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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

#### VOLUNTARY ANNOUNCEMENT

### Entering into Strategic Cooperation Framework Agreement with Shenzhen Venture Capital Group and Purchase of Shares in Hong Ruan Investment

The Board of Directors (the “**Board**”) of China New Town Development Company Limited (the “**Company**”) is pleased to announce that the Company has on 1 September 2015 entered into the Strategic Cooperation Framework Agreement (the “**Strategic Agreement**”) with Shenzhen Venture Capital Group Co., Ltd. (深圳市創新投資集團有限公司, “**SVCG**”), pursuant to which the parties shall establish long-term strategic relationship and explore cooperation in the integration of industrial development and urbanization, in close adherence to national strategy of new-type urbanization. Concurrently, CDB Nanjing Investment Development Co., Ltd. (國開南京投資發展有限公司, “**CDB Nanjing**”), a wholly-owned subsidiary of the Company, has entered into the Share Purchase Agreement regarding Jiangsu Hong-tu Software Venture Capital Investment Ltd. (the “**SPA**”) with Kunshan Hong-tu Venture Consulting and Management Co. Limited (昆山紅土創業顧問管理有限公司, “**Kunshan Hong-tu**”), a subsidiary of SVCG. Pursuant to the SPA, CDB Nanjing will acquire 13.9% of the share capital of Jiangsu Hong-tu Software Venture Capital Investment Ltd. (江蘇紅土軟件創業投資有限公司, the “**Hong Ruan Investment**”), being the indirectly owned subsidiary of SVCG, with a consideration of RMB 37.5 million, and participate in the development of land parcel A5 of Yuhuatai District Software Valley in Nanjing, as the first project launched under the Strategic Agreement.

## Entering into the Strategic Agreement

SVCG is a leading institutional investor in China's high-tech industry, with over 15 years of venture capital experience, and was successfully involved in venture capital financing in nearly a hundred listed companies, among which high-end equipment, robotics and internet business have become its investment focus in recent years. China Development Bank Capital Corporation Limited ("**CDB Capital**"), the controlling shareholder of the Company, having inherited an extensive business network and industry influence from China Development Bank, is currently one of the biggest investment institutes in the field of primary land development in China. The Company has been strategically positioned as a core listed company and operating platform for CDB Capital in the field of urbanization. The two parties share the same long-term strategic vision and plan to adhere to the country's new-type urbanization strategy and cooperate in promoting regional integration of industrial and urbanization development. The cooperation scope includes but is not limited to the following aspects:

1. **Industrial park development:** the parties shall seek to co-invest and co-develop various industrial parks, especially in the high-tech fields led by software and internet engineering;
2. **Industrial park operation:** to jointly operate the industrial parks co-invested and co-developed by the parties, in particular, to jointly develop, operate and own property development projects within the industrial parks;
3. **Industry nurturing:** SVCG shall coordinate its relevant investee or target investee companies, and the Company shall coordinate the companies within the CDB Capital Township Development Strategic Alliance, to launch projects and investments into industrial parks co-developed by the parties, to achieve industry clustering effects and economy of scale;
4. **Direct investment:** subject to the parties' own resources and funding status, to explore equity investment opportunities in companies consistent with the positioning of the industrial parks and demonstrating attractive growth potential;
5. **Extended cooperation:** the parties shall leverage the industry knowledge and strategic resources in their respective fields to jointly explore business opportunities in the new-type urbanization area and pursue co-investments.

Target cooperative regions and models:

1. The parties agreed to launch cooperation in Yangtze River Delta, Pearl River Delta and Bohai region, as well as selected regions in China's mid-west with solid industrial foundations, and subject to practical project conditions, potentially extend cooperative region to other regions with solid foundations for industrial development;
2. Principal cooperative model shall be to jointly raise and establish industrial investment funds to invest, develop and operate various professional industrial parks and invest in related companies, subject to actual environment of the target region. In addition, subject to practical conditions, the parties can also establish joint ventures for potential co-investments.

The Strategic Agreement is an agreement of intention, and the parties need to subsequently negotiate and liaise on detailed cooperative terms and models, upon reaching the consensus of which they shall then enter into legally binding agreements regarding the respective rights and responsibilities.

### **Purchase of Equity Interest in Hong Ruan Investment**

Hong Ruan Investment was founded in 2014 by SVCG with an original controlling stake of 47.2% in the company. After the transaction, SVCG will still hold 33.3%, remaining as the largest shareholder, and the Company will hold 13.9% of the equity. Hong Ruan Investment currently holds 49% stake in Nanjing Software Valley Information Security Technology Industry Development Co., Ltd. (the "**Technology Park Company**") with the principal business of developing the A5 land parcel in Nanjing Yuhuatai Software Valley. The A5 land parcel covers a total site area of 34,296 square meters with planned total gross floor area of 179,626 square meters, and will be primarily developed for office building use. The land is situated in the prime location of Nanjing Yuhuatai Software Valley area, adjacent to the Nanjing high speed railway station and Hexi central business district, therefore benefitting from the vibrant industrial activities and robust demand for office properties in the region. In addition, the project enjoys convenient transportation by its proximity to the municipal hub of subway, bus and intercity railway networks. The development of the project has highly visible profitability.

Among the top cities with healthy economic structure and rapid and stable economic growth in China, Nanjing has a vibrant real estate market with robust fundamentals and is a region that the Company has strategically deployed for long-term growth. Yuhuatai District, the location of the Company's Nanjing project, is one of the core areas of Nanjing city. Yuhuatai District is supported by China (Nanjing) Software Valley, the country's first software industry base to have achieved a hundred billion RMB of sales revenue, with software-focused modern services industry propelling the regional economic growth. The district's major economic growth indicators ranks among the highest in Nanjing city. Software Valley's planned total area is 73 square kilometres in the heart of centralized area of software industry in Nanjing. Currently, the region has gathered over 500 of good mix of software companies with more than 110,000 employed professionals, and has become one of the fastest growing and best quality software industry development bases in China.

### **Reasons for and Benefits of the Strategic Agreement and Purchase of Equity Interest in Hong Ruan Investment**

The entering into of the Strategic Agreement demonstrates the Company's management understanding of the policy trend of China in new-type urbanization and marks an important step for strengthening the Company's subsequent project pipeline and strategic resources. In recent years, China has been advocating the integration of industrial and urbanization development as a pillar of the country's new-type urbanization. Urbanization is no longer a simple matter of property development. Instead, it focuses on the introduction of various vital components of urban growth, such as industry value chain, business activities and ancillary facilities, leading to the improvement of living environment and employment, and ultimately regional vibrancy and land value appreciation. This is without doubt the top priority of new-type urbanization for local governments, raising the bar on the core competencies of new town developers. The integration of the strategic

resources of SVCG in the field of industrial investment and the strategic resources of CDB Capital Township Development Alliance imbues the Company with richer resources in industrial development, reinforcing its core competitive edge in township development. This is crucial for the Company to acquire land resources with considerable value appreciation and profitability potential in excellent locations and improve company value.

The Company's development of land parcel A5 at Nanjing Software Valley through purchasing the equity stake in Hong Ruan Investment, first transaction launched under the Strategic Agreement, is consistent with this strategy of integrating industrial development with urbanization. As an important high-tech industrial park of Nanjing, the Software Valley's industry resources and SVCG's venture capitalist resources have ample synergies. Meanwhile, the industrial park's rapid development requires full range of resources input from support sectors such as commercial services, education and healthcare, which is the strength of the strategic alliance of CDB Capital and the Company. Located at the prime location of Software Valley, the land parcel A5 represents unique land resources to invest in. It is expected that through concerted resources both parties inject to the region, the Company gets to enjoy substantial value appreciation throughout the project's development and create good value for shareholders. In addition, the Company expects to replicate this "industry investment and industrial park development" integrated model in other industrial parks to take advantage of the synergies between the two sectors, so as to rapidly acquire large amount of land resources nationwide in strategic locations in major cities of the country, ultimately to improve the overall quality of the Company's assets and return to shareholders.

By order of the Board

**China New Town Development Company Limited**

**Liu Heqiang**

*Chief Executive Officer*

Hong Kong and Singapore, 1 September 2015

*As at the date of this announcement, the executive directors of the Company are Mr. Shi Jian (Vice Chairman), 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. Zhang Yan; 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.*