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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)

Singapore Stock Code: D4N.si

Hong Kong Stock Code: 1278

QUARTERLY UPDATE PURSUANT TO RULE 1313(2) OF THE SGX-ST LISTING MANUAL

BACKGROUND

China New Town Development Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) was placed on the watch-list pursuant to Rule 1311 of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual (the “**Listing Manual**”) on 3 March 2016.

Pursuant to Rule 1313(2) of the SGX-ST Listing Manual, the Board of Directors (the “**Board**”) of the Company wishes to provide an update on the financial situation of the Company and the Group for the second quarter ended 30 June 2016 (“**2Q FY2016**”).

UPDATE ON UNAUDITED FINANCIAL PERFORMANCE AND FINANCIAL POSITION

In 2Q FY2016, the Group recorded an unaudited net profit of RMB87.58 million, compared to the loss after tax of RMB8.57 million in 2Q FY2015. In the second quarter of 2016, there was no revenue related to land sale and land development. The Group recorded revenue of RMB36.45 million from fixed-income investments in new town projects, mainly including those from Nanjing Two Bridges Project, Danyang Flood Discharge PPP Project, Danyang Xinmeng River Project, and Yangzhou Airport New Town Project, increasing RMB15.49 million compared to gain on investments in new town projects of RMB20.96 million in 2Q FY2015. The improved result was also contributed by the interest income from bank deposits and other revenue of continuing operations increasing RMB3.04 million as compared with 2Q FY2015.

For more details on the results and financial position of the Group for 2Q FY2016, please refer to our separate announcement released on 12 August 2016.

UPDATE ON FUTURE DIRECTION

As for the Group, 2016 represents a year of accelerating development and business transformation after the acquisition by CDB Capital. By the implementation of fixed-income based investments, which helped improve the cash flow and financial performance, the Group further affirmed the development strategy of involvement in urbanization downstream development and operation, and accumulating operational assets in quality area of top cities to improve the Group's overall asset mix quality and to enhance the return on long-term investments. Based on an in-depth analysis of China's economic development trend, the Group has selected several downstream directions, such as education, tourism, health care, senior housing, etc., which overall are consistent with a new direction of the economic development and people's livelihood requirements, with attractive added-value and business prospect well recognized by the market. We will substantially utilize the advantage of CDB Capital's systematical network and cooperation partners nation-wide to strengthen our pipeline. Although it typically takes long time to secure these projects, the Group has successfully accumulated several potential operational projects in Beijing, Shanghai, Sanya, and the Yangtze River Delta Economic Zone within the past half-year, covering such fields as industrial park, tourism, education, etc., and has completed a number of projects' initiation processes and entered phase of intimate negotiations, which are expected to provide a driving force for sustainable business development of the Company.

It is expected the projects that the Company has accumulated in the fields including industrial parks, tourism, and education, etc., will be carried out into contracted investments in the future, to contribute new profit growth driver and core value accretion for shareholders. Along with the exploration in domestic downstream business, the Group will also extend its business strategy to overseas strategic investment: by investing in the high-quality overseas leaders in education, healthcare, senior-housing and tourism, and introducing these resources into domestic projects and exploring co-development in the related downstream businesses, the Company expects to expedite growth in operating income while enhancing the overall value for the project, and create better profit environments for the Group's operation as a whole.

OTHER MATERIAL DEVELOPMENTS

The Company will update shareholders on any other material developments and will make such necessary announcements as and when appropriate.

The Company will continue to monitor relevant rules on minimum trading price in SGX-ST Listing Manual and provide updates to shareholders as appropriate in particular with the proposed new changes to include market capitalisation criteria.

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

Singapore and Hong Kong, 31 August 2016

As at the date of this announcement, the executive directors of the Company are Mr. Liu Heqiang (Chief Executive Officer), Ms. Yang Meiyu, Mr. Ren Xiaowei and Mr. Shi Janson Bing ; the non-executive directors of the Company 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 of the Company are Mr. Henry Tan Song Kok, Mr. Kong Siu Chee, Mr. Zhang Hao and Mr. E Hock Yap.