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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

ANNOUNCEMENT PURSUANT TO RULE 704(5) OF THE LISTING MANUAL -EMPHASIS OF MATTER BY INDEPENDENT AUDITORS ON FINANCIAL STATEMENTS

In compliance with Rule 704(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Board of Directors of China New Town Development Company Limited (the "Company") wishes to announce that the Company's auditors, Ernst & Young, have issued an emphasis of matter in the Independent Auditors' Report on the Company's consolidated financial statements for the financial year ended 31 December 2013 ("FY2013").

A copy of the aforesaid Independent Auditors' Report together with the extract of the relevant note for the Company's consolidated financial statements for FY2013 is annexed to this announcement.

The Company's Annual Report for FY2013, which will contain the Independent Auditors' Report and the Company's consolidated financial statements for FY2013, will be dispatched to shareholders and to the SGX-ST on or around 28 March 2014.

By order of the Board
China New Town Development Company Limited
Shi Jian
Chairman

Singapore and Hong Kong, 17 March 2014

As at the date of this announcement, the executive directors of the Company are Mr. Shi Jian (Chairman), Mr. Li Yao Min, Mr. Shi Janson Bing, Ms. Gu Biya, Mr. Mao Yiping and Mr. Qian Yifeng; the non-independent non-executive director of the Company is Mr. Yue Wai Leung Stan; 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.

INDEPENDENT AUDITORS' REPORT

To the shareholders of China New Town Development Company Limited
(Incorporated in the British Virgin Islands with limited liability)

We have audited the accompanying consolidated financial statements of China New Town Development Company Limited (the “Company”) and its subsidiaries (together, the “Group”), which comprise the consolidated and company statements of financial position as at 31 December 2013, and the consolidated statement of profit or loss and other comprehensive income, the consolidated and company statements of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company and of the Group as at 31 December 2013, and the Group's performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2.1(a) in the consolidated financial statements that indicates that the Group's ability to continue as a going concern depends on the completion of the subscription of the Company's new shares and its ability to generate cash to meet the payments of liabilities when they fall due. These conditions, along with other matters set forth in Note 2.1(a), indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

Ernst & Young

Certified Public Accountants

Hong Kong

17 March 2014

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

2.1 BASIS OF PREPARATION

(a) Going Concern Basis

As of 31 December 2013, the Group had cash and bank balances and trade receivables in total of approximately RMB1,076 million and current liabilities, net of deferred income arising from construction of ancillary public facilities and advances from customers, of approximately RMB5,311 million. Although the Group's total current assets amounted to RMB8,556 million, the timing and amount of cash inflows from the realisation of approximately RMB5,131 million of land development for sale (which accounts for approximately 60 percent of the current assets as of 31 December 2013) depends upon the local governments' land sale plans, selling prices and overall market demand of the land developed by the Group. Although the Company has entered into the Subscription and the Disposal (see Note 1), which may generate significant cash inflows, the Subscription is subject to the fulfillment of certain conditions and the Disposal is conditional upon the completion of the Subscription, hence, the cash inflows that might be generated from the Subscription and the Disposal are still uncertain. These circumstances indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The executive directors of the Company confirm as at the date of approval of these financial statements that based on the progress of discussions with CDBIH as at the date of approval of these financial statements, they expect the successful completion of the Subscription and the execution of the Disposal.

The executive directors of the Company will continue to actively seek local government's support for realisation of land development for sale, as well as marketing the properties under development for sale and the associated prepaid land lease payments. If cash inflows are insufficient to meet the liabilities when they fall due, the Group will seek alternative fund raising opportunities, such as the disposal of non-current assets, or requesting some of its significant creditors for an extension of payment terms.

After taking into account the likelihood of completion of the Subscription and the execution of the Disposal as well as the above measures, in spite of the material uncertainty, the board of directors of the Company believe that it is appropriate to prepare the consolidated financial statement on a going concern basis, and therefore, these consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty should the Group be unable to continue as a going concern.