authority conferred by the said ordinary resolution shall not continue in force beyond the conclusion of the annual general meeting of the Company next following the passing of the said ordinary resolution, or the date by which such annual general

meeting of the Company is required by law to be held, or the expiration of such other period as may be prescribed by the Statutes (whichever is the earliest).

(4) The Board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities of the Company on such terms as it may from time to time determine, Provided that such issue must be specifically approved by the Company in general meeting if required by the rules or regulations of the Designated Stock Exchange.

13. The Company may in connection with the issue of any shares exercise all powers of paying commission and brokerage conferred or permitted by the Act. Subject to the Act, the commission may be satisfied by the payment of cash or by the allotment of fully or partly paid shares or partly in one and partly in the other.

14. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or required in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any fractional part of a share or (except only as otherwise provided by these Articles or by law) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

15. (1) Subject to the terms and conditions of any application for shares, the Board shall allot shares applied for within ten (10) market days of the closing date of any such application (or such other period as may be approved by the Designated Stock Exchange).

(2) Subject to the Act and these Articles, the Board may at any time after the allotment of shares but before any person has been entered in the Register as the holder, recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Board considers fit to impose.

SHARE CERTIFICATES

16. Every share certificate shall be issued either under Seal (or a facsimile thereof) with or without the signature of any Director, or signed by at least one Director or such other person who may be authorised by the Board to sign share certificates, and shall specify the number and class and distinguishing numbers (if any) of the shares to which it relates, and the amount paid up thereon and may otherwise be in such form as the Directors may from time to time determine. No certificate shall be issued representing shares of more than one class. The signatures on any such certificates (or certificates in respect of other securities) need not be autographic but may be affixed to such certificates by some mechanical means or may be printed thereon or that such certificates need not be signed by any person.

17. (1) In the case of a share held jointly by several persons, the Company shall not be bound to issue more than one certificate therefor and delivery of a certificate to one of several joint holders shall be sufficient delivery to all such holders.

(2) Where a share stands in the names of two or more persons, the person first named in the Register shall as regards service of notices and, subject to the provisions of these Articles, all or any other matters connected with the Company, except the transfer of the shares, be deemed the sole holder thereof.

(3) Where a share stands in the names of two or more persons, any request relating to cancellation or issue of share certificates may be made by any one of the registered joint holders.

18. (1) Every person whose name is entered as a Member in the Register shall be entitled, without payment, to receive one certificate for all shares of any one class or several certificates each for one or more of such shares of such class upon payment for every certificate after the first of such fee as is provided in Article 18(2).

(2) The fee payable in respect of share certificates referred to in this Article and Article 19 shall be an amount not exceeding such maximum amount as the Designated Stock Exchange may from time to time determine provided that the Board may at any time waive such fee or determine a lower amount for such fee.

19. (1) Upon every transfer of shares the certificate held by the transferor shall be given up to be cancelled, and shall forthwith be cancelled accordingly, and a new certificate shall be issued to the transferee in respect of the shares transferred to him.

(2) Where a Member transfers part only of the shares comprised in a certificate or where a Member requires the Company to cancel any certificate or certificates and issue new certificates for the purpose of subdividing his holding in a different manner the old certificate or certificates shall be cancelled and a new certificate or certificates for the balance of such shares issued in lieu thereof and such Member shall pay all or any part of the stamp duty payable (if any) on each share certificate prior to the delivery thereof which the Board in its absolute discretion may require and such fee as is provided in Article 18(2).

20. Subject to the payment of all or any part of the stamp duty payable (if any) on each share certificate prior to the delivery thereof which the Board in its absolute discretion may require, every person whose name is entered as a Member in the Register shall be entitled to receive within ten (10) market days of the date of allotment (or such other period as may be approved by the Designated Stock Exchange) or within ten (10) market days after the date of lodgement of a registrable transfer (or such other period as may be approved by the Designated Stock Exchange) share certificates in reasonable denominations for the shares so allotted or transferred.

21. Subject to the provisions of the Statutes, if any share certificate shall be defaced, worn out, destroyed, lost or stolen, it may be renewed on such evidence being produced and a letter of indemnity (if required) being given by the shareholder, transferee, person entitled, purchaser, member firm or member company of the Designated Stock Exchange or on behalf of its or their client or clients as the Directors shall require, and (in case of defacement or wearing out) on delivery of the old certificate and in any case on payment of such sum not exceeding the maximum sum as the Designated Stock Exchange may determine to be payable as the Directors may from time to time require together with the amount of the stamp duty payable (if any) on each share certificate. In the case of destruction, loss or theft, a shareholder or person entitled to whom such

renewed certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such destruction or loss. Where share warrants are issued to the bearer, no certificate thereof shall be issued to replace the one that has been lost unless the Company is satisfied beyond reasonable doubt that the original certificate thereof has been destroyed.

LIEN

22. The Company shall have a first and paramount lien on every share (not being a fully paid share) for all unpaid calls and instalments upon the share in respect of which such moneys are due and unpaid. The Company shall also have a first and paramount lien on every share (not being a fully paid share) registered in the name of a Member (whether or not jointly with other Members) for all amounts of money presently payable by such Member or his estate to the Company whether the same shall have been incurred before or after notice to the Company of any equitable or other interest of any person other than such member, and whether the period for the payment or discharge of the same shall have actually arrived or not, and notwithstanding that the same are joint debts or liabilities of such Member or his estate and any other person, whether a Member or not. The Company's lien on a share shall extend to all Distributions or other moneys payable thereon or in respect thereof. The Board may at any time, generally or in any particular case, waive any lien that has arisen or declare any share exempt in whole or in part, from the provisions of this Article.

23. (1) Subject to these Articles, the Company may sell in such manner as the Board determines any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable, or the liability or engagement in respect of which such lien exists is liable to be presently fulfilled or discharged nor until the expiration of a date specified in a notice in writing for payment to be made, stating and demanding payment of the sum presently payable, or specifying the liability or engagement and demanding fulfilment or discharge thereof, has been served on the registered holder for the time being of the share or the person entitled thereto by reason of his death or bankruptcy.

(2) The aforesaid written notice shall specify a further date not earlier than the expiration of fourteen (14) days from the date of service of the notice on or before which the payment required by the notice is to be made and shall contain a statement that in the event of non-payment at or before the time named in the notice, the share will be liable to be sold.

24. The net proceeds of the sale shall be received by the Company and applied in or towards payment or discharge of the debt or liability in respect of which the lien exists, so far as the same is presently payable, and any residue shall (subject to a like lien for debts or liabilities not presently payable as existed upon the share prior to the sale) be paid to the person entitled to the share at the time of the sale or to his executors, administrators or assignees or as he may direct. To give effect to any such sale the Board may authorise some person to transfer the shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the shares so transferred and he shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale.

CALLS ON SHARES

25. Subject to these Articles and to the terms of allotment, the Board may from time to time make calls upon the Members in respect of any moneys unpaid on their shares, and each Member shall (subject to being given at least fourteen (14) clear days' Notice specifying the time and place of payment) pay to the Company as required by such notice the amount called on his shares. A call may be extended, postponed or revoked in whole or in part as the Board determines but no Member shall be entitled to any such extension, postponement or revocation except as a matter of grace and favour.

26. A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be made payable either in one lump sum or by instalments.

27. A person upon whom a call is made shall remain liable for calls made upon him notwithstanding the subsequent transfer of the shares in respect of which the call was made. The joint holders of a share shall be jointly and severally liable to pay all calls and instalments due in respect thereof or other moneys due in respect thereof.

28. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the amount unpaid from the day appointed for payment thereof to the time of actual payment at such rate (not exceeding twenty per cent. (20%) per annum) as the Board may determine, but the Board may in its absolute discretion waive payment of such interest wholly or in part.

29. No Member shall be entitled to receive any Distribution or bonus or to be present and vote (save as proxy for another Member) at any general meeting either personally or by proxy, or be reckoned in a quorum, or exercise any other privilege as a Member until all calls or instalments due by him to the Company, whether alone or jointly with any other person, together with interest and expenses (if any) shall have been paid.

30. On the trial or hearing of any action or other proceedings for the recovery of any money due for any call, it shall be sufficient to prove that the name of the Member sued is entered in the Register as the holder, or one of the holders, of the shares in respect of which such debt accrued, that the resolution making the call is duly recorded in the minute book, and that notice of such call was duly given to the Member sued, in pursuance of these Articles; and it shall not be necessary to prove the appointment of the Directors who made such call, nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

31. Any amount payable in respect of a share upon allotment or at any fixed date, whether in respect of nominal value or premium or as an instalment of a call, shall be deemed to be a call duly made and payable on the date fixed for payment and if it is not paid the provisions of these Articles shall apply as if that amount had become due and payable by virtue of a call duly made and notified.

32. On the issue of shares the Board may differentiate between the allottees or holders as to the amount of calls to be paid and the times of payment.

33. The Board may, if it thinks fit, receive from any Member willing to advance the same, and either in money or money's worth, all or any part of the moneys uncalled and unpaid or instalments payable upon any shares held by him and upon all or any of the moneys so advanced (until the same would, but for such advance, become presently payable) pay interest at such rate (if any) as the Board may decide. The Board may at any time repay the amount so advanced upon giving to such Member not less than one month's Notice of its intention in that behalf, unless before the expiration of such notice the amount so advanced shall have been called up on the shares in respect of which it was advanced. Such payment in advance shall not entitle the holder of such share or shares to participate in respect thereof in a Distribution subsequently declared or in profits.

FORFEITURE OF SHARES

34. (1) If a call remains unpaid after it has become due and payable the Board may give to the person from whom it is due a Notice:-

- (a) requiring payment of the amount unpaid together with any interest which may have accrued and which may still accrue up to the date of actual payment and the date for payment to be made;
- (b) specifying a further date, not earlier than the expiration of fourteen (14) days from the date of service of the Notice on or before which the payment required by the Notice is to be made; and
- (c) stating that in the event of non-payment at or before the time named in the Notice, the shares on which the call was made will be liable to be forfeited.

(2) If the requirements of any such Notice are not complied with, any share in respect of which such Notice has been given may at any time thereafter, before tender of payment of all calls and interest due in respect thereof has been made, be forfeited by a resolution of the Board to that effect, and such forfeiture shall include all Distributions and bonuses declared in respect of the forfeited share but not actually paid before the forfeiture.

35. When any share has been forfeited, notice of the forfeiture shall be served upon the person who was before forfeiture the holder of the share. No forfeiture shall be invalidated by any omission or neglect to give such Notice.

36. The Board may accept the surrender of any share liable to be forfeited hereunder and, in such case, references in these Articles to forfeiture will include surrender.

37. Until cancelled in accordance with the requirements of the Act, a forfeited share shall be the property of the Company and may be sold, re-allotted or otherwise disposed of to such person, upon such terms and in such manner as the Board determines, and at any time before a sale, re-allotment or disposition the forfeiture may be annulled by the Board on such terms as the Board determines.

37A. If any shares are forfeited and sold, any residue after the satisfaction of the unpaid calls and any accrued interests and expenses, shall be paid to the person whose shares have been forfeited,

or his executors, administrators or assignees or as he directs.

38. A person whose shares have been forfeited shall cease to be a Member in respect of the forfeited shares but nevertheless shall remain liable to pay the Company all moneys which at the date of forfeiture were presently payable by him to the Company in respect of the shares, with (if the Directors shall in their discretion so require) interest thereon from the date of forfeiture until payment at such rate (not exceeding twenty per cent. (20%) per annum) as the Board determines. The Board may enforce payment thereof if it thinks fit, and without any deduction or allowance for the value of the forfeited shares, at the date of forfeiture, but his liability shall cease if and when the Company shall have received payment in full of all such moneys in respect of the shares. For the purposes of this Article any sum which, by the terms of issue of a share, is payable thereon at a fixed time which is subsequent to the date of forfeiture, whether on account of the nominal value of the share or by way of premium, shall notwithstanding that time has not yet arrived be deemed to be payable at the date of forfeiture, and the same shall become due and payable immediately upon the forfeiture, but interest thereon shall only be payable in respect of any period between the said fixed time and the date of actual payment.

39. A declaration by a Director or the Secretary that a share has been forfeited on a specified date shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share, and such declaration shall (subject to the execution of an instrument of transfer by the Company if necessary) constitute a good title to the share, and the person to whom the share is disposed of shall be registered as the holder of the share and shall not be bound to see to the application of the consideration (if any), nor shall his title to the share be affected by any irregularity in or invalidity of the proceedings in reference to the forfeiture, sale or disposal of the share. When any share shall have been forfeited, notice of the declaration shall be given to the Member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or make any such entry.

40. Notwithstanding any such forfeiture as aforesaid the Board may at any time, before any shares so forfeited shall have been sold, re-allotted or otherwise disposed of, permit the shares forfeited to be bought back upon the terms of payment of all calls and interest due upon and expenses incurred in respect of the share, and upon such further terms (if any) as it thinks fit.

41. The forfeiture of a share shall not prejudice the right of the Company to any call already made or instalment payable thereon. Save as otherwise provided in these Articles, the Company is under no obligation to refund any moneys to the Member whose shares have been cancelled. Such Member shall be discharged from any obligation to the Company to pay further calls.

42. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium or otherwise, as if the same had been payable by virtue of a call duly made and notified.

REGISTER OF MEMBERS

43. (1) The Company shall keep in one or more books a Register and shall enter therein particulars required by the Act. The Company shall not be bound to register more than four (4) persons as the holders of any shares except in the case of the legal personal representatives of a deceased member.

(2) The Register shall be kept at the Office or at the office of the Company's registered agent, as may be determined by the Directors. The Company may keep an overseas or local or other branch register of Members resident in any place, and the Board may make and vary such regulations as it determines in respect of the keeping of any such register and maintaining a Registration Office in connection therewith.

44. (1) A Member is entitled, on giving prior written notice to the Company, to inspect, take copies of or take extracts from the Register including the Company's memorandum of association and articles of association, the register of directors and minutes of meetings and resolutions of members and of those classes of members of which the Member is a member (collectively, for the purpose of this Article 44, the "Documents"). The Documents shall be open to inspection by Members on every business day, subject to such reasonable restrictions as the Board may impose, so that no less than two (2) hours on every business day be allowed for inspection. The Register including any overseas or local or other branch register of Members may, after notice has been given in accordance with applicable requirements of any Designated Stock Exchange or by any electronic means as may be accepted by the Designated Stock Exchange, be closed at such times or for such periods not exceeding, in the whole, thirty (30) days in each year as the Board may determine and either generally or in respect of any class of shares.

(2) The Board shall not refuse to permit a Member to inspect the Register, register of directors or the minutes of meetings or resolutions of members or of those classes of members of which the Member is a member, or any part thereof, or limit the inspection of the document, including limiting the making of copies or the taking of extracts from the records.

(3) For the purposes of this Article 44, a "Member" shall be deemed to include a Depositor whose name appears in the records of the Depository at the material time.

RECORD DATES

45. Notwithstanding any other provision of these Articles, and subject to the rules of the Designated Stock Exchange and the Act, the Company or the Directors may fix any date as the record date for:-

- (a) determining the Members entitled to receive any Distribution, allotment or issue and such record date may be on, or at any time not more than thirty (30) days before or after, any date on which such Distribution, allotment or issue is declared, paid or made; and
- (b) determining the Members entitled to receive notice of and to vote at any general meeting of the Company;

provided that in respect of paragraph (b) above, the Directors may fix the date on which

notice is given of a general meeting, or such other date as may be specified in the notice, as the record date for determining those Members that are entitled to vote at the general meeting.

TRANSFER OF REGISTERED SHARES

46. Subject to these Articles, any Member may transfer all or any of his shares by an instrument of transfer in the form acceptable to the Board provided always that the Company shall accept for registration an instrument of transfer in a form approved by the Designated Stock Exchange. The instrument of transfer shall be sent to the Company for registration.

47. (1) The instrument of transfer of any share shall be executed by or on behalf of both the transferor and the transferee and be witnessed, provided that where the transferee is the Depository such instrument of transfer shall, subject to Article 47(2) below, be effective although not signed or witnessed by or on behalf of the Depository and provided further that when a corporation executes an instrument of transfer under seal, the affixation and attestation of the corporation's seal may be accepted as compliance with the requirements of this Article. The Board may also resolve, either generally or in any particular case, upon request by either the transferor or transferee, to accept mechanically executed transfers. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register in respect thereof. The Company shall not be required to treat a transferee of a share as a Member until the transferee's name has been entered in the Register. Nothing in these Articles shall preclude the Board from recognising a renunciation of the allotment or provisional allotment of any share by the allottee in favour of some other person.

(2) The instrument of transfer must be signed by a transferee (including where the transferee is the Depository) if registration as a holder of the share imposes a liability to the Company on the transferee.

48. (1) The Board may, in its absolute discretion and without giving any reason therefor, pass a resolution refusing or delaying to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve, or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also, without prejudice to the foregoing generality, refuse to register a transfer of any share (not being a fully paid up share) on which the Company has a lien or, except in the case of a transfer to executors, administrators or trustees of the estate of a deceased Member, a transfer of any share to more than four (4) joint holders.

(2) No transfer shall be made to an infant or to a person of unsound mind or under other legal disability.

(3) The Board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the Register to any branch register or any share on any branch register to the Register or any other branch register. In the event of any such transfer, the shareholder requesting such transfer shall bear the cost of effecting the transfer unless the Board otherwise determines.

(4) Unless the Board otherwise agrees (which agreement may be on such terms and subject to such conditions as the Board in its absolute discretion may from time to time determine, and which agreement the Board shall, without giving any reason therefor, be entitled in its absolute discretion to give or withhold), no shares upon the Register shall be transferred to any branch register nor shall shares on any branch register be transferred to the Register or any other branch register and all transfers and other documents of title shall be lodged for registration, and registered, in the case of any shares on a branch register, at the relevant Registration Office, and, in the case of any shares on the Register, at the Office or the office of the Company's registered agent.

(5) Save as provided in these Articles, there shall be no restriction on the transfer of fully paid up shares (except where required by law, or the rules or regulations of the Designated Stock Exchange).

49. Without limiting the generality of the last preceding Article, the Board may decline to recognise any instrument of transfer unless:-

- (a) a fee of such sum (not exceeding two Singapore dollars (S\$2.00) or such other maximum sum as the Designated Stock Exchange may determine to be payable) as the Board may from time to time require is paid to the Company in respect thereof;
- (b) the instrument of transfer is in respect of only one class of share;
- (c) the instrument of transfer is lodged at the Office or the office of the Company's registered agent or the Registration Office (as the case may be) accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do); and
- (d) if applicable, the instrument of transfer is duly and properly stamped.

50. If the Board resolves to refuse or delay the registration of a transfer of any share, it shall, as soon as practicable send to each of the transferor and transferee notice of the refusal or delay.

51. The registration of transfers of shares or of any class of shares may, after notice has been given in accordance with applicable requirements of the Designated Stock Exchange be suspended at such times and for such periods as the Board may determine.

TRANSMISSION OF REGISTERED SHARES

52. In the case of the death of a Member, the survivor or survivors where the deceased Member was a joint holder, and the legal personal representatives of the deceased Member where the deceased Member was a sole holder, shall be the only persons recognised by the Company as having any title to the deceased Member's interest in the shares. Nothing herein shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by such deceased Member with other persons. Subject to the provisions of the Act, for the

purpose of this Article, legal personal representative means the executor or administrator of a deceased Member or such other person as the Board may, in its absolute discretion, decide as being properly authorised to deal with the shares of a deceased Member. Where two or more persons are registered as joint holders of a share or shares, then in the event of the death of any joint holder or holders the remaining joint holder or holders shall be absolutely entitled to the said share or shares and the Company shall recognise no claim in respect of the estate of any joint holder except in the case of the last survivor of such joint holders.

53. Any person becoming entitled by operation of law to a share in consequence of the death or bankruptcy or winding-up of a Member may, upon such evidence as to his title being produced as may be required by the Board, elect either to become the holder of the share or to have some person nominated by him registered as the transferee thereof. If he elects to become the holder he shall notify the Company in writing either at the Registration Office or Office, as the case may be, to that effect. If he elects to have another person registered he shall execute a transfer of the share in favour of that person. The provisions of these Articles relating to the transfer and registration of transfers of shares shall apply to such notice or transfer as aforesaid as if the death or bankruptcy of the Member had not occurred and the notice or transfer were a transfer signed by such Member.

54. A person becoming entitled by operation of law to a share by reason of the death or bankruptcy or winding-up of a Member shall be entitled to the same Distributions and other advantages to which he would be entitled if he were the registered holder of the share. However, the Board may, if it thinks fit, withhold the payment of any Distribution payable or other advantages in respect of such share until such person shall become the registered holder of the share or shall have effectually transferred such share, but, subject to the requirements of Article 74(2) being met, such a person may vote at meetings.

UNTRACEABLE MEMBERS

54A. (1) Without prejudice to the rights of the Company under paragraph (2) of this Article, the Company may cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants after the first occasion on which such a cheque or warrant is returned undelivered.

(2) The Company shall have the power to sell, in such manner as the Board thinks fit, any shares of a Member who is untraceable, but no such sale shall be made unless:

- (a) all cheques or warrants in respect of dividends of the shares in question, being not less than three in total number, for any sum payable in cash to the holder of such shares in respect of them sent during the relevant period in the manner authorised by the Articles of the Company have remained unclaimed; and
- (b) the Company, if so required by the rules governing the listing of shares on the Designated Stock Exchange, has given notice to, and caused advertisement in newspapers in accordance with the requirements of, the Designated Stock Exchange to be made of its intention to sell such shares in the manner required by the Designated Stock Exchange, and a period of three (3) months or such shorter

period as may be allowed by the Designated Stock Exchange has elapsed since the date of such advertisement.

For the purpose of the foregoing, the “relevant period” means the period commencing twelve years before the date of publication of the advertisement referred to in paragraph (b) of this Article and ending at the expiry of the period referred to in that paragraph.

(3) To give effect to any such sale the Board may authorise some person to transfer the said shares and an instrument of transfer signed or otherwise executed by or on behalf of such person shall be as effective as if it had been executed by the registered holder or the person entitled by transmission to such shares, and the purchaser shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale. The net proceeds of the sale will belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former Member for an amount equal to such net proceeds. No trust shall be created in respect of such debt and no interest shall be payable in respect of it and the Company shall not be required to account for any money earned from the net proceeds which may be employed in the business of the Company or as it thinks fit. Any sale under this Article shall be valid and effective notwithstanding that the Member holding the shares sold is dead, bankrupt or otherwise under any legal disability or incapacity.

GENERAL MEETINGS

55. Subject to Article 151(1), an annual general meeting of the Company shall be held in each year other than the year of the Company’s incorporation at such time (within a period of not more than eighteen (18) months after the date of incorporation or not more than fifteen (15) months after the holding of the last preceding annual general meeting, unless a longer period would not infringe the rules or regulations of the Designated Stock Exchange, if any) and place as may be determined by the Board. In addition, for so long as the shares of the Company are listed on the Designated Stock Exchange, the interval between the close of the Company’s financial year and the date of the Company’s annual general meeting shall not exceed four (4) months or such other period as may be prescribed or permitted by the Designated Stock Exchange.

56. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting. General meetings may be held in any part of the world as may be determined by the Board.

57. The Board may whenever it thinks fit call extraordinary general meetings, and, subject to the Act, the Board shall call an extraordinary general meeting if requested in writing to do so by Members entitled to exercise at the date of deposit of the requisition not less than one-twentieth of the total voting rights of the matter for which the meeting is being requested. The written requisition shall be made to the Board or the Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so in the same manner, and all reasonable

expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

NOTICE OF GENERAL MEETINGS

58. (1) At least fourteen (14) days' Notice of a general meeting shall be given to those persons whose name, on the date of the Notice is given, appear in the Register and are entitled to vote at the general meeting. An annual general meeting or an extraordinary general meeting at which the passing of a special resolution is to be considered shall be called by not less than twenty-one (21) days' Notice. A general meeting, whether or not a special resolution will be considered at such meeting may be called by shorter notice if it is so agreed:-

- (a) in the case of a meeting called as an annual general meeting, by all the Members entitled to attend and vote thereat; and
- (b) in the case of any other meeting, by a majority in number of the Members having the right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent (95%) of the total voting rights on all the matters to be considered at the meeting;

and for this purpose, the presence of a Member at the general meeting shall be deemed to constitute waiver on his part.

(2) For so long as the shares of the Company are listed on the Singapore Exchange Securities Trading Limited, at least fourteen (14) days' notice of any general meeting shall be given by advertisement in an English daily newspaper in circulation in Singapore and in writing to the Designated Stock Exchange.

(3) The period of notice shall be exclusive of the day on which it is served or deemed to be served and exclusive of the day on which the meeting is to be held, and the Notice shall specify the day, time and place of the meeting and, in case of special business, the general nature of the business. Any Notice of a general meeting to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution on the Company in respect of such special business. The Notice convening an annual general meeting shall specify the meeting as such. Notice of every general meeting shall be given to all Members, other than to such Members as, under the provisions of these Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and to each of the Directors and the Auditors.

(4) The Secretary may postpone any general meeting called in accordance with the provisions of these Articles (other than a meeting requisitioned under these Articles) provided that notice of postponement is given to each Member before the time for such meeting. Fresh notice of the date, time and place for the postponed meeting shall be given to each Member in accordance with the provisions of these Articles.

59. The inadvertent failure to give Notice of a meeting or (in cases where instruments of proxy are sent out with the Notice) to send such instrument of proxy to, or the fact that a Member has not

received such Notice or such instrument of proxy by, any person entitled to receive such Notice shall not invalidate any resolution passed or the proceedings at that meeting.

PROCEEDINGS AT GENERAL MEETINGS

60. (1) Members may participate in any general meeting by means of such telephone or other electronic means as permit all persons participating in the meeting to hear and communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.

(2) All business shall be deemed special that is transacted at an extraordinary general meeting, and also all business that is transacted at an annual general meeting, with the exception of sanctioning dividends, the reading, considering and adopting of the accounts and balance sheet and the reports of the Directors and Auditors and other documents required to be annexed to the balance sheet, the election of Directors and appointment of Auditors and other officers in the place of those retiring, the fixing of the remuneration of the Auditors, and the voting of remuneration or extra remuneration to the Directors.

(3) No business, other than the appointment of a chairman of a meeting, shall be transacted at any general meeting unless a quorum of Members is present at the time when the meeting proceeds to business. Except as herein otherwise provided, two (2) Members present in person (or in the case of a Member being a corporation by its duly authorised representative) or by proxy shall form a quorum, provided that if the Company shall at any time have only one Member, one Member present in person (or being a corporation by its duly authorised representative) or by proxy shall form a quorum, for the transaction of business at any general meeting of the Company held during such time.

61. If within thirty (30) minutes (or such longer time not exceeding one hour as the chairman of the meeting may determine to wait) after the time appointed for the meeting a quorum is not present, the meeting, if convened on the requisition of Members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week at the same time and place or to such time and place as the Board may determine. If at such adjourned meeting a quorum is not present within half an hour from the time appointed for holding the meeting, the meeting shall be dissolved.

62. The chairman of the Board (if one is appointed) shall preside as chairman at every general meeting. If at any meeting the chairman is not present within fifteen (15) minutes after the time appointed for holding the meeting, or is not willing to act as chairman, the Directors present shall choose one of their number to act, or if one Director only is present he shall preside as chairman if willing to act. If no Director is present, or if each of the Directors present declines to take the chair, or if the chairman chosen shall retire from the chair, the Members present in person or by proxy and entitled to vote shall elect one of their number to be chairman.

63. The chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place as the meeting shall determine, but no business shall be transacted at any adjourned meeting other than the business which might lawfully have been transacted at the meeting had the adjournment not

taken place. When a meeting is adjourned for fourteen (14) days or more, at least seven (7) clear days' Notice of the adjourned meeting shall be given specifying the time and place of the adjourned meeting but it shall not be necessary to specify in such notice the nature of the business to be transacted at the adjourned meeting and the general nature of the business to be transacted. Save as aforesaid, it shall be unnecessary to give notice of an adjournment.

64. If an amendment is proposed to any resolution under consideration but is in good faith ruled out of order by the chairman of the meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a special resolution, no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.

VOTING

65. Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with these Articles, at any general meeting (i) on a show of hands every Member present in person (or being a corporation, is present by a representative duly authorised under Article 83) or by proxy shall have one vote and the chairman of the meeting shall determine which proxy shall be entitled to vote where a Member (other than the Depository) is represented by two proxies, and (ii) on a poll every Member present in person or by proxy or, in the case of a Member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder or which he represents and in respect of which all calls due to the Company have been paid, but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share. A resolution put to the vote of a meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:-

- (a) by the chairman of such meeting; or
- (b) by at least three Members present in person (or in the case of a Member being a corporation by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (c) by a Member or Members present in person (or in the case of a Member being a corporation by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all Members having the right to vote at the meeting; or
- (d) by a Member or Members present in person (or in the case of a Member being a corporation by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right; or
- (e) where the Depository is a Member, by at least three proxies representing the

Depository.

A demand by a person as proxy for a Member or in the case of a Member being a corporation by its duly authorised representative shall be deemed to be the same as a demand by a Member.

66. Unless a poll is duly demanded and the demand is not withdrawn, a declaration by the chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or not carried by a particular majority, or lost, and an entry to that effect made in the minute book of the Company, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded for or against the resolution.

67. If a poll is duly demanded the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

68. A poll demanded on the election of a chairman, or on a question of adjournment, shall be taken forthwith. A poll demanded on any other question shall be taken in such manner (including the use of ballot or voting papers or tickets) and either forthwith or at such time (being not later than thirty (30) days after the date of the demand) and place as the chairman directs. It shall not be necessary (unless the chairman otherwise directs) for notice to be given of a poll not taken immediately.

69. The demand for a poll shall not prevent the continuance of a meeting or the transaction of any business other than the question on which the poll has been demanded, and, with the consent of the chairman, it may be withdrawn at any time before the close of the meeting or the taking of the poll, whichever is the earlier.

70. On a poll votes may be given either personally or by proxy.

71. A person entitled to more than one vote on a poll need not use all his votes or cast all the votes he uses in the same way.

72. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of such meeting shall be entitled to a second or casting vote in addition to any other vote he may have.

73. Where there are joint holders of any share, each of them may be present in person or by proxy at a general meeting and may speak as a member. If only one of the joint holders is present in person or by proxy, he may vote in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register in respect of the joint holding. Several executors or administrators of a deceased Member in whose name any share stands shall for the purposes of this Article be deemed joint holders thereof.

74. (1) A Member who is a patient for any purpose relating to mental health or in respect

of whom an order has been made by any court having jurisdiction for the protection or management of the affairs of persons incapable of managing their own affairs may vote, whether on a show of hands or on a poll, by his receiver, committee, curator bonis or other person in the nature of a receiver, committee or curator bonis appointed by such court, and such receiver, committee, curator bonis or other person may vote on a poll by proxy, and may otherwise act and be treated as if he were the registered holder of such shares for the purposes of general meetings, provided that such evidence as the Board may require of the authority of the person claiming to vote shall have been deposited at the Office, head office or Registration Office, as appropriate, not less than forty-eight (48) hours before the time appointed for holding the meeting, or adjourned meeting or poll, as the case may be.

(2) Any person entitled under Article 53 to be registered as the holder of any shares may vote at any general meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that forty-eight (48) hours at least before the time of the holding of the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall satisfy the Board of his entitlement to such shares, or the Board shall have previously admitted his right to vote at such meeting in respect thereof.

75. No Member shall, unless the Board otherwise determines, be entitled to attend and vote and to be reckoned in a quorum at any general meeting unless he is duly registered and all calls or other sums presently payable by him in respect of shares in the Company have been paid.

75A. Where the Company has knowledge that any Member is, under the rules of the Designated Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such Member in contravention of such requirement or restriction shall not be counted.

76. If:-

- (a) any objection shall be raised to the qualification of any voter; or
- (b) any votes have been counted which ought not to have been counted or which might have been rejected; or
- (c) any votes are not counted which ought to have been counted;

the objection or error shall not vitiate the decision of the meeting or adjourned meeting on any resolution unless the same is raised or pointed out at the meeting or, as the case may be, the adjourned meeting at which the vote objected to is given or tendered or at which the error occurs. Any objection or error shall be referred to the chairman of the meeting and shall only vitiate the decision of the meeting on any resolution if the chairman decides that the same may have affected the decision of the meeting. The decision of the chairman on such matters shall be final and conclusive.

PROXIES

77. (1) Any Member entitled to attend and vote at a meeting of the Company shall be entitled to appoint one or more proxies to attend, speak and vote instead of him at the same general meeting provided that if the Member is the Depository or the clearing house (or its nominee(s)):-
- (a) the Depository of the clearing house (or its nominee(s)) may appoint proxies to attend, speak and vote at the same general meeting and each proxy shall be entitled to exercise the same powers on behalf of the Depository as the Depository could exercise, including, notwithstanding Article 65, the right to vote individually on a show of hands;
 - (b) unless the Depository specifies otherwise in a written notice to the Company, the Depository shall be deemed to have appointed as the Depository's proxies to vote on behalf of the Depository at a general meeting of the Company each of the Depositors who are individuals and whose names are shown in the records of the Depository as at a time not earlier than forty-eight (48) hours prior to the time of the relevant general meeting supplied by the Depository to the Company and notwithstanding any other provisions in these Articles, the appointment of proxies by virtue of this Article 77(1)(b) shall not require an instrument of proxy or the lodgement of any instrument of proxy;
 - (c) the Company shall accept as valid in all respects the form of instrument of proxy approved by the Depository (the "CDP Proxy Form") for use at the date relevant to the general meeting in question naming a Depositor (the "Nominating Depositor") and permitting that Nominating Depositor to nominate a person or persons other than himself as the proxy or proxies appointed by the Depository. The Company shall, in determining rights to vote and other matters in respect of a completed CDP Proxy Form submitted to it, have regard to the instructions given by and the notes (if any) set out in the CDP Proxy Form. The submission of any CDP Proxy Form shall not affect the operation of Article 77(1)(b) and shall not preclude a Depositor appointed as a proxy by virtue of Article 77(1)(b) from attending and voting at the relevant meeting but in the event of attendance by such Depositor the CDP Proxy Form submitted bearing his name as the Nominating Depositor shall be deemed to be revoked;
 - (d) the Company shall reject any CDP Proxy Form of a Nominating Depositor if his name is not shown in the records of the Depository as at a time not earlier than forty-eight (48) hours prior to the time of the relevant general meeting supplied by the Depository to the Company; and
 - (e) on a poll the maximum number of votes which a Depositor, or proxies appointed pursuant to a CDP Proxy Form in respect of that Depositor, is able to cast shall be the number of shares credited to the Securities Account of that Depositor as shown in the records of the Depository as at a time not earlier than forty-eight (48) hours prior to the time of the relevant general meeting supplied by the Depository to the Company, whether that number is greater or smaller than the number specified in any CDP Proxy Form or instrument of proxy executed by or on behalf of the Depository.

(2) In any case where an instrument of proxy appoints more than one proxy (including the case when a CDP Proxy Form is used), the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument of proxy.

(3) A proxy need not be a Member. In addition, subject to Article 77(1), a proxy or proxies representing either a Member who is an individual or a Member which is a corporation shall be entitled to exercise the same powers on behalf of the Member which he or they represent as such Member could exercise, including, notwithstanding Article 65, the right to vote individually on a show of hands. On a poll, a proxy need not use all the votes he is entitled to cast or cast all such votes in the same way.

78. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same or, in the case of the Depository, signed by its duly authorised officer by some method or system of mechanical signature as the Depository may deem appropriate. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the fact.

79. The instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed on behalf of the appointor (which shall, for this purpose, include a Depositor), or a certified copy of such power or authority, shall be delivered to such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified at the Registration Office or the Office, as may be appropriate) not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than twenty-four (24) hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve (12) months from the date named in it as the date of its execution, except at an adjourned meeting or on a poll demanded at a meeting or an adjourned meeting in cases where the meeting was originally held within twelve (12) months from such date. Delivery of an instrument appointing a proxy shall not preclude a Member from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.

80. Instruments of proxy shall be in any usual or common form (including any form approved from time to time by the Depository) or in such other form as the Board may approve (provided that this shall not preclude the use of the two-way form) and the Board may, if it thinks fit, send out with the notice of any meeting forms of instrument of proxy for use at the meeting. The instrument of proxy shall be deemed to confer authority to demand or join in demanding a poll and to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for

any adjournment of the meeting as for the meeting to which it relates.

81. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the instrument of proxy or of the authority under which it was executed, provided that no intimation in writing of such death, insanity or revocation shall have been received by the Company at the Office or the Registration Office (or such other place as may be specified for the delivery of instruments of proxy in the notice convening the meeting or other document sent therewith) two (2) hours at least before the commencement of the meeting or adjourned meeting, or the taking of the poll, at which the instrument of proxy is used.

82. Anything which under these Articles a Member may do by proxy he may likewise do by his duly appointed attorney and the provisions of these Articles relating to proxies and instruments appointing proxies shall apply *mutatis mutandis* in relation to any such attorney and the instrument under which such attorney is appointed.

CORPORATIONS ACTING BY REPRESENTATIVES

83. (1) Any corporation which is a Member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or at any meeting of any class of Members. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual Member and such corporation shall for the purposes of these Articles be deemed to be present in person at any such meeting if a person so authorised is present thereat.

(2) Where a Member is the Depository (or its nominee, in each case, being a corporation), it may authorise such persons as it thinks fit to act as its representatives at any meeting of the Company or at any meeting of any class of Members provided that the authorisation shall specify the number and class of shares in respect of which each such representative is so authorised. Each person so authorised under the provisions of this Article shall be entitled to exercise the same rights and powers as if such person was the registered holder of the shares of the Company held by the Depository (or its nominee) in respect of the number and class of shares specified in the relevant authorisation including the right to vote individually on a show of hands.

(3) If the clearing house (or its nominee(s)), being a corporation, is a Member, the clearing house or its nominee(s) (as applicable) may authorise such person(s) as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of Members provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such representative is so authorised. Each person so authorised under the provisions of this Article shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by the clearing house (or its nominee(s)).

(4) Any reference in these Articles to a duly authorised representative of a Member being a corporation shall mean a representative authorised under the provisions of this Article.

WRITTEN RESOLUTIONS OF MEMBERS

84. Subject to the Act, a resolution in writing signed (in such manner as to indicate, expressly or impliedly, unconditional approval) by or on behalf of all persons for the time being entitled to receive notice of and to attend and vote at general meetings of the Company shall, for the purposes of these Articles, be treated as a resolution duly passed at a general meeting of the Company and, where relevant, as a special resolution so passed. Any such resolution shall be deemed to have been passed at a meeting held on the date on which it was signed by the last Member to sign, and where the resolution states a date as being the date of his signature thereof by any Member the statement shall be prima facie evidence that it was signed by him on that date. Such a resolution may consist of several documents in the like form, each signed by one or more relevant Members.

BOARD OF DIRECTORS

85. (1) The number of Directors shall be fixed by the first Director or Directors of the Company, and thereafter, the Company may from time to time by ordinary resolution increase or reduce the maximum number of Directors but so that the number of Directors shall never be less than one (1). All Directors shall be natural persons. The Directors shall be elected or appointed in the first place by the first registered agent of the Company within six (6) months of the date of incorporation of the Company and thereafter the Company may by ordinary resolution at any general meeting appoint any person to be a Director either as an additional Director or to fill a vacancy.

(2) The Board shall have the power from time to time and at any time to appoint any person as a Director either to fill a vacancy or as an additional Director.

(3) Neither a Director nor an alternate Director shall be required to hold any shares of the Company by way of qualification and a Director or alternate Director (as the case may be) who is not a Member shall be entitled to receive notice of and to attend and speak at any general meeting of the Company and of all classes of shares of the Company.

(4) A Director may be removed from office, with or without cause, at any time before the expiration of his period of office notwithstanding anything in these Articles or in any agreement between the Company and such Director (but without prejudice to any claim for damages under any such agreement):

- (a) by the Members, at a general meeting called for the purpose of removing the Director or for the purposes including the removal of the Director and held in accordance with these Articles, by ordinary resolution, or by resolution in writing passed in accordance with these Articles; or
 - (b) by the Board, at a meeting called for the purpose of removing the Director or for the purposes including the removal of the Director and held in accordance with these Articles, by majority vote, or by resolution in writing signed by all Directors except the Director to be removed.
- (5) Notice of a meeting called under Article 85(5)(a) or (b) above, as the case may be,

shall state that the purpose of the meeting is or the purposes of the meeting include, the removal of a Director.

(6) A vacancy on the Board created by the removal of a Director under the provisions of subparagraph (4)(a) above may be filled by the election or appointment of one or more persons as directors by the Members at the meeting at which, or by the resolution in writing passed by which, such Director is removed or, in the absence of such election or appointment, the Members may authorise the Board to appoint one or more persons as director to fill any vacancy in the number left unfilled.

(7) Any Director appointed by the Members or the Board, as the case may be, either to fill a vacancy or as an additional director, shall retire at the next annual general meeting of the Company and shall then be eligible for re-election at that meeting.

RETIREMENT OF DIRECTORS

86. (1) Each Director shall retire at least once every three (3) years and for this purpose, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that any Director appointed by the Members or the Board either to fill a vacancy or as additional director shall not be taken into account in determining the number of Directors who are to retire by rotation.

(2) The Directors to retire by rotation shall include (so far as necessary to ascertain the number of Directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-election.

(3) The Company at the meeting at which a Director retires under any provision of these Articles may by ordinary resolution fill the office being vacated by electing thereto the retiring Director or some other person eligible for appointment. In default the retiring Director shall be deemed to have been re-elected except in any of the following cases:-

- (a) where at such meeting it is expressly resolved not to fill such office or a resolution for the re-election of such Director is put to the meeting and lost; or
- (b) where such Director has given notice in writing to the Company that he is unwilling to be re-elected.

The retirement shall not have effect until the conclusion of the meeting except where a resolution is passed to elect some other person in the place of the retiring Director or a resolution for his re-election is put to the meeting and lost and accordingly a retiring Director who is re-elected or deemed to have been re-elected will continue in office without a break.

87. A person who is not a retiring Director shall be eligible for election to office of Director at any general meeting if a Member intending to propose him has, at least eleven (11) clear days before the meeting, left at the Office or the Registration Office a Notice duly signed by the nominee, giving his consent to the nomination and signifying his candidature for the office, or the intention of such Member to propose him. In the case of a person recommended by the Directors for election, nine (9) clear days' Notice only shall be necessary. Notice of each and every candidature for election to the Board shall be served on the Members at least seven (7) days prior to the meeting at which the election is to take place. The period for lodgment of the notices referred to in this Article shall commence no earlier than the day after the despatch of the Notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

DISQUALIFICATION OF DIRECTORS

88. The office of a Director shall be vacated if the Director:-

(1) resigns his office by notice in writing delivered to the Company at the Office or tendered at a meeting of the Board. The resignation shall have effect from the date the notice is received by the Company or from such later date as may be specified in the notice;

(2) becomes of unsound mind or dies;

(3) without special leave of absence from the Board, is absent from meetings of the Board for six (6) consecutive months, and his alternate Director, if any, shall not during such period have attended in his stead and the Board resolves that his office be vacated; or

(4) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;

(5) is prohibited by law from being a Director or is otherwise disqualified to act as a director under the Act; or

(6) ceases to be a Director by virtue of any provision of the Statutes or is removed from office pursuant to these Articles.

88A. Where a Director is disqualified from acting as a director in any jurisdiction for reasons other than technical grounds, the Directors must immediately resign from office.

EXECUTIVE DIRECTORS

89. (1) The Board may from time to time appoint any one or more of its body to be a managing director or a person holding an equivalent position, joint managing director or deputy managing director or to hold any other employment or executive office with the Company for such period (subject to their continuance as Directors) and upon such terms as the Board may determine and the Board may revoke or terminate any of such appointments. Any such revocation or

termination as aforesaid shall be without prejudice to any claim for damages that such Director may have against the Company or the Company may have against such Director. A Director appointed to an office under this Article shall be subject to the same provisions as to removal as the other Directors of the Company, and he shall (subject to the provisions of any contract between him and the Company) ipso facto and immediately cease to hold such office if he shall cease to hold the office of Director for any cause. Where the appointment is for a fixed term, such term shall not exceed five (5) years.

(2) A managing director or a person holding an equivalent position shall at all times be subject to the control of the Board but subject thereto the Board may from time to time entrust to and confer upon a managing director for the time being such of the powers exercisable under these Articles by the Board as they may think fit and may confer such powers for such time and to be exercised on such terms and conditions and with such restrictions as they think expedient and they may confer such powers either collaterally with or to the exclusion of and in substitution for all or any of the powers of the Board in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers.

90. Notwithstanding Articles 95, 96, 97 and 98, an executive director appointed to an office under Article 89 hereof shall receive such remuneration (whether by way of salary, commission, participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the Board may from time to time determine, and either in addition to or in lieu of his remuneration as a Director, but he shall not in any circumstances be remunerated by a commission on or a percentage of turnover.

ALTERNATE DIRECTORS

91. Any Director may at any time by Notice delivered to the Office or the Registration Office or at a meeting of the Directors appoint any person (other than another Director) who is not disqualified from being a director under the Act, to be his alternate Director. Such appointment, unless previously approved by a majority of the Board, shall have effect only upon and subject to being so approved. Any person so appointed shall have all the rights and powers of the Director or Directors for whom such person is appointed in the alternative provided that such person shall not be counted more than once in determining whether or not a quorum is present. An alternate Director may be removed at any time by the person who appointed him or by the Board and, subject thereto, the office of alternate Director shall continue until the Director for whom such alternate Director was appointed ceases for any reason to be a Director. Any appointment or removal of an alternate Director may be effected by Notice signed by the appointor and delivered to the Office or the Registration Office or tendered at a meeting of the Board. An alternate Director may not act as alternate to more than one Director. An alternate Director shall be entitled to receive notices of meetings of the Board or of committees of the Board to the same extent as the Director appointing him and shall be entitled to such extent to attend and vote as a Director at any such meeting at which the Director appointing him is not personally present and generally at such meeting to exercise and discharge all the functions, powers and duties of his appointor as a Director and for the purposes of the proceedings at such meeting the provisions of these Articles shall apply as if he were a Director.

92. An alternate Director shall only be a Director for the purposes of the Act and shall only be subject to the provisions of the Act insofar as they relate to the duties and obligations of a Director when performing the functions of the Director for whom he is appointed in the alternative and shall alone be responsible to the Company for his acts and defaults and shall not be deemed to be the agent of or for the Director appointing him. An alternate Director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be repaid expenses and to be indemnified by the Company to the same extent *mutatis mutandis* as if he were a Director but he shall not be entitled to receive from the Company any fee in his capacity as an alternate Director except only such part, if any, of the remuneration otherwise payable to his appointor as such appointor may by Notice to the Company from time to time direct. A person may not act as alternate director for more than one Director.

93. If the appointor of an alternate director is for the time being absent from his usual place of residence or otherwise not available or unable to act, the signature of an alternate Director to any resolution in writing of the Board or a committee of the Board of which his appointor is a member shall, unless the notice of his appointment provides to the contrary, be as effective as the signature of his appointor.

94. An alternate Director shall ipso facto cease to be an alternate Director if his appointor ceases for any reason to be a Director, however, such alternate Director or any other person may be re-appointed by the Directors to serve as an alternate Director PROVIDED always that, if at any meeting any Director retires but is re-elected at the same meeting, any appointment of such alternate Director pursuant to these Articles which was in force immediately before his retirement shall remain in force as though he had not retired.

DIRECTORS' FEES AND EXPENSES

95. The ordinary remuneration of the Directors shall from time to time be determined by the Company in general meeting, shall not be increased except pursuant to an ordinary resolution passed at a general meeting where notice of the proposed increase shall have been given in the notice convening the general meeting, and shall (unless otherwise directed by the resolution by which it is voted) be divided amongst the Board in such proportions and in such manner as the Board may agree or, failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of remuneration related to the period during which he has held office. Such remuneration shall be deemed to accrue from day to day.

96. Each Director shall be entitled to be repaid or prepaid all travelling, hotel and incidental expenses reasonably incurred or expected to be incurred by him in attending meetings of the Board or committees of the Board or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of his duties as a Director.

97. (1) Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration provided for by or pursuant to any other Article.

(2) The remuneration (including any remuneration under Article 97(1) above) in the case of a Director other than an executive Director shall be payable by a fixed sum and shall not at any time be by commission on or percentage of the profits or turnover, and no director whether an executive Director or otherwise shall be remunerated by a commission on or percentage of turnover.

98. The Board shall obtain the approval of the Company in general meeting before making any payment to any Director or past Director by way of compensation for loss of office, or as consideration for or in connection with his retirement from office (not being payment to which the Director is contractually entitled).

DIRECTORS' INTERESTS

99. A Director may:-

- (a) hold any other office or place of profit with the Company (except that of Auditor) in conjunction with his office of Director for such period and upon such terms as the Board may determine. Any remuneration (whether by way of salary, commission, participation in profits or otherwise) paid to any Director in respect of any such other office or place of profit shall be in addition to any remuneration provided for by or pursuant to any other Article; and/or
- (b) act by himself or his firm in a professional capacity for the Company (otherwise than as Auditor) and he or his firm may be remunerated for professional services as if he were not a Director; and/or
- (c) continue to be or become a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer or member of any other company promoted by the Company or in which the Company may be interested as a vendor, shareholder or otherwise and (unless otherwise agreed) no such Director shall be accountable for any remuneration, profits or other benefits received by him as a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer or member of or from his interests in any such other company. Subject as otherwise provided by these Articles the Directors may exercise or cause to be exercised the voting powers conferred by the shares in any other company held or owned by the Company, or exercisable by them as directors of such other company in such manner in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of them directors, managing directors, joint managing directors, deputy managing directors, executive directors, managers

or other officers of such company) or voting or providing for the payment of remuneration to the director, managing director, joint managing director, deputy managing director, executive director, manager or other officers of such other company and any Director may vote in favour of the exercise of such voting rights in manner aforesaid notwithstanding that he may be, or about to be, appointed a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer of such a company, and that as such he is or may become interested in the exercise of such voting rights in manner aforesaid.

100. Subject to the Act and to these Articles, no Director or proposed or intending Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the Members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established provided that such Director shall disclose the nature of his interest in any contract, arrangement or transaction in which he is interested in accordance with Article 101 herein.

101. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract, arrangement or transaction or proposed contract, arrangement or transaction with the Company shall disclose or declare the nature of his interest at the meeting of the Board at which the question of entering into the contract or arrangement is first considered, if he knows his interest then exists, or in any other case at the first meeting of the Board after he knows that he is or has become so interested. For the purposes of this Article, a general Notice to the Board by a Director to the effect that:-

- (a) he is a member, director, officer or trustee of a specified company, firm or other person and is to be regarded as interested in any contract, arrangement or transaction which may after the date of the Notice be made with that company, firm or person; or
- (b) he is to be regarded as interested in any contract, arrangement or transaction which may after the date of the Notice be made with a specified person who is connected with him;

shall be deemed to be a sufficient declaration of interest under this Article in relation to any such contract, arrangement or transaction, provided that no such Notice shall be effective unless either it is given at a meeting of the Board or the Director takes reasonable steps to secure that it is brought up and read at the next Board meeting after it is given. For the purposes of this Article, a disclosure shall not be taken to have been made to the Board unless it is made or brought to the attention of every Director on the Board.

102. (1) A Director shall not vote on any resolution of the Board in respect of any contract, arrangement or transaction or proposed contract, arrangement or transaction in which he or any of

his associates has directly or indirectly a material interest nor shall he be counted in the quorum present at the meeting of the Board, but this prohibition shall not apply to any of the following matters, namely:-

- (a) any contract, arrangement or transaction for the giving to such Director any security or indemnity in respect of money lent by him or obligations incurred or undertaken by him at the request of or for the benefit of the Company or any of its subsidiaries;
- (b) any contract, arrangement or transaction for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director has himself assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (c) any contract, arrangement or transaction in which he is interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his interest in shares or debentures or other securities of the Company;
- (d) any contract, arrangement or transaction concerning any other company in which he is interested only, whether directly or indirectly, as an officer or executive or a shareholder other than a company in which the Director together with any of his associates (as defined by the rules or regulations, where applicable, of the Designated Stock Exchange) is beneficially interested in (other than through his interest (if any) in the Company) five (5) per cent or more of the issued shares or of the voting rights of any class of shares of such company (or any third company through which his interest is derived); or
- (e) any proposal concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death or disability benefits scheme or other arrangement which relates both to directors and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director as such any privilege or advantage not accorded to the employees to which such scheme or fund relates.

(2) A company shall be deemed to be a company in which a Director owns five per cent. (5%) or more if and so long as (but only if and so long as) he and his associates (as defined by the rules or regulations, where applicable, of the Designated Stock Exchange), (either directly or indirectly) are the holders of or beneficially interested in (other than through his interest (if any) in the Company) five per cent. (5%) or more of any class of the shares of such company or of the voting rights available to members of such company (or of any third company through which his interest is derived). For the purpose of this paragraph there shall be disregarded any shares held by a Director as bare or custodian trustee and in which he has no beneficial interest, any shares comprised in a trust in which the Director's interest is in reversion or remainder if and so long as some other person is entitled to receive the income thereof, and any shares comprised in an

authorised unit trust scheme in which the Director is interested only as a unit holder and any shares which carry no voting right at general meetings.

(3) Where a company in which a Director together with his associates (as defined by the rules or regulations, where applicable, of the Designated Stock Exchange) holds five per cent. (5%) or more is materially interested in a contract or arrangement, then that Director shall also be deemed materially interested in such contract or arrangement.

(4) If any question shall arise at any meeting of the Board as to the materiality of the interest of a Director (other than the chairman of the meeting) or as to the entitlement of any Director (other than such chairman) to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting and his ruling in relation to such other Director shall be final and conclusive except in a case where the nature or extent of the interest of the Director concerned as known to such Director has not been fairly disclosed to the Board. If any question as aforesaid shall arise in respect of the chairman of the meeting such question shall be decided by a resolution of the Board (for which purpose such chairman shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such chairman as known to such chairman has not been fairly disclosed to the Board.

GENERAL POWERS OF THE DIRECTORS

103. (1) The business and affairs of the Company shall be managed by, or under the direction or supervision of the Board, which may pay all expenses incurred in forming and registering the Company and may exercise all powers of the Company (whether relating to the management of the business of the Company or otherwise) except powers that by the Statutes or by the Memorandum or by these Articles are required to be exercised by the Company in general meeting. The Directors have all the powers necessary for managing, and for directing and supervising, the business and affairs of the Company. The general powers given by this Article shall not be limited or restricted by any special authority or power given to the Board by any other Article.

(2) Any person contracting or dealing with the Company in the ordinary course of business shall be entitled to rely on any written or oral contract or agreement or deed, document or instrument entered into or executed as the case may be by any two of the Directors acting jointly on behalf of the Company and the same shall be deemed to be validly entered into or executed by the Company as the case may be and shall, subject to any rule of law, be binding on the Company.

(3) Without prejudice to the general powers conferred by these Articles it is hereby expressly declared that the Board shall have the following powers:-

- (a) to give to any person the right or option of requiring at a future date that an allotment shall be made to him of any share at such price as may be agreed.
- (b) to give to any Directors, officers or servants of the Company an interest in any particular business or transaction or participation in the profits thereof or in the general profits of the Company either in addition to or in substitution for a salary

or other remuneration.

- (c) to resolve that the Company be deregistered in the British Virgin Islands and continued in a named country or jurisdiction outside the British Virgin Islands in the manner provided under those laws, subject to the provisions of the Act.

(4) Except as would, if the Company were a company incorporated in Hong Kong, be permitted by Section 157H of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) as in force at the date of adoption of these Articles, and except as permitted under the Act, the Company shall not directly or indirectly:

- (i) make a loan to a Director or a director of any holding company of the Company or to any of their respective associates (as defined by the rules, where applicable, of the Designated Stock Exchange);
- (ii) enter into any guarantee or provide any security in connection with a loan made by any person to a Director or such a director; or
- (iii) if any one or more of the Directors hold (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

Article 103(4) shall only have effect for so long as the shares of the Company are listed on The Stock Exchange of Hong Kong Limited.

104. (1) The Board may establish any regional or local boards or agencies for managing any of the affairs of the Company in any place, and may appoint any persons to be members of such local boards, or any managers or agents, and may fix their remuneration (either by way of salary or by commission or by conferring the right to participation in the profits of the Company or by a combination of two or more of these modes) and pay the working expenses of any staff employed by them upon the business of the Company.

(2) Subject to the Act, the Board may delegate to any regional or local board, manager or agent any of the powers and authorities (including the power and authority to affix the Seal) and discretions vested in or exercisable by the Board (other than its powers to make calls and forfeit shares), with power to sub-delegate, and may authorise the members of any of them to fill any vacancies therein and to act notwithstanding vacancies, except that no such local boards, manager or agent has any power or authority or discretion with respect to the following:

- (a) to amend the Memorandum or these Articles;
- (b) to change the Office or the registered agent of the Company;
- (c) to designate committees of Directors;
- (d) to delegate powers to a committee of Directors;

- (e) to appoint or remove Directors;
- (f) to appoint or remove an agent;
- (g) to fix remuneration of Directors;
- (h) to approve a plan of merger, consolidation or arrangement;
- (i) to make a declaration of solvency for the purposes of Section 198(1)(a) of the Act or to approve a liquidation plan;
- (j) to make a determination under Section 57(1) of the Act that the Company will, immediately after a proposed Distribution, satisfy the solvency test; or
- (k) to authorise the Company to continue as a company incorporated under the laws of a jurisdiction outside the British Virgin Islands.

(3) Any such appointment or delegation may be made upon such terms and subject to such conditions as the Board may think fit, and the Board may remove any person appointed as aforesaid, and may revoke or vary such delegation or power conferred, but no person dealing in good faith and without notice of any such revocation or variation shall be affected thereby.

105. The Board may, by an instrument in writing executed as a deed or signed by a person acting under the express or implied authority of the Company, appoint any company, firm or person or any fluctuating body of persons, whether nominated directly or indirectly by the Board, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these Articles) and for such period and subject to such conditions as it may think fit, and any such instrument in writing may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Board may think fit, and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions vested in him. Such attorney or attorneys may execute any deed or instrument under their personal seal with the same effect as the affixation of the Seal. An act by such attorney or attorneys in accordance with the instrument under which he or they were appointed shall bind the Company.

106. The Board may entrust to and confer upon a managing director, joint managing director, deputy managing director, an executive director or any Director any of the powers exercisable by it upon such terms and conditions and with such restrictions as it thinks fit, and either collaterally with, or to the exclusion of, its own powers, and may from time to time revoke or vary all or any of such powers but no person dealing in good faith and without notice of such revocation or variation shall be affected thereby.

107. Subject to the provisions of the Act, all cheques, promissory notes, drafts, bills of exchange and other instruments, whether negotiable or transferable or not, and all receipts for moneys paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as the Board shall from time to time by resolution determine. The Company's

banking accounts shall be kept with such banker or bankers as the Board shall from time to time determine.

108. (1) The Board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's moneys to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit under the Company or any of its subsidiary companies) and ex-employees of the Company and their dependants or any class or classes of such person.

(2) The Board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependants, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependants are or may become entitled under any such scheme or fund as mentioned in the last preceding paragraph. Any such pension or benefit may, as the Board considers desirable, be granted to an employee either before and in anticipation of or upon or at any time after his actual retirement.

BORROWING POWERS

109. The Board may exercise all the powers of the Company to raise or borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled share of the Company and, subject to the Act, to issue debentures, bonds and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

110. Debentures, bonds and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

111. Any debentures, bonds or other securities may be issued at a discount (other than shares), premium or otherwise and with any special privileges as to redemption, surrender, drawings, allotment of shares, attending and voting at general meetings of the Company, appointment of Directors and otherwise.

112. (1) Where any uncalled share of the Company is charged, all persons taking any subsequent charge thereon shall take the same subject to such prior charge, and shall not be entitled, by notice to the Members or otherwise, to obtain priority over such prior charge.

(2) The Board shall cause a proper register to be kept, in accordance with the provisions of the Act, of all charges specifically affecting the property of the Company and of any series of debentures issued by the Company and shall duly comply with the requirements of the

Act in regard to the registration of charges and debentures therein specified and otherwise.

PROCEEDINGS OF THE DIRECTORS

113. The Board may meet at such times and in such manner and places within or outside the British Virgin Islands for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of any equality of votes (except where only two (2) Directors are present and form the quorum or when only two (2) Directors are competent to vote on the matter at issue) the chairman of the meeting shall have an additional or casting vote.

114. (1) A meeting of the Board may be convened by the Secretary on request of a Director or by any Director.

(2) A Director shall be given reasonable notice of a meeting of the Board, which notice may be given in writing or by telephone or in such other manner as the Board may from time to time determine.

(3) A meeting of the Board held without reasonable notice having been given to all Directors shall be valid if all the Directors entitled to vote at the meeting waive notice of the meeting, and for this purpose, the presence of a Director at the meeting shall be deemed to constitute waiver on his part (except where a Director attends a meeting for the express purpose of objecting to the transaction of business on the grounds that the meeting is not properly called).

(4) The inadvertent failure to give notice of a meeting to a Director, or the fact that a Director has not received the notice, does not invalidate any resolution passed or the proceedings at that meeting.

115. (1) The quorum necessary for the transaction of the business of the Board may be fixed by the Board and, unless so fixed at any other number, shall be two (2). An alternate Director shall be counted in a quorum in the case of the absence of a Director for whom he is the alternate.

(2) Directors may participate in any meeting of the Board by means of such telephone or other electronic means as permit all persons participating in the meeting to hear and communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.

(3) Any Director who ceases to be a Director at a Board meeting may continue to be present and to act as a Director and be counted in the quorum until the termination of such Board meeting if no other Director objects and if otherwise a quorum of Directors would not be present.

116. The continuing Directors or a sole continuing Director may act notwithstanding any vacancy in the Board provided that if the number of Directors is reduced below the minimum number fixed by or in accordance with these Articles as the quorum, the continuing Directors or Director, notwithstanding that the number of Directors is below the number fixed by or in accordance with these Articles as the quorum or that there is only one continuing Director may, except in an emergency, act only for the purpose of increasing the number of Directors to such

minimum number, or summoning a general meeting of the Company. If there be no Directors or Director able or willing to act, then any two (2) Members may summon a general meeting for the purpose of appointing Directors.

117. The Board may elect a chairman and one or more deputy chairman of its meetings and determine the period for which they are respectively to hold such office. If no chairman or deputy chairman is elected, or if at any meeting neither the chairman nor any deputy chairman is present within five (5) minutes after the time appointed for holding the same, the Directors present may choose one of their number to be chairman of the meeting.

118. A meeting of the Board at which a quorum is present shall be competent to exercise all the powers, authorities and discretions for the time being vested in or exercisable by the Board.

118A. If the Company shall have only one Director, the provisions in these Articles for meetings of the Board shall not apply but such sole Director shall have full power to represent and act for the Company in all matters as are not by the Act or the Memorandum or these Articles required to be exercised by the Members of the Company.

118B. If the Company shall have only one Director, in lieu of minutes of a meeting the Director shall record in writing and sign a note or memorandum (or adopt a resolution in writing) concerning all matters requiring a resolution of Directors and such note, memorandum or resolution in writing shall be kept in the minute book. Such a note, memorandum or resolution in writing shall constitute sufficient evidence of such resolution for all purposes.

119. (1) Subject to the Act, the Board may delegate any of its powers and authorities (including the power and authority to affix the Seal) and discretions to committees, consisting of such Director or Directors and other persons as it thinks fit, except that the Directors shall have no power to delegate the following powers to a committee of Directors:

- (a) to amend the Memorandum or these Articles;
- (b) to designate committees of Directors;
- (c) to delegate powers to a committee of Directors;
- (d) to appoint or remove Directors;
- (e) to appoint or remove an agent;
- (f) to approve a plan or merger, consolidation or arrangement;
- (g) to make a declaration of solvency for the purposes of section 198(1)(a) of the Act or approve a liquidation plan; or
- (h) to make a determination under section 57(1) of the Act that the Company will, immediately after a proposed Distribution, satisfy the solvency test.

(2) The Board may, from time to time, revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes. Any committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any directions which may be imposed on it by the Board.

(3) All acts done by any such committee in conformity with such directions, and in fulfilment of the purposes for which it was appointed, but not otherwise, shall have like force and effect as if done by the Board, and the Board shall have power, with the consent of the Company in general meeting, to remunerate the members of any such committee, and charge such remuneration to the current expenses of the Company.

120. The meetings and proceedings of any committee consisting of two (2) or more members shall be governed *mutatis mutandis* by the provisions contained in these Articles for regulating the meetings and proceedings of the Board so far as the same are applicable and are not superseded by any directions imposed by the Board under the last preceding Article.

121. A resolution in writing signed by the majority of Directors shall be as valid and effectual as if a resolution had been passed at a meeting of the Board duly convened and held provided that such number of Directors approving the resolution is sufficient to constitute a quorum and that a copy of such resolution has been given or the contents thereof communicated to all the Directors for the time being entitled to receive notices of Board meetings in the same manner as notices of meetings are required to be given by these Articles and further provided that no Director approving the resolution is aware of or has received any objection to the resolution from any Director. Such resolution may be contained in one document or in several documents in like form each signed by one or more of the Directors or alternate Directors and for this purpose a facsimile signature of a Director or an alternate Director shall be treated as valid.

122. All acts done in good faith by the Board or by any committee or by any person acting as a Director or members of a committee, shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any member of the Board or such committee or person acting as aforesaid or that they or any of them were disqualified or had vacated office, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director or member of such committee.

MANAGERS

123. The Board may from time to time appoint a general manager, a manager or managers of the Company and may fix his or their remuneration either by way of salary or commission or by conferring the right to participation in the profits of the Company or by a combination of two or more of these modes and pay the working expenses of any of the staff of the general manager, manager or managers who may be employed by him or them upon the business of the Company.

124. The appointment of such general manager, manager or managers may be for such period as the Board may decide, and the Board may confer upon him or them all or any of the powers of the Board as it may think fit.

125. The Board may enter into such agreement or agreements with any such general manager,

manager or managers upon such terms and conditions in all respects as the Board may in their absolute discretion think fit, including a power for such general manager, manager or managers to appoint an assistant manager or managers or other employees whatsoever under them for the purpose of carrying on the business of the Company.

OFFICERS

126. (1) The officers of the Company shall consist of the Directors and Secretary and such additional officers (who may or may not be Directors) as the Board may from time to time determine, all of whom shall be deemed to be officers for the purposes of the Act and these Articles.

(2) The Board shall, as soon as may be after each appointment or election of Directors, elect amongst the Directors a chairman and if more than one (1) Director is proposed for this office, the election to such office shall take place in such manner as the Board may determine.

(3) The officers shall receive such remuneration as the Board may from time to time determine.

127. (1) The Secretary and additional officers, if any, shall be appointed by the Board and shall hold office on such terms and for such period as the Board may determine. If thought fit, two (2) or more persons may be appointed as joint Secretaries. The Board may also appoint from time to time on such terms as it thinks fit one or more assistant or deputy Secretaries.

(2) The Secretary shall attend all meetings of the Members and shall keep correct minutes of such meetings and enter the same in the proper books provided for the purpose. He shall perform such other duties as are prescribed by the Act or these Articles or as may be prescribed by the Board.

128. The chairman of the Board (if one is appointed) shall act as chairman at all meetings of the Members and of the Directors at which he is present. In his absence or if he is not willing to act as chairman, a chairman shall be appointed or elected by those present at the meeting in accordance with these Articles.

129. The officers of the Company shall have such powers (including the power and authority to affix the Seal) and perform such duties in the management, business and affairs of the Company as may be delegated to them by the Board from time to time, except that no officer has any power or authority with respect to the following:

- (a) to amend the Memorandum or these Articles;
- (b) to change the Office or the registered agent of the Company;
- (c) to designate committees of Directors;
- (d) to delegate powers to a committee of Directors;

- (e) to appoint or remove Directors;
- (f) to appoint or remove an agent;
- (g) to fix remuneration of Directors;
- (h) to approve a plan of merger, consolidation or arrangement;
- (i) to make a declaration of solvency for the purposes of Section 198(1)(a) of the Act or to approve a liquidation plan;
- (j) to make a determination under Section 57(1) of the Act that the Company will, immediately after a proposed Distribution, satisfy the solvency test; or
- (k) to authorise the Company to continue as a company incorporated under the laws of a jurisdiction outside the British Virgin Islands.

130. A provision of the Act or of these Articles requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as or in place of the Secretary.

REGISTER OF DIRECTORS

131. The Company shall cause to be kept in one or more books at its Office or at the office of the Company's registered agent as may be determined by the Directors a Register of Directors in which there shall be entered the full names and addresses of the Directors and officers and such other particulars as required by the Act or as the Directors may determine. The Company shall cause to be entered in the Register of Directors the particulars of any change that takes place in relation to such Directors and officers as required by the Act.

MINUTES

132. (1) The Board shall cause Minutes to be duly entered in books provided for the purpose:-

- (a) of all elections and appointments of officers;
 - (b) of the names of the Directors present at each meeting of the Board and of any committee appointed by the Board;
 - (c) of all resolutions and proceedings of each general meeting of the Members and classes of Members and meetings of the Board and meetings of committees of the Board and where there are managers, of all proceedings of meetings of the managers.
- (2) Minutes shall be kept by the Secretary at the Office or at the office of the

Company's registered agent as the Board may decide.

SEAL

133. (1) The Company shall have one or more Seals, as the Board may determine. For the purpose of sealing documents creating or evidencing securities issued by the Company, the Company may have a securities seal which is a facsimile of the Seal with the addition of the words "Securities Seal" on its face or in such other form as the Board may approve. The Board shall provide for the custody of each Seal and no Seal shall be used without the authority of the Board or of a committee of the Board authorised by the Board in that behalf. Subject as otherwise provided in these Articles, any instrument to which a Seal is affixed shall be signed autographically by one Director and the Secretary or by two Directors or by such other person (including a Director) or persons as the Board may appoint, either generally or in any particular case, save that as regards any certificates for shares or debentures or other securities of the Company the Board may by resolution determine that such signatures or either of them or the affixing of the Seal may be dispensed with or affixed by some method or system of mechanical signature. Every instrument executed in the manner provided by this Article shall be deemed to be sealed and executed with the authority of the Board previously given.

(2) Where the Company has a Seal for use abroad, the Board may by writing under the Seal appoint any agent or committee abroad to be the duly authorised agent of the Company for the purpose of affixing and using such Seal and the Board may impose restrictions on the use thereof as may be thought fit. Wherever in these Articles reference is made to the Seal, the reference shall, when and so far as may be applicable, be deemed to include any such other Seal as aforesaid.

(3) An imprint of all Seals of the Company shall be kept at the office of the Company's registered agent.

AUTHENTICATION OF DOCUMENTS

134. Any Director or the Secretary or any person appointed by the Board for the purpose may authenticate or attest any documents affecting the constitution of the Company and any resolution passed by the Company or the Board or any committee, and any books, records, documents and accounts relating to the business of the Company, and to certify copies thereof or extracts therefrom as true copies or extracts, and if any books, records, documents or accounts are elsewhere than at the Office or the head office the local manager or other officer of the Company having the custody thereof shall be deemed to be a person so appointed by the Board. A document purporting to be a copy of a resolution, or an extract from the minutes of a meeting, of the Company or of the Board or any committee which is so certified shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed or, as the case may be, that such minutes or extract is a true and accurate record of proceedings at a duly constituted meeting. Such authentication, attestation or certification need not be under the Seal of the Company.

DESTRUCTION OF DOCUMENTS

135. The Company shall be entitled to destroy the following documents at the following times:-

- (a) any share certificate which has been cancelled at any time after the expiry of one (1) year from the date of such cancellation;
- (b) any Distribution mandate or any variation or cancellation thereof or any notification of change of name or address at any time after the expiry of two (2) years from the date such mandate variation cancellation or notification was recorded by the Company;
- (c) any instrument of transfer of shares which has been registered at any time after the expiry of seven (7) years from the date of registration;
- (d) any allotment letters after the expiry of seven (7) years from the date of issue thereof;
- (e) copies of powers of attorney, grants of probate and letters of administration at any time after the expiry of seven (7) years after the account to which the relevant power of attorney, grant of probate or letters of administration related has been closed; and
- (f) copies of all notices and other documents filed by the Company after the expiry of ten (10) years;

and it shall conclusively be presumed in favour of the Company that every entry in the Register purporting to be made on the basis of any such documents so destroyed was duly and properly made and every share certificate so destroyed was a valid certificate duly and properly cancelled and that every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and that every other document destroyed hereunder was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company. Provided always that: (i) the foregoing provisions of this Article shall apply only to the destruction of a document in good faith and without express notice to the Company that the preservation of such document was relevant to a claim; (ii) nothing contained in this Article shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any case where the conditions of proviso (i) above are not fulfilled; and (iii) references in this Article to the destruction of any document include references to its disposal in any manner.

DISTRIBUTIONS AND OTHER PAYMENTS

136. The Board may, subject to approval by special resolution of the Members, these Articles and in accordance with the Act, authorise a Distribution by the Company at such time and of such amount as they think fit. The Company in general meeting may by special resolution also, subject to these Articles and in accordance with the Act, authorise a Distribution to be made to the Members but no Distribution shall be authorised by the Company in general meeting in excess of the amount recommended by the Board.

137. No Distribution shall be authorised or made unless the Board is satisfied, on reasonable

grounds, that immediately after the Distribution is made, the value of the Company's assets exceeds its liabilities and the Company is able to pay its debts as they fall due. A resolution of the Board authorizing a Distribution shall include a statement to that effect.

138. Subject to these Articles, Distributions may be made in money, shares or other property or a combination thereof.

139. Except in so far as the rights attaching to, or the terms of issue of, any share otherwise provide:-

- (a) all Distributions shall be made according to the amounts paid up on the shares in respect of which the Distribution is made, but no amount paid up on a share in advance of calls shall be treated for the purposes of this Article as paid up on the share; and
- (b) all Distributions shall be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the Distribution is made.

140. The Board may deduct from any Distribution or other moneys payable to a Member by the Company on or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

141. No unpaid Distribution or other moneys payable by the Company shall bear interest as against the Company.

142. Any Distribution, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address or, in the case of joint holders, addressed to the holder whose name stands first in the Register in respect of the shares at his address as appearing in the Register or addressed to such person and at such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the Register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. Any one of two or more joint holders may give effectual receipts for any Distributions or other moneys payable or property distributable in respect of the shares held by such joint holders.

143. All Distributions or bonuses unclaimed for one (1) year after having been authorised may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. Any Distribution or bonuses unclaimed after a period of six (6) years from the date of authorisation shall be forfeited and shall revert to the Company. The payment by the Board of any unclaimed Distribution or other sums payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof.

144. Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind and in particular of paid up shares, debentures or warrants to subscribe securities of the Company or any other company, or in any one or more of such ways, and where any difficulty arises in regard to the distribution the Board may settle the same as it thinks expedient, and in particular may issue certificates in respect of fractions of shares, disregard fractional entitlements or round the same up or down, and may fix the value for distribution of such specific assets, or any part thereof, and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Board and may appoint any person to sign any requisite instruments of transfer and other documents on behalf of the persons entitled to the dividend, and such appointment shall be effective and binding on the Members. The Board may resolve that no such assets shall be made available to Members with registered addresses in any particular territory or territories where, in the absence of a registration statement or other special formalities, such distribution of assets would or might, in the opinion of the Board, be unlawful or impracticable and in such event the only entitlement of the Members aforesaid shall be to receive cash payments as aforesaid. Members affected as a result of the foregoing sentence shall not be or be deemed to be a separate class of Members for any purpose whatsoever.

145. (1) For so long as the shares of the Company are listed on the Designated Stock Exchange, any scheme which enables the Members to elect to receive securities in lieu of cash amount of any dividend must be approved by the Members in general meeting in accordance with applicable rules or regulations of the Designated Stock Exchange.

(2) The Board shall have full power to make such provisions as it thinks fit for the implementation of a scheme approved pursuant to the provisions of paragraph (1) of this Article, and the Board may do all acts and things considered necessary or expedient to give effect to such a scheme.

(3) The Company may upon the recommendation of the Board by ordinary resolution resolve in respect of any one particular dividend of the Company that notwithstanding the provisions of paragraph (1) of this Article a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such Distribution in cash in lieu of such allotment.

(4) The Board may on any occasion determine that rights of election and the allotment of shares by way of a Distribution shall not be made available or made to any Members with registered addresses in any territory where, in the absence of a registration statement or other special formalities, the circulation of an offer of such rights of election or the allotment of shares would or might, in the opinion of the Board, be unlawful or impracticable, and in such event the provisions aforesaid shall be read and construed subject to such determination. Members affected as a result of the foregoing sentence shall not be or be deemed to be a separate class of Members for any purpose whatsoever.

(5) Any resolution declaring a Distribution on shares of any class, whether a resolution

of the Company in general meeting or a resolution of the Board, may specify that the same shall be payable or distributable to the persons registered as the holders of such shares at the close of business on a particular date, notwithstanding that it may be a date prior to that on which the resolution is passed, and thereupon the Distribution shall be payable or distributable to them in accordance with their respective holdings so registered, but without prejudice to the rights *inter se* in respect of such Distribution of transferors and transferees of any such shares. The provisions of this Article shall *mutatis mutandis* apply to bonuses, distributions of realised capital profits or offers or grants made by the Company to the Members.

RESERVES

146. Before recommending any Distribution, the Board may set aside out of the profits of the Company such sums as it determines as reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied and pending such application may, also at such discretion, either be employed in the business of the Company or be invested in such investments as the Board may from time to time think fit and so that it shall not be necessary to keep any investments constituting the reserve or reserves separate or distinct from any other investments of the Company. The Board may also without placing the same to reserve carry forward any profits which it may think prudent not to distribute.

147. Deleted.

148. Deleted.

ACCOUNTING RECORDS

149. The Company shall keep record that are sufficient to show and explain the Company's transactions and that will, at any time, enable the financial position of the Company to be determined with reasonable accuracy.

150. The books of account and records shall be kept at the Office or, at such other place or places as the Board decides and, subject to the provisions of the Act, shall be open to inspection by the Directors. No Member (other than a Director) shall have any right of inspecting any accounting record or book or document of the Company except as conferred by law or authorised by the Board or the Company in general meeting.

151. (1) If all the Members of a company, either in writing or at a general meeting, agree that (i) in respect of a particular calendar year no annual general meeting need be held or (ii) in respect of a particular interval no financial statements or auditor's report thereon need be issued and laid before a general meeting or that no auditor shall be appointed to the close of the next annual general meeting, then there shall be no obligation to hold an annual general meeting for that calendar year or issue and lay financial statements for such period or to appoint an auditor until the close of the next annual general meeting, as the case may be.

(2) Subject to Articles 151(1) and (3), a copy of the Directors' report accompanied by financial statements (including the balance sheet and profit and loss account or income and expenditure account) which is to be laid before a general meeting of the Company, made up to the

end of the applicable financial year and including every document and all information as required by all applicable Statutes, rules and regulations, and the rules or regulations of the Designated Stock Exchange ("Financial Statements "), together with a copy of the Auditor's report, shall be sent to each person entitled thereto (the "Entitled Persons ") at least twenty-one (21) days before the date of the general meeting provided that this Article shall not require a copy of those documents to be sent to any person whose address the Company is not aware of or to more than one of the joint holders of any shares or debentures.

(3) Subject to compliance with all applicable Statutes, rules and regulations, including, without limitation, the rules or regulations of the Designated Stock Exchange, and to obtaining necessary consents, if any, required thereunder, the Company may send to Entitled Persons summarised financial statements, derived from the Financial Statements for the relevant period, instead of the Financial Statements. The summarised financial statements shall be accompanied by the Auditor's report. Entitled Persons who receive the summarised financial statements may elect, by notice in writing to the Company, to receive the Financial Statements.

AUDIT

152. (1) Subject to Article 151(1), at the annual general meeting or at a subsequent general meeting in each year, the Members shall appoint an auditor to hold office until the close of the next annual general meeting, and if an appointment is not so made, the Auditor in office shall continue in office until a successor is appointed. Such auditor may be a Member but no Director or officer or employee of the Company shall, during his continuance in office, be eligible to act as an auditor of the Company.

(2) A person, other than a retiring Auditor, shall not be capable of being appointed Auditor at an annual general meeting unless notice in writing of an intention to nominate that person to the office of Auditor has been given not less than twenty-eight (28) days before the annual general meeting and furthermore, the Company shall send a copy of any such notice to the retiring Auditor.

(3) The Members may, at any general meeting convened and held in accordance with these Articles, by special resolution remove the Auditor at any time before the expiration of his term of office and shall by ordinary resolution at that meeting appoint another Auditor in his stead for the remainder of his term.

153. Subject to the these Articles, the financial statements of the Company shall be audited at least once in every year.

154. The remuneration of the Auditor shall be fixed by the Company in general meeting or in such manner as the Members may determine. In the case of an Auditor appointed by the Directors in accordance with these Articles, the remuneration of such Auditor may be fixed by the Directors.

155. If the office of auditor becomes vacant by the resignation or death of the Auditor, or by his becoming incapable of acting by reason of illness or other disability at a time when his services are required, the Board may appoint an auditor to fill the vacancy. An Auditor appointed pursuant to this Article shall, subject to these Articles, hold office until close of the next annual general

meeting.

156. The Auditor shall at all reasonable times have access to all books and records kept by the Company and to all documents, accounts and vouchers relating thereto; and he may call on the Directors or officers of the Company for any information in their possession and for explanations relating to the books or affairs of the Company as he thinks necessary for the performance of the duties of an auditor.

157. The financial statements of the Company shall be examined by the Auditor and compared by him with the books, accounts and vouchers relating thereto; and he shall make a written report thereon stating whether such financial statements are drawn up so as to present fairly the financial position of the Company and the results of its operations for the period under review and, in case information shall have been called for from Directors or officers of the Company, whether the same has been furnished and has been satisfactory. The financial statements of the Company shall be audited by the Auditor in accordance with generally accepted auditing standards. The Auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the Auditor shall be submitted to the Members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than the British Virgin Islands. If so, the financial statements and the report of the Auditor should disclose this fact and name such country or jurisdiction.

NOTICES

158. Any Notice from the Company to a Member shall be given in writing or by cable, telex or facsimile transmission message or other form of electronic transmission or communication and any such Notice and (where appropriate) any other document may be served or delivered by the Company on or to any Member either personally or by sending it through the post in a prepaid envelope addressed to such Member at his registered address as appearing in the Register or at any other address supplied by him to the Company for the purpose or, as the case may be, by transmitting it to any such address or transmitting it to any telex or facsimile transmission number or electronic number or address or website supplied by him to the Company for the giving of Notice to him or which the person transmitting the notice reasonably and bona fide believes at the relevant time will result in the Notice being duly received by the Member or may also be served by advertisement in appropriate newspapers in accordance with applicable requirements of the Designated Stock Exchange or, to the extent permitted by the applicable laws, by placing it on the Company's website or the website of the Designated Stock Exchange in accordance with applicable requirements of the Designated Stock Exchange. In the case of joint holders of a share all notices shall be given to that one of the joint holders whose name stands first in the Register and notice so given shall be deemed a sufficient service on or delivery to or receipt by all the joint holders.

159. Any Notice or other document:-

- (a) if served or delivered by post, shall where appropriate be sent by airmail and shall be deemed to have been served, delivered or received on the day following that on which the envelope containing the same, properly prepaid and addressed, is put into the post; in proving such service, delivery or receipt it shall be sufficient to prove

that the envelope or wrapper containing the notice or document was properly addressed and put into the post and a certificate in writing signed by the Secretary or other officer of the Company or other person appointed by the Board that the envelope or wrapper containing the notice or other document was so addressed and put into the post shall be conclusive evidence thereof; and

- (b) if served or delivered in any other manner contemplated by these Articles, shall be deemed to have been served, delivered or received at the time of personal service or delivery or, as the case may be, at the time of the relevant despatch or transmission or publication; and in proving such service, delivery or receipt a certificate in writing signed by the Secretary or other officer of the Company or other person appointed by the Board as to the fact and time of such service, delivery, despatch, transmission or publication shall be conclusive evidence thereof.

160. (1) Any Notice or other document delivered or sent by post to or left at the registered address of any Member in pursuance of these Articles shall, notwithstanding that such Member is then dead or bankrupt or that any other event has occurred, and whether or not the Company has notice of the death or bankruptcy or other event, be deemed to have been duly served, delivered or received in respect of any share registered in the name of such Member as sole or joint holder unless his name shall, at the time of the service or delivery of the Notice or document, have been removed from the Register as the holder of the share, and such service or delivery shall for all purposes be deemed a sufficient service, delivery or receipt of such Notice or document on all persons interested (whether jointly with or as claiming through or under him) in the share.

(2) A notice may be given by the Company to the person entitled to a share in consequence of the death, mental disorder or bankruptcy of a Member by sending it through the post in a prepaid letter, envelope or wrapper addressed to him by name, or by the title of representative of the deceased, or trustee of the bankrupt, or by any like description, at the address, if any, supplied for the purpose by the person claiming to be so entitled, or (until such an address has been so supplied) by giving the notice in any manner in which the same might have been given if the death, mental disorder or bankruptcy had not occurred.

(3) Any person who by operation of law, transfer or other means whatsoever shall become entitled to any share shall be bound by every notice in respect of such share which prior to his name and address being entered on the Register shall have been duly given to the person from whom he derives his title to such share.

SIGNATURES

161. For the purposes of these Articles, a cable or telex or facsimile transmission message or electronic transmission message purporting to come from a holder of shares or, as the case may be, a Director or alternate Director, or, in the case of a corporation which is a holder of shares from a director or the secretary thereof or a duly appointed attorney or duly authorised representative thereof for it and on its behalf, shall in the absence of express evidence to the contrary available to the person relying thereon at the relevant time be deemed to be a document or instrument in writing signed by such holder or Director or alternate Director in the terms in which it is received.

LIQUIDATION

162. (1) A resolution that the Company be wound up by the Court or be wound up voluntarily shall be passed by way of a special resolution. The Board shall have power in the name and on behalf of the Company to make an application to the court for the appointment of a liquidator under the Insolvency Act of the British Virgin Islands.

(2) The Company may be liquidated in accordance with the Act if (a) it has no liabilities; or (b) it is able to pay its debts as they fall due. The Board may pass a resolution for the appointment of an eligible individual as a voluntary liquidator of the Company if the Members have, by a resolution of Members, approved the liquidation plan in accordance with the Act.

163. (1) Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares, the assets available for distribution amongst the Members of the Company shall be distributed *pari passu* amongst such Members in proportion to the amount of shares held by them respectively.

(2) If an appointment of a liquidator of the Company is made (whether the appointment is made by the Company or by the court) the liquidator may, with the authority of a resolution of Members and any other sanction required by the Act or the Insolvency Act of the British Virgin Islands, divide among the Members in specie or kind the whole or any part of the assets of the Company and whether or not the assets shall consist of properties of one kind or shall consist of properties to be divided as aforesaid of different kinds, and may for such purpose set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of the Members as the liquidator with the like authority shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

INDEMNITY

164. (1) Subject to Article 164(2), the Company shall indemnify against all expenses, including legal fees, and against all judgments, fines and amounts paid in settlement and reasonably incurred in connection with legal, administrative or investigative proceedings any person who:

- (a) is or was a party or is threatened to be made a party to any threatened, pending or completed proceedings, whether civil, criminal, administrative or investigative, by reason of the fact that the person is or was a Director, an officer or a liquidator of the Company; or
- (b) is or was, at the request of the Company, serving as a director, officer or liquidator of, or in any other capacity is or was acting for, another body corporate or a partnership, joint venture, trust or other enterprise.

(2) Article 164(1) does not apply to a person unless he acted honestly and in good faith and in what he believed to be the best interests of the Company and, in the case of criminal proceedings, he had no reasonable cause to believe that his conduct was unlawful.

(3) The termination of any proceedings by any judgment, order, settlement, conviction or the entering of a *nolle prosequi* does not, by itself, create a presumption that the person did not act honestly and in good faith and with a view to the best interests of the Company or that the person had reasonable cause to believe that his conduct was unlawful.

(4) If a person referred to in this Article 164 has been successful in defense of any proceedings referred to therein, the person is entitled to be indemnified against all expenses, including legal fees, and against all judgments, fines and amounts paid in settlement and reasonably incurred by the person in connection with the proceedings.

(5) The Company may purchase and maintain insurance in relation to any person who is or was a Director, an officer or a liquidator of the Company, or who at the request of the Company is or was serving as a director, an officer or a liquidator of, or in any other capacity is or was acting for, another body corporate or a partnership, joint venture, trust or other enterprise, against any liability asserted against the person and incurred by the person in that capacity, whether or not the Company has or would have had the power to indemnify the person against the liability under Article 164(1).

ALTERATION OF ARTICLES AND AMENDMENT TO MEMORANDUM OF ASSOCIATION AND NAME OF COMPANY

165. No Article shall be rescinded, altered or amended and no new Article shall be made without the prior written approval of the Designated Stock Exchange and until the same has been approved by a special resolution of the Members. Save as otherwise provide in these Articles, a special resolution shall be required to alter the provisions of the memorandum of association or to change the name of the Company.

INFORMATION

166. No Member shall be entitled to require discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of a trade secret or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Board it will be inexpedient in the interests of the members of the Company to communicate to the public save as may be authorised by law or required by the rules or regulations of the Designated Stock Exchange.

NOTIFICATION OF SHAREHOLDINGS BY DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

167. (1) For so long as the shares of the Company are listed on the Singapore Exchange Securities Trading Limited, each Director shall, upon his appointment to the Board, give an

undertaking to the Company that, for so long as he remains a Director, he shall forthwith notify the Secretary of the particulars of the shares beneficially owned by him at the time of his appointment and of any change in such particulars.

(2) For so long as the shares of the Company are listed on the Singapore Exchange Securities Trading Limited, each Member shall, (a) upon becoming a substantial shareholder of the Company, (b) for so long as he remains a substantial shareholder of the Company, upon a change in the percentage level of his interest or interests in the Company and (c) upon ceasing to be a substantial shareholder of the Company, give the Secretary a notice in writing of (i) the particulars of the shares beneficially owned by him, or (ii) the particulars of the change in interests (including the date of change and the circumstances by reason of which that change has occurred), or (iii) the particulars of the date and circumstances of the cessation of substantial shareholding, as the case may be, within two (2) business days after (aa) becoming a substantial shareholder, (bb) the date of change in the percentage level of his interests, or (cc) the date of cessation, as the case may be. For the purposes of this Article 167(2), the term "substantial shareholder" shall have the same meaning ascribed to it in Section 81(1) and 81(2) of the Singapore Companies Act, the term "interest" or "interests" shall have the same meaning ascribed to it in Section 7 of the Singapore Companies Act and the term "percentage level" shall have the meaning ascribed to it in Section 83(3) of the Singapore Companies Act. The requirement to give notice under this Article 167(2) shall not apply to the Depository or the clearing house.

(3) For so long as the shares of the Company are listed on the Singapore Exchange Securities Trading Limited, the provisions of Section 92 of the Singapore Companies Act, giving the Company power to require disclosure of beneficial interest in its shares, shall apply.

DISPOSITION OF ASSETS

168. Notwithstanding Section 175 of the Act the Directors may, subject to compliance with the rules or regulations of the Designated Stock Exchange (if applicable), sell, transfer, lease, exchange or otherwise dispose of the assets of the Company without the sale, transfer, lease, exchange or other disposition being authorised by a resolution of Members.

We, MORGAN & MORGAN TRUST CORPORATION LIMITED of Morgan & Morgan Building, PO Box 958, Pasea Estate, Road Town, Tortola, British Virgin Islands for the purposes of incorporating a BVI Business Company under the laws of the British Virgin Islands hereby sign this Article of Association the 4th day of January, 2006.

Incorporator

Sgd: Marta L. Batista

Marta L. Batista

Authorized Signatory

MORGAN & MORGAN TRUST CORPORATION LIMITED

NOTICE OF EXTRAORDINARY GENERAL MEETING



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.sj

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of China New Town Development Company Limited (the “**Company**”) will be held at The Straits Room, Level 4, The Fullerton Hotel Singapore, 1 Fullerton Square, Singapore 049178 on 17 January 2017 at 2:30 p.m., for the following purposes:

*All capitalised terms used herein, unless otherwise defined, shall have the meanings ascribed in the Company’s circular to shareholders dated the same date hereof (“**Circular**”).*

DELISTING BY WAY OF SELECTIVE SHARE BUYBACK

To consider and, if thought fit, pass the following resolution as a special resolution of the Company:

SPECIAL RESOLUTION

“That:

- (a) the Delisting by way of the Selective Share Buyback be and is hereby approved;
- (b) any Tendered Share be cancelled on the Effective Date as determined by the Directors;
- (c) subsequent to the Delisting, Shares registered on the Company Share Register be automatically transferred to the HK Branch Register and new share certificates thereof be issued in favour of such Shareholders in replacement of any existing share certificates held; and
- (d) any Director be and is hereby authorised and empowered, on behalf of the Company, to take all steps, to do all acts and things and sign all agreements, undertakings, documents, deeds and share certificates (including approving any matters in connection with and/or arising from the Delisting and the Selective Share Buyback) as he or she may consider necessary, desirable, expedient or ancillary to give effect to or carry into effect this resolution, the Delisting and the Selective Share Buyback, provided that where the Company seal is required to be affixed to any agreement,

NOTICE OF EXTRAORDINARY GENERAL MEETING

undertaking, document, deed and/or share certificates in connection therewith, the same shall be signed and the Company seal shall (where applicable) be affixed thereon in accordance with the Articles of Association, and, to the extent that any of the foregoing have been done, that they be and are hereby adopted, confirmed and ratified.”

By Order of the Board of Directors
China New Town Development Company Limited

Kwok Siu Man
Company Secretary

Singapore and Hong Kong, 21 December 2016

Notes:

1. A member of the Company entitled to attend and vote at the EGM is entitled to appoint more than one proxy to attend and vote in his stead. A proxy need not be a member of the Company.
2. If a Depositor wishes to appoint a proxy or proxies, then the enclosed Depositor Proxy Form must be completed, signed and deposited at the office of the Singapore Share Transfer Agent, Tricor Barbinder Share Registration Services either by hand at 80 Robinson Road, #11-02, Singapore 068898 or by post at 80 Robinson Road, #02-00 Singapore 068898, not less than 48 hours before the time appointed for holding the EGM.
3. If a Shareholder wishes to appoint a proxy or proxies, then the enclosed Shareholder Proxy Form must be completed, signed and deposited at the office of the Singapore Share Transfer Agent, Tricor Barbinder Share Registration Services either by hand at 80 Robinson Road, #11-02, Singapore 068898 or by post at 80 Robinson Road, #02-00 Singapore 068898 (for Shareholders registered in the Company Share Register), or the HK Branch Register, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong (for Shareholders registered in the HK Branch Register) not less than 48 hours before the time appointed for holding the EGM.
4. Where a member appoints more than one proxy, he/she/it shall specify the proportion of his/her/its shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no such proportion is specified, the proxy whose name appears first shall be deemed to represent 100.0% of the shareholding of the member and the proxy whose name appears second shall be deemed to be appointed in the alternate.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
6. Personal Data Privacy: By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, “**Purposes**”), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.