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China New Town Development Company Limited

中國新城鎮發展有限公司

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

Hong Kong Stock Code: 1278

Singapore Stock Code: D4N.si

DISCLOSABLE TRANSACTION

INVESTMENT IN DANYANG XINMENG RIVER PROJECT

The Board is pleased to announce that, on 18 December 2015, the Group entered into a Cooperative Investment Agreement with Danyang Investment and Danyang Chengtai, pursuant to which the parties shall engage in the investment and developments of the Project. Pursuant to the Agreement, the Company's wholly-owned subsidiaries, China New Town Holding and CDB New Town, shall contribute in aggregate additional capital of RMB200 million to Tiansheng Water Conservancy in the form of registered capital to fund the Project development. Immediately following the Capital Contribution, the Group shall be interested in an aggregate of 33.3% shares of Tiansheng Water Conservancy, which shall then become an associate company of the Company.

Pursuant to the Agreement, the term of the investment of the Project shall be one year, the Group shall be entitled to an investment return of 12% per annum during the investment period, payable quarterly, and Danyang Chentai has undertaken to fully purchase the Group's equity interest in Tiancheng Water Conservancy at par at the end of project investment period after 1 year. Danyang Investment and Danyang Chengtai shall be responsible for ensuring that the investment returns over the project investment period is included in the Danyang Government's

annual fiscal budget, and Danyang Investment will provide joint and several liability guarantee.

Implications under the Hong Kong Listing Rules and the Singapore Listing Manual

As one of the percentage ratios computed in accordance with the definition of Rule 14.07 of the Hong Kong Listing Rules exceeds 5% but does not exceed 25%, the Capital Contribution and Equity Interest Purchase constitute a discloseable transaction of the Company under Chapter 14 of the Hong Kong Listing Rules.

So far as the Singapore Listing Manual is concerned, the Company is of the view that the Transaction is within its ordinary course of business of urbanization development and investment in the major cities of China.

Therefore, the Transaction is subject to the reporting and announcement requirements under the Hong Kong Listing Rules and Singapore Listing Manual.

INTRODUCTION

This announcement is made by China New Town Development Company Limited (the “**Company**” or “**China New Town**”, together with its subsidiaries, the “**Group**”) pursuant to the disclosure requirements under Chapter 14 of the Hong Kong Listing Rules and Chapter 704(17)(c) of the Singapore Listing Manual.

The Company’s wholly-owned subsidiaries, China New Town Holding Company Limited (中國新城鎮控股有限公司, “**China New Town Holding**”) and CDB New Town (Beijing) Asset Management Company Limited (國開新城（北京）資產管理有限公司, “**CDB New Town**”), Danyang Investment Group Company Limited (丹陽投資集團有限公司, “**Danyang Investment**”) and Danyang Chengtai Development Company Limited (丹陽成泰發展有限公司, “**Danyang Chengtai**”) have entered into a Cooperative Investment Agreement (the “**Agreement**”), pursuant to which the parties shall engage in the development and operation of Danyang Xinmeng River’s Extension and Expansion Project (丹陽市新孟河延伸拓浚工程項目, the “**Project**” or “**Danyang Xinmeng River Project**”).

China New Town Holding and CDB New Town shall contribute in aggregate additional capital of RMB200 million to Danyang Tiansheng Water Conservancy Development Company Limited (丹陽市天晟水利建設發展有限公司, “**Tiansheng Water Conservancy**” or the “**Project Company**”) in the form of registered capital to fund the Project development (the “**Capital Contribution**”). Immediately following the Capital Contribution, the Group shall be interested in an aggregate of 33.3% shares of Tiansheng Water Conservancy, which shall then become an associate company of the Company.

The term of the investment of the Project shall be one year, the Group shall be entitled to an investment return of 12% per annum during the investment period, payable quarterly, and Danyang Chentai has undertaken to fully purchase the Group’s equity interest in Tiancheng Water Conservancy at par at the end of project investment period after 1 year. Danyang Investment and Danyang Chengtai shall be responsible for ensuring that the investment returns over the project investment period is included in the Danyang Government’s annual fiscal budget, and Danyang Investment will provide joint and several liability guarantee.

TERMS OF THE AGREEMENT

Date

18 December 2015

Parties

- (1) Danyang Investment;
- (2) CDB New Town
- (3) China New Town Holding
- (4) Danyang Chengtai

The Company confirms that, to the best of the Directors' knowledge, information and belief, and upon making reasonable enquiries, Danyang Investment, Danyang Chengtai and their respective ultimate beneficial owner(s) are third parties independent of the Company and its connected person(s).

Capital Contribution

Tiansheng Water Conservancy is a PRC incorporated company. As at the date of this announcement, it has a registered capital of RMB400,000,000, being fully paid by Danyang Investment. Pursuant to the Agreement, the Company's wholly-owned subsidiaries, China New Town Holding and CDB New Town, shall respectively contribute RMB195,000,000, RMB5,000,000 of additional capital to the Project Company, resulting in the registered capital of the Project Company being RMB 600,000,000 after the completion.

The respective capital contribution and shareholding interest based on the proportional registered capital contribution by the shareholders of Tiansheng Water Conservancy before and after the Capital Contribution are as follows:

	Before Capital Contribution		Capital Contribution	After Capital Contribution	
	Registered Capital Contribution (RMB million)	Shareholding Interest	Registered Capital Contribution (RMB million)	Registered Capital Contribution (RMB million)	Shareholding Interest
Danyang Chengtai	400	100%	-	400	66.67%
China New Town Holding	0	0%	195	195	32.5%
CDB New Town	0	0%	5	5	0.83%
Total	400	100.0%	200	600	100.0%

The afore-mentioned Capital Contribution shall be fully paid to Danyang Chengtai within a month of all the relevant conditions precedent being either satisfied or waived.

The total amount involved in the Capital Contribution is RMB200,000,000, being 33.3% of Danyang Water Conservancy increased share registered capital of RMB600,000,000, which was determined after taking into consideration of the funding needs of the Project. The Group will finance the relevant amount in the Capital Contribution with its internal resources, including among other things, existing bank balances and funds generated from operations.

Tiansheng Water Conservancy is a newly incorporated company and has no material assets nor businesses as of this date. Tiansheng Water Conservancy has no publicly available benchmark valuation, and its valuation in the transaction was determined on arms-length basis by the parties taking into consideration its registered capital.

Save for the afore-mentioned quarterly investment returns, the Capital Contribution is not expected to have material impact on the net tangible assets and earnings per shares of the Group in the current financial year.

Conditions Precedent

China New Town Holding and CDB New Town will contribute the full amount of capitalist respective share of the Capital Contribution in a lump sum within one month after the fulfilment or wavier in writing of the following conditions precedent:

- (1) The Agreement becoming effective; together with the capital contribution agreement, the memorandum and articles of the Project company and all other relevant documents related to the Project being duly signed and becoming effective;
- (2) Danyang Chengtai having passed a shareholders' resolution to approve the Capital Contribution;
- (3) Danyang Investment and Danyang Chengtai having fully fulfil their undertakings under the Agreement;
- (4) All necessary approvals from the relevant authority in respect of the Capital Contribution being obtained;
- (5) There are no other factors which prohibit China New Town Holding or CDB New Town to fulfil their respective responsibilities regarding the Capital Contribution.

Key terms and conditions

- (1) The parties agreed that Danyang Chengtai shall pay quarterly investment subsidies at 12% per annum on the investment made by China New Town Holding and CDB New Town pursuant to the Agreement;
- (2) Danyang Investment and Danyang Chengtai undertake to provide credit enhancement measures for the investments by the Group, including but not limited to: listing the investment subsidies and equity interest purchase proceeds at the end of investment period into the annual fiscal budget and mid-term fiscal planning of the People's Municipal Government of Danyang, which shall later be timely transferred from Danyang Ministry of Finance to Danyang

Chengtai for the payment of investment subsidies and investment exit arrangements; Danyang Investment provides joint and several guarantee on the Group's investment;

- (3) the Group has the right to the early termination of the Agreement under the following conditions: (a) relevant approvals of the Project not granted or approved by the government, or other necessary approval procedures not completed within required timing; or (b) undertakings made by Danyang Investment and Danyang Chengtai not fulfilled within 10 days upon signing of the Agreement; or (c) Danyang Chengtai fails to make timely payment of investment subsidies and/or equity interest purchase amounts.

Cooperation period and exit arrangements

The investment period of the Project is 1 year, starting from the date that the Group fully pays up the Capital Contribution to Tiansheng Water Conservancy. After the expiry of the investment period, and where there is no agreement amongst the parties to extend the investment period, Danyang Chengtai shall repurchase the Group's equity interest in Tiansheng Water Conservancy.

Purchase of equity interest

At the end of the investment period, Danyang Chengtai shall purchase the equity interest held by the Group, the consideration of which shall be the respective actual invested amount invested by the Group, i.e. RMB200,000,000, plus accrued investment returns if any.

The Company's exit procedures shall comply with the relevant laws, regulations or the requirements of regulatory documents, including the requirements of Hong Kong Listing Rules and Singapore Listing Manual.

REASONS FOR AND BENEFITS OF THE AGREEMENT AND THE CAPITAL CONTRIBUTION

In July 2015, the Group participated in Danyang city's water conservancy development as a private sector investor through the PPP model. The capital contribution to Tiansheng Water Conservancy this time is an extension of business based on this and benefits from the excellent relationship established between the Group and our business partners and their recognition of the Group's contributions. It also evidences the Group's capabilities in originating new business opportunities from existing business network. Similar to the previous project the Group had participated in in July 2015, the Project is a priority infrastructure project highly supported by the Danyang Government and is supported by a dedicated project finance package by China Development Bank ("CDB"). In addition, consistent with national policy, the development and operations of the Project will be supported by the government through service procurement mechanisms, which aims at incentivizing the private sector and public sector to jointly participate in the development of urbanization municipal facilities, and sharing the benefits and risks through long-term cooperation.

Danyang is located at the southern part of Jiangsu Province, right at the corridor of the Yangtze River Delta – Shanghai economic zone, and is one of the most rapidly growing and fiscally sound economies in Jiangsu Province. The Group’s investment into Tiansheng Water Conservancy evidences our business complementarities with CDB’s business presence through the “investment-lending” integration strategy. As a result of the undertakings by Danyang Investment and Danyang Chengtai to list the investment subsidies and equity interest purchase proceeds into Danyang municipal fiscal budget, the investment represents a highly safe investment and is expected to achieve attractive return to shareholders.

In summary, the Board is of the view that the terms of the Agreement and the Capital Contribution is fair and reasonable and in the interest of shareholders as a whole. The Company will continue to leverage off the business network of CDB and China Development Bank Capital Corporation (“CDB Capital”), the Company’s controlling shareholders, to originate more good investment opportunities in the field of urbanization and lay a solid foundation for profit.

IMPLICATIONS UNDER THE HONG KONG LISTING RULES AND SINGAPORE LISTING MANUAL

As one of the percentage ratios computed in accordance with the definition of Rule 14.07 of the The Rules Governing the Listing of Securities (“**Hong Kong Listing Rules**”) on the Stock Exchange of Hong Kong Limited (“**Hong Kong Stock Exchange**”) exceeds 5% but does not exceed 25%, the Capital Contribution and Equity Interest Purchase (the “**Transaction**”) constitute a discloseable transaction of the Company under Chapter 14 of the Hong Kong Listing Rules.

So far as the The Listing Manual (“**Singapore Listing Manual**”) of Singapore Exchange Securities Trading Limited (“**Singapore Stock Exchange**”) is concerned, the Company is of the view that the Transaction is within its ordinary course of business of urbanization development and investment in the major cities of China.

Therefore, the Transaction is subject to the reporting and announcement requirements under the Hong Kong Listing Rules and Singapore Listing Manual.

None of the directors or controlling shareholders has any direct or indirect interests in the investment arrangement or the Project.

FINANCIAL IMPACTS OF THE CAPITAL CONTRIBUTION UNDER THE AGREEMENT

Pro-forma impact of the Capital Contribution under the Agreement on the net tangible assets per share of the Company as at 31 December 2014

	Before the Capital Contribution	After the Capital Contribution
Net tangible assets (RMB 000’s)	3,806,287	3,806,287

Net tangible assets per share (RMB)	0.3866	0.3866
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Pro-forma impact of the Capital Contribution under the Agreement on earnings per share of the Company of the financial year ended 31 December 2014

	Before the Capital Contribution	After the Capital Contribution
Net profit attributable to shareholders (RMB 000's)	-61,404	-43,404
Earnings per share (RMB)	-0.0072	-0.0051

The impact on earnings per share of the Company above is based on the assumptions that the Capital Contribution has taken effect on 1 January 2014 and has generated the aforementioned investment return of 12% per annum during the period, after netting being offset by the relevant income tax.

GENERAL

About the Project

Danyang Xinmeng River is a national priority water conservancy infrastructure development project promoted by the State Council, to be invested by the Danyang Government with a total investment amount of RMB720 million. The Danyang Government has signed a Government Service Purchase Agreement on Xinmeng River Extension and Expansion Project in Danyang (《新孟河延伸拓浚工程丹阳段项目政府购买服务协议》) with Danyang Water Conservancy, setting out that the Danyang Municipal Government shall arrange funds to purchase service from the Project Company in progressive phases, and the Project Company shall be responsible for the implementation of the investment and development of the Project. The Project development will be two years, among which the investment period is one year.

About Danyang Investment

Danyang Investment is a wholly-owned subsidiary of Jiangsu Danyang State-Owned Assets Operations Company Limited. A municipal level state-owned company established under the approval by the Danyang Government to engage in municipal infrastructure investment and development, it is the sole investment entity in Danyang city to engage in operating municipal assets and supporting municipal developments. To the best of the Directors' knowledge, information and belief, and upon making reasonable enquiries, Danyang Investment and its ultimate beneficial owners are third parties independent to the Company and its connected person(s).

About Danyang Chengtai

Danyang Chengtai was established in 2012, wholly-owned by Danyang Municipal State-Owned Assets Management Company Limited. Its principal business is a funding platform and asset management company for the State-Owned assets including land and property development. To the best of the Directors' knowledge, information and belief, and upon making reasonable enquiries, Danyang Chengtai and its ultimate beneficial owners are third parties independent to the Company and its connected person(s).

About Tiansheng Water Conservancy

Tiansheng Water Conservancy is established for the purpose of developing of Xinmeng River for the Danyang Government. At present, the company has no other business. To the best of the Directors' knowledge, information and belief, and upon making reasonable enquiries, Tiansheng Water Conservancy and its ultimate beneficial owners are third parties independent to the Company and its connected person(s).

About the Group

The Group is the core listed and operational platform of CDB Capital in China's urbanization, and is principally engaged in the urban master planning, investment and land development of urbanization projects in the major cities of China.

Shareholders and potential investors are reminded to exercise caution in dealing with the shares of the Company.

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

Hong Kong and Singapore, 18 December 2015

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