踏雪逢春 再上征程

推進新型城鎮化建設

NEW TOWN

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

Hong Kong Stock Code: 1278
Singapore Stock Code: D4N.si

# Interim Report 2015

# Contents

# Corporate Information

## BOARD OF DIRECTORS

Mr. Fan Haibin
*(Non-executive Chairman)*
Mr. Zuo Kun
*(Non-executive Vice Chairman)*
Mr. Li Yao Min
*(Non-executive Vice Chairman, temporarily acting Executive Vice Chairman)*
Mr. Liu Heqiang
*(Executive Director and Chief Executive Officer)*
Mr. Zhang Yan
*(Non-executive Director)*
Ms. Yang Meiyu
*(Executive Director)*
Mr. Ren Xiaowei
*(Executive Director)*
Mr. Shi Jian
*(Executive Vice Chairman,* temporarily acting by Mr. Li Yao Min*)*
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)*

## AUDIT COMMITTEE

Mr. Henry Tan Song Kok *(Chairman)*
Mr. Zhang Hao
Mr. E Hock Yap

## NOMINATING COMMITTEE

Mr. E Hock Yap *(Chairman)*
Mr. Henry Tan Song Kok
Mr. Kong Siu Chee

## REMUNERATION COMMITTEE

Mr. Kong Siu Chee *(Chairman)*
Mr. Henry Tan Song Kok
Mr. E Hock Yap

## COMPANY SECRETARIES

Ms. Low Siew Tian
Ms. Chan Sau Ling

## BUSINESS ADDRESS

Suites 4506-4509
Two International Finance Centre
No. 8 Finance Street
Central, Hong Kong
Telephone: (852) 3759 8300
Facsimile: (852) 3144 9663
Website: www.china-newtown.com

## REGISTERED OFFICE

2/F Palm Grove House
P.O. Box 3340
Road Town, Tortola
British Virgin Islands

## BVI PRINCIPAL SHARE REGISTRAR

Tricor Services (BVI) Limited
P.O. Box 3340, Road Town
Tortola, British Virgin Islands

## SINGAPORE SHARE TRANSFER AGENT

Tricor Barbinder Share Registration Services
80 Robinson Road
#02-00, Singapore 068898

## HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East, Hong Kong

## LEGAL ADVISORS

Harry Elias Partnership LLP
WongPartnership LLP
Herbert Smith Freehills
Freshfields Bruckhaus Deringer
Zhonglun W&D Law Firm
Global Law Office
King & Wood Mallesons
City Development Law Firm

## AUDITOR

Ernst & Young
22/F, CITIC Tower, 1 Tim Mei Avenue, Central
Hong Kong SAR

## STOCK EXCHANGE LISTED

ISIN Code: VGG2156N1006

Singapore Exchange Securities Trading Limited
Stock Name: CHINA NEW TOWN
Stock Code: D4N.si

The Stock Exchange of Hong Kong Limited
Stock Name: ChinaNewTown
Stock Code: 1278

## PRINCIPAL BANKERS

CITIC Bank International Limited
The Agricultural Bank of China
United Overseas Bank Limited
Shanghai Pudong Development Bank

# Project List

## LAND DEVELOPMENT PROJECTS

### Shanghai Luodian New Town

- Total site area of 6.80 sq. km.
- Located at Baoshan District, connected to downtown Shanghai by metroline #7 (with two stops at Luodian), around 30 minutes ride to downtown Shanghai
- Selected as permanent site to co-host the National Urbanization Forum with the National Development and Reform Commission of the People's Republic of China (the "**PRC**")
- Approximately 575,521 sq.m. of remaining land available for sale representing 29.3% of total, available for sale up to year 2016

### Shenyang Lixiang New Town

- Site area of 20.55 sq. km.
- Located at Dongling District, close proximity to Shenyang city centre and adjacent to Shenyang Taoxian International Airport
- In the Dahunnan area where is planned to be transformed into "New Centre, New Landmark, new Hub and new Energy" under the Government's strategic plan; host of the 2013 National Games
- Approximately 11.84 million sq.m. of remaining land inventory available for sale representing 96% of total, available for sale up to year 2038

### Nanjing Yuhua New Town

- Total site area of 21.4 sq. km.
- Two Bridges Area (from Tiexin Bridge to Xishan Bridge) is located in the center of Yuhuatai District, the Software Valley, which will become the CBD of the district in the future. It undertakes an important responsibility for connecting the integrated development in the southern part of Nanjing
- Currently Two Bridges Area lag behind in terms of development, isolated from surrounding area, and gradually became the center of subsidence. It is imperative for the area to perform a reformation, to which has been attached great importance by the municipal government and the district government
- Innovative business mode employed in the project: fixed investment return in primary development plus a linkage of primary development and secondary develop, which embodies the resources advantages of, and the great support from, CDB Capital

Note 1: CNTD's holding interests in Luodian, Shenyang and Nanjing joint-venture companies are 72.63%, 90% and 49% respectively.

Note 2: The former Wuxi project has been sold to Wuxi Municipal New Town Development Group Limited in the form of equity transaction on 31 December 2014.

# Group Financial Highlights

| | Six months ended 30 June 2015 (Unaudited) |
|---|---|
| Revenue *(RMB'000)* | – |
| Gross Profit *(RMB'000)* | 14,500 |
| Gross Profit Margin (%) | N/A |
| Profit attributable to equity holders of the Company *(RMB'000)* | (9,080) |
| Basic earnings per share *(RMB)* | (0.0009) |
| Dividend per share – Interim *(RMB)* | – |

## INTERIM RESULTS

The board of directors (the "**Board**") of China New Town Development Company Limited (the "**Company**" or "**CNTD**") is pleased to announce the unaudited interim consolidated financial statements of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2015 (the "**Reporting Period**") together with comparative figures of the previous corresponding period in 2014. The unaudited interim financial statements for the six months ended 30 June 2015 have been reviewed by the Company's audit committee (the "**Audit Committee**").

# Interim Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2015
(Amount expressed in thousands of Renminbi unless otherwise stated)

| | Notes | Six months ended 30 June 2015 | 2014 |
|---|---|---|---|
| **Continuing operations** | | | |
| **Revenue** | 5 | – | 53,626 |
| Cost of sales | | **14,500** | (46,397) |
| **Gross profit** | | **14,500** | 7,229 |
| Other income | 6 | **56,580** | 23,250 |
| Selling and distribution costs | | – | (8,771) |
| Administrative expenses | | **(37,529)** | (30,871) |
| Other expenses | 7 | **(3,613)** | (519) |
| **Operating profit/(loss)** | | **29,938** | (9,682) |
| Finance costs | 8 | **(19,579)** | (52,952) |
| **Profit/(Loss) before tax from continuing operations** | | **10,359** | (62,634) |
| Income tax | 9 | **(9,660)** | (85) |
| **Profit/(Loss) after tax from continuing operations** | | **699** | (62,719) |
| **Discontinued operations** | | | |
| Loss after tax from discontinued operations | | **(74,595)** | (71,594) |
| Gain after tax on partial disposal of assets and liabilities relating to discontinued operations | | **59,632** | – |
| **Loss for the period** | | **(14,264)** | (134,313) |
| Other comprehensive income | | – | – |
| **Total comprehensive loss** | | **(14,264)** | (134,313) |
| Loss attributable to: | | | |
| Owners of the parent | | **(9,080)** | (104,197) |
| Non-controlling interests | | **(5,184)** | (30,116) |
| | | **(14,264)** | (134,313) |
| Total comprehensive loss attributable to: | | | |
| Owners of the parent | | **(9,080)** | (104,197) |
| Non-controlling interests | | **(5,184)** | (30,116) |
| | | **(14,264)** | (134,313) |
| Loss per share attributable to ordinary equity holders of the parent: | | | |
| Basic loss per share (RMB) | 11 | **(0.0009)** | (0.0143) |
| Diluted loss per share (RMB) | 11 | **(0.0009)** | (0.0143) |

# Interim Consolidated Statement of Financial Position

As at 30 June 2015
(Amounts expressed in thousands of Renminbi unless otherwise stated)

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | **30 June** | 31 December | **30 June** | 31 December |
| | Notes | **2015** | 2014 | **2015** | 2014 |
| **Non-current assets** | | | | | |
| Investments in subsidiaries | | **–** | – | **2,991,259** | 2,991,259 |
| Property, plant and equipment | | **40,891** | 41,350 | **139** | 93 |
| Prepaid land lease payments | | **11,845** | 12,034 | **–** | – |
| Deferred tax assets | | **41,149** | 41,149 | **–** | – |
| Investment classified as loans and receivables | | **490,000** | 490,000 | **–** | |
| Other assets | | **9,924** | – | **–** | – |
| **Total non-current assets** | | **593,809** | 584,533 | **2,991,398** | 2,991,352 |
| **Current assets** | | | | | |
| Land development for sale | 12 | **1,555,840** | 1,549,079 | **–** | – |
| Amounts due from subsidiaries | | **–** | – | **391,591** | 371,286 |
| Prepayments | | **1,624** | 8,539 | **–** | – |
| Other receivables | | **1,363,430** | 1,906,439 | **132,988** | 128,204 |
| Trade receivables | 13 | **60,847** | 63,853 | **1,629** | 1,635 |
| Cash and bank balances | | **2,138,022** | 795,451 | **1,809,383** | 543,542 |
| Assets classified as held for sale | | **4,802,102** | 4,904,237 | **–** | – |
| **Total current assets** | | **9,921,865** | 9,227,598 | **2,335,591** | 1,044,667 |
| **Total assets** | | **10,515,674** | 9,812,131 | **5,326,989** | 4,036,019 |

# Interim Consolidated Statement of Financial Position

As at 30 June 2015
(Amounts expressed in thousands of Renminbi unless otherwise stated)

| | Notes | Group 30 June 2015 | Group 31 December 2014 | Company 30 June 2015 | Company 31 December 2014 |
|---|---|---|---|---|---|
| **Equity** | | | | | |
| Equity attributable to owners of the parent: | | | | | |
| Share capital | | **4,110,841** | 4,110,841 | **4,110,841** | 4,110,841 |
| Other reserves | | **579,270** | 579,270 | **1,912,683** | 1,912,683 |
| Accumulated losses | | **(1,173,375)** | (1,164,295) | **(1,999,556)** | (2,007,038) |
| | | **3,516,736** | 3,525,816 | **4,023,968** | 4,016,486 |
| Non-controlling interests | | **318,277** | 321,620 | **–** | – |
| **Total equity** | | **3,835,013** | 3,847,436 | **4,023,968** | 4,016,486 |
| **Non-current liabilities** | | | | | |
| Senior guaranteed notes | 15 | **1,288,625** | – | **–** | – |
| Interest-bearing bank and other borrowings | 15 | **254,780** | – | **–** | – |
| Deferred tax liabilities | | **21,151** | 21,151 | **–** | – |
| **Total non-current liabilities** | | **1,564,556** | 21,151 | **–** | – |
| **Current liabilities** | | | | | |
| Interest-bearing bank and other borrowings | 15 | **150,000** | 896,000 | **–** | – |
| Amounts due to subsidiaries | | **–** | – | **1,293,101** | – |
| Trade payables | 14 | **149,128** | 161,534 | **–** | – |
| Other payables and accruals | | **173,515** | 116,883 | **9,920** | 19,533 |
| Advances received from settlement of Disposal Assets | | **553,549** | 553,549 | **–** | |
| Deferred income arising from land development | | **383,716** | 383,716 | **–** | – |
| Current income tax liabilities | | **346,008** | 359,841 | **–** | – |
| Liabilities directly associated with assets classified as held for sale | | **3,360,189** | 3,472,021 | **–** | – |
| **Total current liabilities** | | **5,116,105** | 5,943,544 | **1,303,021** | 19,533 |
| **Total liabilities** | | **6,680,661** | 5,964,695 | **1,303,021** | 19,533 |
| **Total equity and liabilities** | | **10,515,674** | 9,812,131 | **5,326,989** | 4,036,019 |
| **Net current assets** | | **4,805,760** | 3,284,054 | **1,032,570** | 1,025,134 |
| **Total assets less current liabilities** | | **5,399,569** | 3,868,587 | **4,023,968** | 4,016,486 |

# Interim Consolidated Statement of Cash Flows

For the six months ended 30 June 2015
(Amounts expressed in thousands of Renminbi unless otherwise stated)

| | Six months ended 30 June 2015 | 2014 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Profit/(loss) before tax from continuing operations | **10,359** | (62,634) |
| Loss before tax from discontinued operations | **(14,963)** | (71,072) |
| **Loss before tax** | **(4,604)** | (133,706) |
| Adjustments for: | | |
| Bad debt provision of trade and other receivables | **2,803** | – |
| Depreciation of property, plant and equipment | **1,728** | 23,605 |
| Amortization of prepaid land lease payments | **189** | 2,615 |
| Gain from investment classified as loans and receivables | **(39,037)** | – |
| Share of loss from jointly-controlled entities | **–** | 38 |
| Fair value loss on completed investment properties | **–** | 326 |
| Gain from disposal of subsidiaries | **(59,632)** | – |
| Interest income | **(16,522)** | (7,302) |
| Interest expense on bank and other borrowings | **50,024** | 92,458 |
| Interest expense on senior guaranteed notes | **11,538** | – |
| Foreign exchange (gain)/loss | **(75)** | 2,270 |
| | **(53,588)** | (19,696) |
| (Increase)/decrease in land development for sale | **(6,761)** | 43,216 |
| (Increase)/decrease in properties under development for sale | **(29,250)** | 21,589 |
| Decrease in prepaid land lease payments | **3,041** | 48,461 |
| Decrease/(increase) in inventories | **461** | (551) |
| Decrease in prepayments | **14,407** | 28,492 |
| Increase in other receivables and other current assets | **(114,170)** | (128,229) |
| Decrease in trade receivables | **2,977** | 632,520 |
| Decrease in deferred income from sale of golf club membership | **(8,009)** | (8,091) |
| Increase in advances from customers | **65,803** | 508,633 |
| Increase/(decrease) in trade and other payables | **310,923** | (725,941) |
| Increase in prepaid income tax | **(52)** | (1,690) |
| Increase in deferred income arising from land development | **–** | 2,136 |
| | **185,782** | 400,849 |
| Payment of income tax | **(23,493)** | – |
| **Net cash inflow from operating activities** | **162,289** | 400,849 |

For the six months ended 30 June 2015
(Amounts expressed in thousands of Renminbi unless otherwise stated)

| | Six months ended 30 June | |
|---|---|---|
| | **2015** | 2014 |
| **Cash flows from investing activities** | | |
| Purchase/construction of property, plant and equipment | **(27,476)** | (8,461) |
| Payment for investment properties | **(4,562)** | (4,587) |
| Gain from investment classified as loans and receivables | **7,770** | – |
| Interest received | **16,522** | 7,302 |
| Disposal of subsidiaries | **601,821** | – |
| **Net cash inflow/(outflow) from investing activities** | **594,075** | (5,746) |
| **Cash flows from financing activities** | | |
| Cash proceeds from placing of new shares | **–** | 1,138,979 |
| Cash proceeds from issuance of senior guaranteed notes | **1,288,057** | – |
| Proceeds from bank borrowings | **284,530** | 180,778 |
| Repayment of bank borrowings | **(488,448)** | (1,077,641) |
| Repayment of/proceeds from borrowing from a related party | **(500,000)** | 500,000 |
| Interest paid | **(57,911)** | (94,799) |
| Cash released as restricted deposits in relation to interest payments for bank borrowings | **–** | 195,300 |
| **Net cash inflow from financing activities** | **526,228** | 842,617 |
| **Net increase in cash and cash equivalents** | **1,282,592** | 1,237,720 |
| **Cash and cash equivalents at beginning of period** | **876,294** | 136,833 |
| **Cash and cash equivalents at end of period** | **2,158,886** | 1,374,553 |

# Interim Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015
(Amounts expressed in thousands of Renminbi unless otherwise stated)

## GROUP

### Six months ended 30 June 2015

| | Equity attributable to owners of the parent | | | | | |
|---|---|---|---|---|---|---|
| RMB'000 | Share capital | Other reserves | Accumulated losses | Total | Non-controlling interests | Total equity |
| 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 for the period | – | – | **(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** |

### Six months ended 30 June 2014

| | Equity attributable to owners of the parent | | | | | |
|---|---|---|---|---|---|---|
| RMB'000 | Share capital | Other reserves | Accumulated losses | Total | Non-controlling interests | Total equity |
| Balance as at 1 January 2014 | 2,980,809 | 579,270 | (1,102,891) | 2,457,188 | 522,096 | 2,979,284 |
| Total comprehensive loss for the period | – | – | (104,197) | (104,197) | (30,116) | (134,313) |
| Placing of 5,347,921,071 new shares | 1,130,032 | – | – | 1,130,032 | – | 1,130,032 |
| Balance as at 30 June 2014 | 4,110,841 | 579,270 | (1,207,088) | 3,483,023 | 491,980 | 3,975,003 |

For the six months ended 30 June 2015
(Amounts expressed in thousands of Renminbi unless otherwise stated)

## COMPANY

### Six months ended 30 June 2015

| **RMB'000** | **Share capital** | **Other reserves** | **Accumulated losses** | **Total** |
|---|---|---|---|---|
| Balance as at 1 January 2015 | **4,110,841** | **1,912,683** | **(2,007,038)** | **4,016,486** |
| Total comprehensive income for the period | **–** | **–** | **7,482** | **7,482** |
| Balance as at 30 June 2015 | **4,110,841** | **1,912,683** | **(1,999,556)** | **4,023,968** |

### Six months ended 30 June 2014

| RMB'000 | Share capital | Other reserves | Accumulated losses | Total |
|---|---|---|---|---|
| Balance as at 1 January 2014 | 2,980,809 | 1,912,683 | (2,002,889) | 2,890,603 |
| Total comprehensive income for the period | – | – | 5,669 | 5,669 |
| Placing of 5,347,921,071 new shares | 1,130,032 | – | – | 1,130,032 |
| Balance as at 30 June 2014 | 4,110,841 | 1,912,683 | (1,997,220) | 4,026,304 |

## 1. GENERAL INFORMATION

### Corporate information

The Company was incorporated on 4 January 2006 in the British Virgin Islands ("**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 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 basis. From 2014 onwards, the Group has entered into relevant arrangements with local governments regarding the development of certain projects and earning fixed returns. The Group also develops and manages certain residential and commercial properties in these 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 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 the subscription agreement ("**Subscription Agreement**") pursuant to the terms and conditions of which CDBIH agreed to subscribe for 5,347,921,071 newly issued shares of the Company (the "**Subscription**"). The Subscription was completed in the first quarter of 2014. CDBIH, a wholly-owned subsidiary of China Development Bank Capital Corporation Limited ("**CDB Capital**"), became the largest shareholder of the Company.

(All amount expressed in thousands of Renminbi unless otherwise stated)

In the opinion of the directors of the Company (the "**Directors**"), as at 30 June 2015, the ultimate controlling company of the Company is CDB Capital. As at 30 June 2015, it is interested in 54.32% of the issued capital of the Company.

As an appendix of the Subscription Agreement, there was a disposal master agreement (the "**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 the mainland China (the "**Disposal Assets**"), for a total consideration of RMB2,069,832,594 in the form of cash payment in installments 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 Disposal Assets to a third party other than SREI and its subsidiaries. According to the Disposal Master Agreement, the Company's entitled cash consideration in relation to disposing such assets has been fixed and shall not be affected by the subsequent profit or loss associated with such assets. The Disposal Assets are classified as assets held for sale in the financial statements and deemed discontinued operation of the Group.

In December 2014, with the consent of SREI, China New Town Development (Wuxi) Company Limited, a wholly-owned subsidiary of the Group, entered into an agreement to dispose the Wuxi Project Group to the Wuxi Municipal New District Economic Development Group Limited ("**Wuxi Xinfa Group**") for a net consideration of RMB1,133,905,524, after immediately deducting a withholding tax of RMB64,893,131. The Wuxi Project Group's principal activities include the planning, developing and operating of the Wuxi Hongshan new town with a site area of approximately 8.6 square kilometres.

The Wuxi Project Group was established in 2007 pursuant to the joint venture agreements between the Group and a subsidiary of Wuxi Xinfa Group. It mainly comprised 90% equity interest in Wuxi Hongshan New Town Development Co., Ltd. ("**Wuxi Hongshan Development**") and 90% equity interest in Wuxi Hongshan New Town Virescence Environmental Protection Construction Co., Ltd. ("**Hongshan Virescence**"). A portion of the assets held by these entities are part of the Disposal Assets and accordingly consent from SREI was obtained when negotiating this transaction.

The disposal consideration of the Wuxi Project Group attributable to the SREI Disposal Assets was RMB594,246,164 (being the disposal consideration of RMB600,246,164 set out in the Disposal Master Agreement, net of the capital increase of Wuxi Xinrui Hospital amounting to RMB6,000,000, which shall be borne by SREI). This amount will be correspondingly reduced from the relevant disposal consideration of RMB2,069,832,594.

(All amounts expressed in thousands of Renminbi unless otherwise stated)

## 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 consolidated financial statements have been prepared on a historical cost basis, except for investment properties and investment properties under construction that have been measured at fair value. The financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand ('000) unless otherwise indicated.

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2015. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance.

### 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.

(All amount expressed in thousands of Renminbi unless otherwise stated)

## 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The unaudited interim consolidated financial statements of the Group for the first half of 2015 were prepared in accordance with IAS 34 – interim financial reports, and shall be read together with the 2014 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 2014 financial year, except for the adoption of the applicable accounting policies and revised standards described below:

Starting from 1 January 2015, the Group has adopted the following standards, amendments and interpretations:

### IAS 19 Defined Benefit Plans (Revised): Employee Contributions

The Group has adopted IAS 19 Defined Benefit Plans (Revised): Employee Contributions in 2015. The amendment requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans and requires 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. Currently, the Group believes that the amendment will not have a significant impact on the Group's financial statements.

### IFRS Improvements 2010-2012 and 2011-2013 (Published in December 2013)

In 2015, the Group has adopted the IFRS Improvements 2010-2012 and 2011-2013.

### IFRS 2 – Share-based Payment

The amendment clarifies on "vesting conditions" and adds definition of performance condition and service condition. The amendment must be applied prospectively. Currently, the Group believes that the amendment will 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 treatment of joint ventures. The amendment must be applied prospectively. Currently, the Group believes that the amendment will not have a significant impact on the Group's financial statements.

### IFRS 8 – Operating Segments

The amendment requires 1) an entity must disclose the judgments 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"; 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 amendment must be applied prospectively. Currently, the Group believes that the amendment will 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. Currently, the Group believes that the amendment will 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. Currently, the Group believes that the amendment will 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. Currently, the Group believes that the amendment will not have a 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 Mainland China.

- Land and property development segment, which provides land infrastructure development and construction of ancillary public facilities; and

- Other segments, which include 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 at group level 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.

An analysis by operating segment is as follows:

| | For the six months ended 30 June 2015 | | | |
|---|---|---|---|---|
| | Land development | Others | Adjustments and eliminations | Total |
| **Segment results** | | | | |
| **External sales** | – | – | – | – |
| **Intersegment sales** | – | – | –[1] | – |
| **Total segment sales** | – | – | – | – |
| **Segment profit** | 29,938 | – | – | 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).

(All amounts expressed in thousands of Renminbi unless otherwise stated)

| | For the six months ended 30 June 2014 | | | |
|---|---|---|---|---|
| | Land development | Others | Adjustments and eliminations | Total |
| **Segment results** | | | | |
| **External sales** | 53,626 | – | – | 53,626 |
| **Intersegment sales** | – | – | –[1] | – |
| **Total segment sales** | 53,626 | – | – | 53,626 |
| **Segment loss** | (9,682) | – | – | (9,682) |
| **Finance cost** | | | (52,952)[2] | (52,952) |
| **Loss before income tax** | | | | (62,634) |

1 Intersegment sales are eliminated on consolidation.

2 Profit/(loss) for each operating segment does not include finance costs (RMB52,952 thousand).

## 5. REVENUE

| | **Six months ended 30 June 2015** | Six months ended 30 June 2014 |
|---|---|---|
| Land development | **–** | 56,807 |
| Less: Business tax and surcharges | **–** | (3,181) |
| | – | 53,626 |

## 6. OTHER INCOME

| | **Six months ended 30 June 2015** | Six months ended 30 June 2014 |
|---|---|---|
| Foreign exchange gain | **75** | 12,770 |
| Interest income | **16,382** | 7,173 |
| Gain from investment classified as loans and receivables | **39,037** | – |
| Reversal of bad debt provision-other receivables | **1,000** | 3,300 |
| Others | **86** | 7 |
| | **56,580** | 23,250 |

(All amount expressed in thousands of Renminbi unless otherwise stated)

## 7. OTHER EXPENSES

| | **Six months ended 30 June 2015** | Six months ended 30 June 2014 |
|---|---|---|
| Bank charges | **425** | 437 |
| Bad debt provision | **2,803** | – |
| Loss on disposal of property, plant and equipment | **–** | 10 |
| Others | **385** | 72 |
| | **3,613** | 519 |

## 8. FINANCE COSTS

| | **Six months ended 30 June 2015** | Six months ended 30 June 2014 |
|---|---|---|
| Interest on bank and other borrowings | **8,041** | 52,952 |
| Interest on senior guaranteed notes | **11,538** | – |
| Less: Interest capitalised | **–** | – |
| | **19,579** | 52,952 |

No borrowing costs during the first half of 2015 and the first half of 2014 had been capitalised.

## 9. INCOME TAX

The Group is subject to income tax at entity level on profit arising in or derived from the tax jurisdictions in which members of the Group domicile 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 Reporting Period.

The principal operating subsidiaries of the Company were subject to income tax at the rate of 25% (2014: 25%) on their taxable income according to the Income Tax Law of the PRC.

(All amounts expressed in thousands of Renminbi unless otherwise stated)

### Mainland China land appreciation tax ("LAT")

LAT is incurred upon transfer of property and land ownership and is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures (including land costs, borrowing costs, business taxes and all property development expenditures).

### 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. For the Group, the applicable rate is 10%. 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.

The major components of income tax are:

| | **Six months ended 30 June 2015** | Six months ended 30 June 2014 |
|---|---|---|
| Income tax charge: | | |
| Current income tax | **9,660** | 84 |
| Deferred tax | **–** | 1 |
| Withholding tax | **–** | – |
| Income tax charge as reported in profit or loss | **9,660** | 85 |

## 10. DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2015 (2014: Nil).

(All amount expressed in thousands of Renminbi unless otherwise stated)

## 11. EARNINGS 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 six months ended 30 June 2015.

The following reflects the profit and share data used in the basic and diluted earnings/(loss) per share calculations:

| | **Six months ended 30 June 2015** | Six months ended 30 June 2014 |
|---|---|---|
| Loss attributable to ordinary equity holders of the parent | **(9,080)** | (104,197) |
| Weighted average number of ordinary shares used to calculate the basic and diluted earnings per share | **9,846,119,747** | 7,275,572,050 |
| Basic loss per share (RMB) | **(0.0009)** | (0.0143) |
| Diluted loss per share (RMB) | **(0.0009)** | (0.0143) |

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

| **Group** | **30 June 2015** | 31 December 2014 |
|---|---|---|
| At cost: | | |
| Mainland China | **1,555,840** | 1,549,079 |

## 13. TRADE RECEIVABLES

| **Group** | **30 June 2015** | 31 December 2014 |
|---|---|---|
| Receivables from land development for sale | **59,218** | 62,218 |
| Others | **1,629** | 1,635 |
| | **60,847** | 63,853 |

(All amounts expressed in thousands of Renminbi unless otherwise stated)

An age analysis of the Group's trade receivables is as follows:

| | **30 June 2015** | 31 December 2014 |
|---|---|---|
| Within 6 months | – | 31,635 |
| 6 months to 1 year | **28,629** | – |
| 1 year to 2 years | – | – |
| 2 years to 3 years | – | – |
| Over 3 years | **32,218** | 32,218 |
| | **60,847** | 63,853 |

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 of 30 June 2015 (31 December 2014: Nil).

## 14. TRADE PAYABLES

| **Group** | **30 June 2015** | 31 December 2014 |
|---|---|---|
| Trade payables | **149,128** | 161,534 |

Trade payables are not interest-bearing and are normally settled within one year.

An age analysis of the Group's trade payables as at the reporting dates is as follows:

| | **30 June 2015** | 31 December 2014 |
|---|---|---|
| Within one year | **10,002** | 20,089 |
| 1 to 2 years | **37,056** | 26,784 |
| Over 2 years | **102,070** | 114,661 |
| | **149,128** | 161,534 |

(All amount expressed in thousands of Renminbi unless otherwise stated)

## 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:

| | Group | |
|---|---|---|
| | **30 June 2015** | 31 December 2014 |
| Bank and other borrowings – unsecured | **150,000** | 650,000 |
| Bank and other borrowings – guaranteed | **254,780** | – |
| Bank and other borrowings – secured | **–** | 246,000 |
| | **404,780** | 896,000 |

The bank and other borrowings are repayable as follows:

| | Group | |
|---|---|---|
| | **30 June 2015** | 31 December 2014 |
| Within 6 months | **150,000** | 679,000 |
| 6 months to 9 months | **–** | 100,000 |
| 9 months to 12 months | **–** | 117,000 |
| 1 year to 2 years | **50,000** | – |
| 2 years to 5 years | **204,780** | – |
| Over 5 years | **–** | – |
| | **404,780** | 896,000 |

The Group's bank and other borrowings bore interest at floating rates of 4.95% and 5.90% for the six months ended 30 June 2015 and the year ended 31 December 2014 respectively.

### Bank and other borrowings – unsecured

As at 30 June 2015, there was an outstanding long-term (2-year term) unsecured loan amounting to RMB150 million from Shanghai Luodian Old Town Real Estate Company Limited which will become due within a year.

### Bank and other borrowings – guaranteed

As at 30 June 2015, there was an outstanding long-term loan of RMB260 million from the Industrial and Commercial Bank of China Limited, with term lasting from 20 May 2015 to 20 May 2020 and interest rate at 4.95%. CDB Capital provided guarantee on this loan.

(All amounts expressed in thousands of Renminbi unless otherwise stated)

**Senior guaranteed notes**

| RMB'000 | 30 June 2015 |
|---|---|
| Book value of senior guaranteed notes at the beginning of period | – |
| Current book value of issued senior guaranteed notes | **1,288,057** |
| Interest expenses (based on effective interest rate of 5.84%) | **11,538** |
| Interest payment | – |
| Book value of senior guaranteed notes at the end of period | **1,299,595** |
| Categorized as current liabilities | **10,970** |
| Categorized as non-current liabilities | **1,288,625** |

Senior guaranteed notes of RMB1.289 billion were Renminbi denominated senior guaranteed notes issued by the Company in 2015, with 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 29 April 2015 the completion of notes issuance, with issuance amount of RMB1.3 billion, tenor of three years, coupon rate of 5.5%, and issuance costs of RMB11.94 million measured at amortized cost.

## 16. CAPITAL COMMITMENTS AND COMMITMENTS IN RESPECT OF LAND DEVELOPMENT FOR SALE

As at the end of each reporting period, the Group had capital commitments and commitments in respect of land development for sale as follows:

| Group | 30 June 2015 | 31 December 2014 |
|---|---|---|
| Commitments in respect of land development for sale: | | |
| Contracted but not provided for | **162,935** | 163,377 |
| Authorised but not contracted for | **4,884,834** | 4,891,152 |
| Total | **5,047,769** | 5,054,529 |

The Group had significant commitments as it had entered into two township development projects in Shanghai and Shenyang and such 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.

## FINANCIAL REVIEW/HIGHLIGHTS

a) Fair review of development of business of the Company and its subsidiaries during the Reporting Period and of their financial position at the end of the Reporting Period:

### Operating Results

Our results of operations are primarily driven by the frequency and achieved selling prices of public auction of land use rights, which are affected by various factors and not within the complete control of the Group.

No land parcel was sold in the first half of 2015, and revenue from land development was therefore zero, representing a reduction of RMB53.63 million as compared with the same period of 2014. In the first half of 2014, the land use right of land parcel C6-2 located in the Shanghai Luodian project was successfully sold, resulting in revenue from land development of RMB56.81 million with the corresponding business tax of RMB3.18 million.

In the first half of 2015, the land development cost of negative RMB14.50 million was due to the reversal in impairment provision of land development for sale at the Shanghai Luodian project.

### Operating Expenses

#### *Selling and distribution costs*

In the first half of 2015, no selling and distribution cost was incurred. The selling and distribution costs of RMB8.77 million in the first half of 2014 were mainly due to the expenses of hosting the China Urbanization International Forum (中國城鎮化高層國際論壇), the total cost of which was RMB8 million, while there was no such forum in the first half of 2015.

#### *Administrative expenses*

In the first half of 2015, administrative expenses increased by RMB6.66 million as compared with the same period of 2014. It was due to office rental expenses and property management fees after the relocation of group administrative center to Beijing, as well as the additional staff costs and other administrative expenses in relation to CDBC New Town (Beijing) Management Consulting Company Limited and CDBC New Town (Beijing) Asset Management Company Limited, companies newly established during the Reporting Period.

*Other income*

In the first half of 2015, other income increased by RMB33.33 million as compared with the same period of 2014. It was mainly due to the net income of RMB39.04 million from investment classified as loans and receivables relating to the Nanjing Yuhuatai Project during the Reporting Period.

*Other expenses*

In the first half of 2015, other expenses increased by RMB3.09 million as compared with the same period of 2014. It was mainly due to the impairment provision of receivables from Luonan district government and others amounting to RMB2.8 million.

## Non-operating Activities

*Finance costs*

In the first half of 2015, we incurred total net finance costs of RMB19.58 million, which included interest expenses on bank and other borrowings amounting to RMB8.04 million, representing a reduction of RMB44.91 million compared with the RMB52.95 million of interest expenses on bank and other borrowings in the same period of 2014. The decrease was primarily due to the reduction in bank and other borrowings. In addition, the issuance of RMB-denominated senior guaranteed notes in the first half of 2015 resulted in an interest expense of RMB11.54 million in the Reporting Period. The aggregate impact of the above was a reduction in total net finance costs of RMB33.37 million.

*Taxation*

In the first half of 2015, the Company recorded tax of RMB9.66 million, which was mainly generated from the investment gain from Nanjing Yuhuatai Project.

## Statement of Financial Position

*Other assets*

The balance as at 30 June 2015 increased by RMB9.92 million as compared with the balance as at the end of 2014. Such asset was attributed to the renovation expenses of the Group's administrative center. A total amount of RMB8.54 million was transferred from prepayment and the remaining RMB1.38 million was newly incurred during the Reporting Period.

### *Land development for sale*

The balance as at 30 June 2015 increased by RMB6.76 million as compared with the balance as at the end of 2014. This was because of land development progress of the Shanghai Luodian Project and Shenyang Lixiang Project respectively contributing RMB4.42 million and RMB2.34 million during the Reporting Period.

### *Prepayments (current assets)*

The balance as at 30 June 2015 decreased by RMB6.92 million as compared with the balance as at the end of 2014. This decrease was mainly due to completion of renovation of the Group's administrative center and as a result the relevant renovation prepayment of RMB8.54 million was transferred to other assets. In addition, the Beijing administrative center incurred prepayments related to software development expense and property management expense totaling RMB1.22 million.

### *Other receivables*

The balance as at 30 June 2015 decreased by RMB543 million as compared with the balance as at the end of 2014. This reduction was mainly due to duly receiving the first consideration payment associated with the disposal of the Wuxi project amounting to RMB608 million during the first half of 2015. In addition, during the Reporting Period the investment in Nanjing Yuhuatai Project generated fixed investment return receivables of RMB41.81 million (RMB7.77 million was received during the Reporting Period) and the disposal of assets classified as held for sale resulted in the relevant consideration and other receivables of RMB30.63 million.

### *Trade receivables*

The balance as at 30 June 2015 decreased by RMB3 million as compared with the balance as at the end of 2014. This decrease was mainly due to duly receiving trade receivables associated with land sale amounting to RMB3 million in the first half of 2015.

### *Senior guaranteed notes*

The balance as at 30 June 2015 increased by RMB1.289 billion as compared with the balance as at the end of 2014. This increase was due to the issuance of RMB-denominated senior guaranteed notes during the first half of 2015. The issuance amount was RMB1.3 billion, with issuance costs of RMB11.94 million and the interest expense adjustment (non-current liabilities) on the senior guaranteed notes during the Reporting Period of RMB570 thousand, resulting in an increase in the balance of RMB1,289 million.

*Interest-bearing bank and other borrowings (non-current liabilities)*

The balance as at 30 June 2015 increased by RMB255 million as compared with the balance as at the end of 2014. This was mainly due to the newly arranged loan from the Industrial and Commercial Bank of China Limited during the first half of 2015, with effective term of 20 May 2015 through 20 May 2020 and interest rate of 4.95%.

*Interest-bearing bank and other borrowings (current liabilities)*

The balance as at 30 June 2015 decreased by RMB746 million as compared with the balance as at the end of 2014. Such reduction was mainly due to the repayment of an interest-bearing loan from a related party amounting to RMB500 million and the repayment of a loan from the Agricultural Bank of China Limited amounting to RMB246 million during the first half of 2015.

*Trade payables*

The balance as at 30 June 2015 was RMB12.41 million lower than the balance as at the end of 2014. Such reduction was due to the payment made to the accrued trade payables at the end of 2014 during the first half of 2015, mainly including the payment of relocation costs of RMB7 million at Luodian as well as other construction costs of RMB5.41 million.

*Other payables and accruals*

The balance as at 30 June 2015 was RMB56.63 million higher than the balance as at the end of 2014. This increase was mainly due to RMB54.64 million associated with the disposal of subsidiaries to an independent third party in the Reporting Period in accordance with the Disposal Master Agreement, as well as accrued taxes of RMB2.34 million associated with the investment classified as loans and receivables at Nanjing Yuhuatai Project and RMB16.01 million associated with the accrued issuance costs and interest expense (non-current liabilities) of the senior guaranteed notes, offset by the payment of RMB8.26 million associated with accrued professional advisory fees and the payment of RMB4 million of year-end incentive bonus during the Reporting Period.

### *Current tax liabilities*

The balance as at 30 June 2015 was profit tax payables, and was RMB13.83 million lower than the balance as at the end of 2014. Such decrease was mainly due to the payment of RMB23.49 million of profit tax payables at Shanghai Golden Luodian in the first half of 2015, offset by the RMB9.66 million of profit tax payables recognised at CDB Nanjing.

## Discontinued Operations

On 10 October 2013, the Company, CDBIH and SREI entered into 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 has been completed in the first quarter of 2014 and the relevant shares have been issued.

As part of the Subscription, 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 installments.

According to the Disposal Master Agreement, the Company's entitled cash consideration in relation to disposing such assets has been fixed and shall not be affected by the subsequent profits or losses associated with such assets.

In the first half of 2015, certain companies within the discontinued operations were disposed to independent third party in accordance with the Disposal Master Agreement, realizing a gain of RMB59.63 million.

The financial results of discontinued operations in the following periods are set out below:

| RMB'000 | Six months ended 30 June<br>**2015** | <br>2014 |
|---|---|---|
| **Group** | | |
| **Revenue** | **65,493** | 191,640 |
| Cost of sales | **(44,948)** | (139,468) |
| **Gross profit** | **20,545** | 52,172 |
| Other income | **664** | 356 |
| Selling and distribution costs | **(15,847)** | (24,725) |
| Administrative expenses | **(35,908)** | (58,119) |
| Other expenses | **(2,066)** | (886) |
| Fair value loss on completed investment properties | **–** | (326) |
| **Operating loss from discontinued operations** | **(32,612)** | (31,528) |
| Finance costs | **(41,983)** | (39,506) |
| Share of loss from jointly-controlled entities | **–** | (38) |
| **Loss before tax from discontinued operations** | **(74,595)** | (71,072) |
| Income tax | **–** | (522) |
| **Loss for the period from discontinued operations** | **(74,595)** | (71,594) |
| Gain after tax from disposal of subsidiaries | **59,632** | – |
| **Loss for the period from discontinued operations** | **(14,963)** | (71,594) |

The major classes of assets and liabilities classified as held for sale as at 30 June 2015 and 31 December 2014 are as follows:

| RMB'000 | 30 June 2015 | 31 December 2014 |
|---|---|---|
| **Assets:** | | |
| Investment in an associate | **200** | 200 |
| Property, plant and equipment | **1,604,430** | 1,623,721 |
| Completed investment properties | **698,000** | 698,000 |
| Trade receivables – long-term | **–** | 110 |
| Prepaid land lease payments – long-term | **146,851** | 146,851 |
| Deferred tax assets | **30,715** | 30,722 |
| Other assets | **41,505** | 43,442 |
| Properties under development for sale | **1,582,086** | 1,539,563 |
| Prepaid land lease payments – short-term | **459,907** | 469,059 |
| Inventories | **2,011** | 5,116 |
| Prepayments | **24,632** | 35,240 |
| Other receivables | **174,759** | 210,896 |
| Trade receivables | **2,482** | 6,866 |
| Prepaid income taxes | **13,660** | 13,608 |
| Cash and bank balances | **20,864** | 80,843 |
| Assets classified as held for sale | **4,802,102** | 4,904,237 |
| | | |
| **Liabilities:** | | |
| Non-current interest-bearing bank and other borrowings | **770,720** | 947,690 |
| Deferred income from sale of golf club memberships | **462,098** | 470,107 |
| Deferred tax liabilities | **4,665** | 4,665 |
| Interest-bearing bank and other borrowings | **483,002** | 573,480 |
| Trade payables | **413,435** | 463,182 |
| Other payables and accruals | **912,739** | 756,151 |
| Advances from customers | **310,304** | 249,864 |
| Current income tax liabilities | **3,226** | 6,882 |
| Liabilities directly associated with assets classified as held for sale | **3,360,189** | 3,472,021 |
| Net assets directly associated with Disposal Assets | **1,441,913** | 1, 432,216 |

The net cash flows related to Disposal Assets are as follows:

| | Six months ended 30 June | |
|---|---|---|
| | **2015** | 2014 |
| Operating | **238,643** | (100,996) |
| Investing | **(37,028)** | (6,573) |
| Financing | **(261,594)** | 70,392 |
| Net cash outflow | **(59,979)** | (37,177) |

## Liquidity

The Group has obtained the following bank loan financing:

Used for land development for sale at Shanghai Luodian Project:

- Principal: RMB260 million
- Drawn amount as at 30 June 2015: RMB260 million

Overall, cash and cash equivalents (excluding restricted cash) in the Reporting Period increased by RMB1.283 billion as compared with the end of 2014, with balance of RMB2.159 billion as at 30 June 2015. This was due to net operating cash inflow of RMB162 million, net investing inflow of RMB594 million, and net financing cash inflow of RMB526 million.

Gearing ratio (defined as net debt/the sum of shareholders equity and net debt) as at 30 June 2015 was -13.11%, which was substantially lower than the ratio of 2.55% as at 31 December 2014. This was mainly due to the repayment of CDB Siyuan loan of RMB500 million in the first half of 2015.

### Business prospects and outlook

In the first half of 2015, with the regulatory policies continuing to support housing improvement demands from citizens, the mainland property market continued to stabilize. The People's Bank of China, the Housing and Urban Construction Ministry and the China Banking Regulatory Commission jointly announced the lowering of down payment requirement for mortgage of first property with housing provident fund to 20%, and the lowering of down payment requirement for households with an outstanding mortgage arrangement applying for additional mortgage of self-use nature to 40%. The Ministry of Finance and State Revenue Bureau announced the shortening of the minimum holding period of normal housing eligible for business tax exemption upon sale from 5 years to 2 years (inclusively). Meanwhile, the country entered monetary loosening period, with the central bank lowering benchmark rate three times in a row and twice lowering reserve requirement ratio, reinforcing support to the property market. In the first half of 2015, the nationwide commodity housing sales in terms of area sold and contracted value respectively rose 3.9% and 10% year-on-year, representing the first time since the end of 2013 that these indicators both rose. Cash flow to property developers grew 0.1% year-on-year, among which decline in cash flow from down payments and presales narrowed to 0.9%, the lowest level since 2014. Personal mortgage loans grew year-on-year by 10%, with aggregate growth in personal housing mortgage surpassing trillion for the first time in the first half of 2015 at RMB1.12 trillion. In terms of performance by tiers, there was a clear polarizing trend in property markets: turnover in tier-one cities clearly climbed while new commodity residential housing and second hand residential housing prices trended higher; property prices in tier-two cities were overall stable and accumulated considerable price growth too; and property prices in tier-three cities were still falling overall, although at a slower rate.

2015 represents the first year of rapid growth after CDB Capital completed the acquisition of the Company. With the tremendous support from our controlling shareholder, the Company proactively expanded its financing channels and project pipeline, achieving considerable results. In terms of financing, the Company entered into strategic cooperative agreement with ICBC Shanghai Branch and in principle obtained credit facilities amounting to RMB10 billion; CDB Capital provided unconditional guarantee on an RMB260 million bank loan to Shanghai Golden Luodian Development Company Limited, subsidiary of the Company, facilitating the Company to obtain better financing terms. More importantly, under CDB Capital's comprehensive credit enhancement measures such as the keepwell deed, liquidity support and deed of equity interest purchase undertaking, the Company successfully completed the 3-year RMB-denominated senior guaranteed notes in Hong Kong, with total issuance size at RMB1.3 billion and coupon rate at 5.5%. This is the first offshore debt issuance of the Company after the acquisition, attracting abundant attention from the offshore capital market and establishing a good profile. The transaction was crucial in optimizing the Company's financing structure and financing cost, and would help the Company expand its business scale and improve return to shareholders.

In terms of project sourcing, the Company has extensively taken advantage of the strategic resources and business network of our controlling shareholder and achieved solid progress. In May 2015, the Company entered into the Strategic Framework Agreement with Sino IC Capital Management Company Limited, the manager of the National Integrated Circuit Industry Investment Fund, regarding the establishment of long-term strategic cooperation in the fields such as industrial park construction, industrial park transformation, strategic alliance and corporate sourcing. With funds under management designated to exceed RMB120 billion, the fund is jointly raised by partners led by CDB Capital, the Company's controlling shareholder, and is expected to generate enormous business opportunities in nationwide industrial investment. In June 2015, the Company entered into the agreement regarding the establishment of the RMB10 billion CDB (Beijing) New-Type Urbanization Development Fund as a junior-tranche limited partner. Leveraging CDB Capital's business network, the fund rapidly completed funding the shanty town reformation project in Luzhou, Sichuan, bringing excellent investment return to the Company. It is expected that the Company is able to participate into the nationwide urbanization development business with a relatively small investment amount in the future.

b) Details of important events affecting the Group which have occurred since the end of the Reporting Period:

On top of traditional primary land development and investment business, the Company is also actively exploring other business in the field of urbanization consistent with policy. In the first half of July 2015, the Company agreed to participate in Jiangsu Province Danyang Municipal Water Conservancy project in accordance with the Public-Private-Partnership ("**PPP**") model. As the private sector investor, the Company shall contribute RMB200 million of capital, which enjoys investment return subsidy of 13% per annum provided by the government during the development period and guaranteed exit through government purchasing the Company's equity interest. The Danyang project benefits from a dedicated PPP loan from China Development Bank Corporation ("**CDB**"), evidently the systematic synergies between the Company's investment and CDB's lending business, representing an excellent example and a highly replicable strategy. It is expected that in the future, through fostering cooperation with various branches of CDB, the Company can rapidly launch a series of PPP model projects and participate into diversified investment and operational business opportunities in new town development, using appropriate financial gearing to substantially enhance its investment return.

c) An indication of likely future developments in the business of the Group for the financial year:

The Company remains fully committed to new town development business. We will continue to leverage off the expertise and strategic resources of our controlling shareholder and pursue more breakthroughs in project sourcing and financing so as to create more sustainable returns for our shareholders.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2015.

## SECURITIES INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

At 30 June 2015, the interests and short position of the Directors and the chief executive of the Company in shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")), as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the HKEx pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the HKEx (the "**HKEx Listing Rules**") were as follows:

### Long position in shares of the Company (the "Shares")

| | Number of ordinary shares | | | | Approximate percentage of the issued share capital |
|---|---|---|---|---|---|
| **Name of Director** | **Personal interests** | **Family interests** | **Corporate interests** | **Total** | |
| Shi Jian | 6,104,938 | 1,090(1) | 6,816,277,933(2) | 6,822,383,961 | 69.29% |
| Li Yao Min | 8,352,672 | – | – | 8,352,672 | 0.085% |
| Henry Tan Song Kok | 600,000 | – | – | 600,000 | 0.006% |

Notes:

(1) These 1,090 Shares were held by Ms. Si Xiao Dong, the spouse of Mr. Shi Jian.

(2) Pursuant to Part XV of the SFO, Mr. Shi Jian is deemed interested in a total of 6,816,277,933 Shares for the following reasons: (i) Mr. Shi Jian is deemed interested in 1,468,356,862 Shares held by SREI by virtue of the fact that he and his spouse, Ms. Si Xiao Dong together beneficially own 66% of the issued share capital of SREI as a controlling shareholder; (ii) as both SREI and CDBIH are subject to a three-year lock-up with respect to the Shares held by them respectively pursuant to the Subscription Agreement, SREI is deemed under sections 317 and 318 of the SFO to be interested in the 5,347,921,071 Shares held by CDBIH, and Mr. Shi Jian is accordingly also deemed interested in such Shares which SREI is deemed interested.

Save as disclosed above, as at 30 June 2015, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the HKEx pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have been taken under such provisions of the SFO) or the Model Code or which were required to be entered in the register required to be kept under section 352 of the SFO.

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SECURITIES

Save as disclosed below, the Directors are not aware of any other person (other than a Director or chief executive of the Company or his/her respective associate(s)) who, as at 30 June 2015, had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to section 336 of the SFO:

### Long Position in the shares of the Company

| | No. of ordinary shares | | | | Approximate |
|---|---|---|---|---|---|
| Name of substantial shareholder | Direct interest | Corporate interest | Other interests | Total | percentage of shareholding |
| CDBIH[(1)] | 5,347,921,071 | – | 1,468,356,862 | 6,816,277,933 | 69.23% |
| CDB Capital[(2)] | – | 5,347,921,071 | 1,468,356,862 | 6,816,277,933 | 69.23% |
| CDB[(2)] | – | 5,347,921,071 | 1,468,356,862 | 6,816,277,933 | 69.23% |
| SREI[(3)] | 1,468,356,862 | – | 5,347,921,071 | 6,816,277,933 | 69.23% |
| Shi Jian[(4)] | 6,104,938 | 6,816,277,933 | 1,090 | 6,822,383,961 | 69.29% |

Notes:

(1) As both SREI and CDBIH are subject to a three-year lock-up with respect to the Shares held by them respectively pursuant to the Subscription Agreement, CDBIH is deemed under sections 317 and 318 of the SFO to be interested in the 1,468,356,862 Shares held by SREI.

(2) 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.

(3) As both SREI and CDBIH are subject to a three-year lock-up with respect to the Shares held by them respectively pursuant to the Subscription Agreement, SREI is deemed under sections 317 and 318 of the SFO to be interested in the 5,347,921,071 Shares held by CDBIH.

(4) Please refer to Notes (1) and (2) under the section headed "Securities Interests of Directors and Chief Executive".

## SHARE OPTIONS

### CNTD Share Option Scheme

During the six months ended 30 June 2015, there was no share option granted.

## CHANGE OF INFORMATION OF DIRECTORS

From 1 April 2015, Executive Directors Mr. Liu Heqiang, Ms. Yang Meiyu and Mr. Ren Xiaowei, no longer hold any positions in CDB Capital, yet retain their administrative levels.

## CORPORATE GOVERNANCE

The Company subscribes to best practice on corporate governance, and has complied with the principles and guidelines of the Code of Corporate Governance 2012 issued by the Corporate Governance Committee in Singapore (the "**Singapore Code**") and the code provisions of the Corporate Governance Code and Corporate Governance Report (the "**HK Code**") as set out in Appendix 14 of the HKEx Listing Rules throughout the Reporting Period except for C.1.2 of the HK Code regarding monthly performance updates to Directors which implemented on 1 April 2012 for the reasons that, after careful consideration, the management considered that quarterly updates by way of a detailed financial results announcement under the Listing Manual of the SGX-ST ("**SGX Listing Manual**") is sufficient for Directors to understand and well note business performance, position and prospects of the Company. Furthermore, the Company has a unique business model with major revenues arise from land sales. Such sales are expected to be executed in relatively long spans of time given the application of land auctions is required to be in line with the government's land grant quota and schedule. Details of each land sales together with its implication on the Company's performance would be timely communicated to the Directors at early stage and announcements in relation to land auctions would be published immediately after listing and completion of sale of land use rights.

## MOVEMENTS IN SECURITIES

There is no movement in securities of the Company during the first half of 2015. At the end of the Reporting Period, the Company's total number of issued shares was 9,846,119,747.

## EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2015, there were 1,097 (2014: 1,075) employees in the Group. Staff remuneration packages are determined in consideration of market conditions and the performance of the individuals concerned, and are subject to review from time to time. The Group also provides other staff benefits including medical insurance, and grants discretionary incentive bonuses to eligible staff based on their performance and contributions to the Group.

## DIRECTORS' COMPLIANCE WITH THE CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the HKEx Listing Rules as the code of conduct regarding securities transactions by the Directors. Specific enquiry has been made of all Directors, who have confirmed that they complied with required standard as set out in the Model Code during the six months ended 30 June 2015.

## AUDIT COMMITTEE

The Audit Committee has reviewed the accounting principles and standards adopted by the Group, and has discussed and reviewed the internal control and reporting matters. The Group's unaudited consolidated financial statements for the six months ended 30 June 2015 have been reviewed by the Audit Committee.

## APPRECIATION STATEMENT

It is the Board's privilege to express our gratitude to our strategic investors and shareholders for their trust and support and to offer our heartfelt thanks to all Directors, executives and staff members in the Group for their team spirit and loyalty.

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

Hong Kong, 14 August 2015

NEW TOWN

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