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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

CONNECTED TRANSACTION UNDER LISTING RULES AND INTERESTED PERSON TRANSACTION UNDER LISTING MANUAL

Establishing a Subsidiary CDB Modern Agriculture Investment Management Company Limited

The Board is pleased to announce that, on 1 December 2015, CDB New Town, a wholly-owned subsidiary of the Company, entered into the Agreement regarding the establishment of CDB Agriculture with Chengdu Felsted and CDB Longquanyi.

Pursuant to the Agreement, CDB New Town, CDB Longquanyi and Chengdu Felsted shall establish a joint venture company in the PRC, CDB Agriculture, the registered capital and initial paid-in capital of which are proposed to be RMB47,692,600 and RMB43,442,600 respectively. Upon establishment, CDB Agriculture will be owned as to 51% by CDB New Town, 28.6% by Chengdu Felsted and 20.4% by CDB Longquanyi. Among them, CDB New Town shall contribute to the registered capital by way of cash of RMB22,155,700; Chengdu Felsted shall

contribute to the registered capital partly by way of cash of RMB3,909,900 and partly by way of shares, being such number of shares representing 49% of the registered capital of Chengdu Agriculture, valued at RMB8,514,700; and CDB Longquanyi shall contribute to the registered capital by way of shares, being such number of shares representing 51% registered capital of Chengdu Agriculture, valued at RMB8,862,300. The remaining registered capital amounting to RMB4,250,000 shall be subsequently paid in within the next ten years in proportion by all parties based on business needs in accordance with the applicable law.

Upon completion of the Transaction, CDB Agriculture and its then wholly-owned subsidiary, Chengdu Agriculture, shall become the Company's subsidiaries.

As at the date of this announcement, the People's Government of Chengdu beneficially owns 51% of CDB Longquanyi, while CDB Capital owns the remaining 49% of CDB Longquanyi. As CDB Capital is the Company's controlling shareholder, CDB Longquanyi, as an associate of CDB Capital, is a connected person of the Company under the Listing Rules and an interested person under the Listing Manual. The Agreement and the Transaction are therefore a connected transaction under the Listing Rules and an interested person transaction under the Listing Manual, respectively. As the relevant ratio tests defined under Listing Rule 14.07 is above 0.1% but below 5%, the Agreement and the Transaction are subject to the reporting and announcement requirements under the Listing Rules but exempt from the independent shareholders' approval requirement. In addition, in accordance with Rule 916 of the Listing Manual, the Agreement and the contemplated transaction thereunder is exempt from the requirement on seeking independent shareholders' approval.

1. BACKGROUND

The Board of Directors (the "**Board**") of China New Town Development Company Limited (the "**Company**", together with its subsidiaries, the "**Group**") is pleased to announce that, on 1 December 2015, CDB New Town (Beijing) Asset Management Company Limited ("**CDB New Town**"), a wholly-owned subsidiary of the Company, Chengdu Felsted Agricultural Development Company Limited (成都菲爾斯特農業開發有限公司) ("**Chengdu Felsted**") and CDB Longquanyi Company Limited (國開龍泉驛有限公司) ("**CDB Longquanyi**") entered into a cooperative agreement (the "**Agreement**", and the transaction contemplated pursuant to it, the "**Transaction**") regarding the establishment of CDB (Beijing) Agriculture Company Limited (國開現代農業投資管理有限公司 ("**CDB Agriculture**").

2. OVERVIEW OF THE TRANSACTION

Pursuant to the Agreement, CDB New Town, CDB Longquanyi and Chengdu Felsted shall establish a joint venture company in the People's Republic of China (the "**PRC**"), CDB

Agriculture. The registered capital and initial paid-in capital of which are proposed to be RMB47,692,600 and RMB43,442,600 respectively. Upon establishment, CDB Agriculture will be owned as to 51% by CDB New Town, 28.6% by Chengdu Felsted and 20.4% by CDB Longquanyi.

Among them, CDB New Town shall contribute to the registered capital by way of cash of RMB22,155,700; Chengdu Felsted shall contribute to the registered capital partly by way of cash of RMB3,909,900 and partly by way of shares, being such number of shares representing 49% share capital in CDB Chengdu Agriculture Company Limited (“**Chengdu Agriculture**”), valued at RMB8,514,700; and CDB Longquanyi shall contribute to the registered capital by way of shares, being such number of shares representing 51% share capital of Chengdu Agriculture, valued at RMB8,862,300. The remaining registered capital amounting to RMB4,250,000 shall be subsequently paid in within the next ten years in proportion by all parties subject to business needs.

CDB New Town shall contribute the amount of RMB22,155,700 to CDB Agriculture using its internal resources.

3. INFORMATION OF THE PARTIES TO THE AGREEMENT

The Company is a new town developer and its principal business is in the planning, managing and operation of new towns in the PRC.

The People’s Government of Chengdu beneficially owns 51% of CDB Longquanyi, while China Development Bank Capital Corporation (“**CDB Capital**”), the Company’s controlling shareholder, owns the remaining 49% of CDB Longquanyi. Established in 2011, CDB Longquanyi’s principal business is project planning and management of the addition-tied-to-subtraction (增減掛鉤) land in primary land development in the Longquanyi District of Chengdu city.

Chengdu Felsted is a company incorporated in the PRC in 2013, and its principal business includes agricultural technology development, investments in agricultural projects and technology services and business consulting. Based on the best knowledge and belief of the Board and upon making reasonable enquiries, it is an independent third party to the Company.

Incorporated in the PRC at the end of year 2013, the principal business of Chengdu Agriculture is the growing and management of agricultural products, agricultural trading and the emerging business of modern agricultural site-seeing. The paid-in capital of Chengdu Agriculture is RMB20,000,000, among which, CDB Longquanyi contributed RMB10,200,000 for 51% of the

registered capital of Chengdu Agriculture and Chengdu Felsted contributed RMB9,800,000 for 49% of the registered capital of Chengdu Agriculture.

In the financial year ended 31 December 2013, Chengdu Agriculture did not record any loss or gain since it was just established and had not started any business. In the financial year ended 31 December 2014, the net loss attributable to shareholders of Chengdu Agriculture was RMB3,033,700, and it made a net gain of RMB760,800 for the six months ended 30 June 2015.

Pursuant to the Agreement, CDB Longquanyi and Chengdu Felsted shall subscribe for the registered capital in CDB Agriculture by contributing such number of shares held by them respectively in Chengdu Agriculture. The value of 100% shares in Chengdu Agriculture is RMB17,377,000, which was arrived at by the parties on arms-length basis after taking into consideration the following factors:

- the net asset value of Chengdu Agriculture as of 31 December 2014 and 30 June 2015 is RMB 6,966,323 and RMB17,727,000 respectively.
- Chengdu Agriculture's current trademark product portfolio and Chengdu Agriculture's attractive near-term financial prospect; and
- Chengdu Agriculture has established a management team which is capable of managing and operating the business of mid to high end agricultural products growing and trading.

The total investment amount by CDB New Town was determined after considering the funding needs of Chengdu Agriculture as an integral part of the Group's business after this strategic acquisition, so that it can play a synergetic role in accelerating the development of existing projects and sourcing new projects.

4. THE STRATEGIC PURPOSE AND BENEFITS OF THE AGREEMENT

The Group is the core operational and listed platform of CDB Capital in the field of township development business, and is principally engaged in urban master planning, investment and land development in the major cities of China.

In the process of operating urbanization projects, the Company constantly comes across a lot of urbanization projects with explicit conditions on concurrent restoration of farmland. These projects typically have excellent strategic locations and thus good profit and land appreciation potential after land clearing is completed. The core competency requirement for winning such projects involves strong capability to restore or create comparable area of farmland in more remote areas and the subsequent master planning and operational management. The Transaction

of acquiring and setting up an agricultural management arm, on one hand aims to overcome a major hurdle of acquiring land and thus improving the chance of winning such projects; and on the other hand aims to leverage on favourable urbanization policies such as addition-tied-to-subtraction, to optimize and improve the use of urban farmland from the otherwise suboptimal use, under-utilization or even abandoned status, to create sustainable value through comprehensive industrial planning and management.

The principal business of Chengdu Agriculture is the growing and management of agricultural products, agricultural trading and the emerging business of modern agricultural site-seeing. Growing and management of agricultural products involve crop seed nurturing, relevant farmland management and rationing; agricultural trading includes the selling of mature agricultural yields in the market for profit; while modern agricultural site-seeing includes turning obsolete farmland into tourism resources as a destination of integrated leisure, tourism and natural site-seeing, which could then be marketed as revenue-generating modern site-seeing products in regional urban reformation projects.

After the establishment of CDB Agriculture, it shall continue and extend the principal business of Chengdu Agriculture. The Company intends to treat the agricultural industry as an important strategic deployment of the Company in urbanization, and in particular, to consolidate the relevant operations and management core competency, and thereafter replicate such business model around the country, so as to establish the business model of the Company comprising the skeletal primary land development and investment business plus downstream industrial value chain penetration such as municipal infrastructure PPP, modern green agricultural and tourism properties.

In light of the reasons above, the Directors believe that it is for the benefit of the Company to enter into the Agreement. The Directors (including the independent non-executive Directors) consider that the Agreement is based on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

In addition, the Audit Committee of the Company, based on the above factors and the opinion of the Directors, is of the view that the risks and rewards of the joint venture are in proportion to the investments into it by CDB New Town and CDB Longquanyi (being the interested person as further described in paragraph 4 below), and that the contemplated Transaction is on normal commercial terms, and is not prejudicial to the interests of the Company and its minority shareholders.

5. IMPLICATIONS UNDER THE LISTING RULES AND LISTING MANUAL

CDB Capital, which has an indirect interest in 5,347,921,071 ordinary shares (“**Shares**”) in the Company as at the date of this announcement, representing 54.32% of the issued share capital of the Company, is a controlling shareholder of the Company. CDB Capital owns 49% share capital of CDB Longquanyi, which is therefore an ‘interested person’ within the meaning of Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**Listing Manual**”). As a subsidiary of the Company, CDB New Town is regarded as an “entity at risk” within the meaning of Chapter 9 of the Listing Manual. Accordingly, the contemplated Transaction will be regarded as an interested person transaction and the requirements of Chapter 9 of the Listing Manual are applicable.

As CDB Longquanyi is a connected person of the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). The Agreement and Transaction contemplated thereunder therefore constitute a connected transaction of the Company. As the applicable percentage ratios defined under Rule 14.07 of the Listing Rules for the transaction contemplated under the Agreement exceed 0.1% but are below 5%, the Agreement and the Transaction are subject to the reporting and announcement requirements and are exempted from the independent shareholders’ approval requirement of the Listing Rules.

The Transaction is a non-discloseable transaction under the Listing Manual as the relative figures under the bases set out in Rule 1006 of the Listing Manual are less than 5%.

6. TOTAL VALUE OF ALL INTERESTED PERSON TRANSACTIONS

Based on the Group’s latest audited accounts for the financial year ended 31 December 2014, the net tangible asset (“**NTA**”) of the Group as at 31 December 2014 is approximately RMB3.85 billion. The percentage of the Transaction against the Group’s latest audited NTA is approximately 0.63%.

The current total value of all interested person transactions, excluding transactions which are less than \$100,000, with (a) CDB Capital and its associates; and (b) all interested persons of the Company, for the period from 1 January 2015 to the date of the announcement (prior to and including the proposed Transaction), and the percentage of the Group’s latest audited NTA as at 31 December 2014 represented by such values, are as follows:

	Prior to the Proposed Transaction		Including the Proposed Transaction	
	Amount (RMB'000)	Percentage of audited NTA	Amount (RMB'000)	Percentage of audited NTA
Total value of all transactions with CDB Capital and its associates	150,000	3.9%	174,320	4.53%
Total value of all transactions with all interested persons of the Company	150,000	3.9%	174,320	4.53%

7. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTION

The proposed Transaction is not expected to have a material impact on the consolidated net tangible assets per share and consolidated earnings per share of the Group for the financial year ending 31 December 2015.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed, none of the directors, controlling or substantial shareholders of the Company has any interest, direct or indirect, in the Agreement and/or proposed Transaction. For good corporate governance practice, Mr. Fan Haibin, Mr. Zuo Kun, Mr. Liu Heqiang, Ms. Yang Meiyu and Mr. Ren Xiaowei have abstained from voting on the resolutions of the Board approving the Agreement. Save for the above, no director has abstained from voting on the resolutions of the Board approving the Agreement.

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

Hong Kong and Singapore, 1 December 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) and Mr. Li Yao Min (Vice Chairman); 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.