NEW TOWN

China New Town Development Company Limited

中國新城鎮發展有限公司

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

(Hong Kong Stock Code：1278)

(Singapore Stock Code：D4N.si)

UNAUDITED 2014 SECOND QUARTER RESULTS

This announcement is made by China New Town Development Company Limited (the “**Company**”) pursuant to the disclosure obligation under Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**HKEx**”). This announcement is originally prepared in English. In case of any inconsistency between the English version and the Chinese version, the English version shall prevail.

This announcement is prepared in accordance with relevant regulations of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). The Financial information set out in this report has been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) and has not been audited nor reviewed by auditors. Shareholders of the Company and public investors should exercise caution when dealing in the shares of the Company.

This presentation contains projections and forward-looking statements regarding the Group’s objectives and expectations with respect to property development plans, and its opportunities and business prospects. Such forward-looking statements are not guarantees of future performance of the Group and are subject to factors that could cause actual results and company plans and objectives to differ materially from those expressed in the forward-looking statements. These factors include, but are not limited to, timing and price of sales of land in public bidding process; adverse changes in the Chinese economy and property market; fluctuations of the inventory and pricing of residential and commercial properties; performance of construction and other contractors; and competition. The Group undertakes no obligation to update or revise any forward-looking statements to reflect subsequent events or circumstances.

PART I INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

1(a)(i) Statement of comprehensive income for the second quarter and first half year ended 30 June 2014

On 28 March 2014, the Group announced the completion of the subscription of new shares (the “Subscription”) by China Development Bank International Holdings Limited (“CDBIH”). As part of the transaction, the disposal of certain assets not related to the Group’s core business of land development (the “Disposal Assets”, as defined in the Company’s announcement dated 10 October 2013) is expected to complete in stages by no later than 24 months from 28 March 2014. As at 30 June 2014, the Disposal Assets are classified as assets held for sale in financial statements and deemed discontinued operations of the Group. Please refer to the notes regarding discontinued operations for detailed financial information in relation to discontinued operations.

According to the disposal master agreement (the “Disposal Master Agreement”) entered into by the Company and SRE Investment Holding Limited (“SREI”, the controlling shareholder at the time), 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.

RMB’000 Group	From 1 April to 30 June 2014	2013	Increase (Decrease) (%)	6 months ended 30 June 2014	2013	Increase (Decrease) (%)
Continuing Operations						
Revenue	53,626	1	5,362,500	53,626	608,267	(91)
Cost of sales	(46,397)	-	100	(46,397)	(309,110)	(85)
Gross profit	7,229	1	722,800	7,229	299,157	(98)
Other income	14,296	5,192	175	23,250	9,664	141
Selling and distribution costs	(8,000)	(579)	1,282	(8,771)	(10,927)	(20)
Administrative expenses	(13,116)	(15,055)	(13)	(30,871)	(33,370)	(7)
Other expenses	(22)	(986)	(98)	(519)	(1,151)	(55)
Operating profit/ (loss)	387	(11,427)	(103)	(9,682)	263,373	(104)
Finance costs	(32,481)	(29,492)	10	(52,952)	(54,520)	(3)
(Loss)/profit before tax from continuing operations	(32,094)	(40,919)	(22)	(62,634)	208,853	(130)
Income tax	-	(6,896)	(100)	(85)	(70,719)	(100)
(Loss)/profit after tax from continuing operations	(32,094)	(47,815)	(33)	(62,719)	138,134	(145)
Discontinued operations						
Loss after tax from discontinued operations	(19,193)	(27,712)	(31)	(71,594)	(80,462)	(11)
(Loss)/profit for the period	(51,287)	(75,527)	(32)	(134,313)	57,672	(333)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive (loss)/income	(51,287)	(75,527)	(32)	(134,313)	57,672	(333)
(Loss)/profit attributable to：						
Owners of the parent	(39,580)	(59,051)	(33)	(104,197)	30,626	(440)

Non-controlling interests	(11,707)	(16,476)	(29)	(30,116)	27,046	(211)
	(51,287)	(75,527)	(32)	(134,313)	57,672	(333)
Total comprehensive (loss)/income attributable to:						
Owners of the parent	(39,580)	(59,051)	(33)	(104,197)	30,626	(440)
Non-controlling interests	(11,707)	(16,476)	(29)	(30,116)	27,046	(211)
	(51,287)	(75,527)	(32)	(134,313)	57,672	(333)

1(a)(ii) Notes to the statement of comprehensive income

a) Revenue, other income and other expenses

Revenue

RMB'000	From 1 April to 30 June 2014	From 1 April to 30 June 2013	Increase (Decrease) (%)	6 months ended 30 June 2014	6 months ended 30 June 2013	Increase (Decrease) (%)
Land development	56,807	-	100	56,807	643,336	(91)
Less: Business tax and surcharges	(3,181)	1	(318,200)	(3,181)	(35,069)	(91)
	53,626	1	5,362,500	53,626	608,267	(91)

Other income

RMB'000	From 1 April to 30 June 2014	From 1 April to 30 June 2013	Increase (Decrease) (%)	6 months ended 30 June 2014	6 months ended 30 June 2013	Increase (Decrease) (%)
Foreign exchange gain	8,357	3,292	100	12,770	3,292	100
Interest income	5,911	1,903	211	7,173	4,339	65
Reversal of bad debt provision – other receivables	300	-	100	3,300	2,000	65
Others	(272)	(3)	8,967	7	33	(79)
	14,296	5,192	175	23,250	9,664	141

Other expenses

RMB'000	From 1 April to 30 June 2014	From 1 April to 30 June 2013	Increase (Decrease) (%)	6 months ended 30 June 2014	6 months ended 30 June 2013	Increase (Decrease) (%)
Foreign exchange loss	-	(56)	(100)	-	4	(100)
Bank charges	26	1,009	(97)	437	1,051	(58)
Loss on disposal of property, plant and equipment	-	-	-	10	-	100
Others	(4)	33	(112)	72	96	(25)
	22	986	(98)	519	1,151	(55)

b) Cost of sales by business units

RMB'000	From 1 April to 30 June 2014	From 1 April to 30 June 2013	Increase (Decrease) (%)	6 months ended 30 June 2014	6 months ended 30 June 2013	Increase (Decrease) (%)
Land development	46,397	-	100	46,397	309,110	(85)
	46,397	-	100	46,397	309,110	(85)

c) **Finance costs**

RMB'000	From 1 April to 30 June 2014	From 1 April to 30 June 2013	Increase (Decrease) (%)	6 months ended 30 June 2014	6 months ended 30 June 2013	Increase (Decrease) (%)
Interest on bank and borrowings	32,481	29,492	10	52,952	54,520	(3)
Less: Interest capitalised	-	-	-	-	-	-
	32,481	29,492	10	52,952	54,520	(3)

1(b)(i) A Statement of Financial Position (for the issuer and group), together with a comparative statement as at the end of immediately preceding financial year.

Statement of Financial Position as at 30 June 2014

RMB'000	Group 30 June 2014	Group 31 December 2013	Company 30 June 2014	Company 31 December 2013
Non-current assets				
Investments in subsidiaries	-	-	2,591,259	2,591,259
Investments in an associate	-	200	-	-
Investments in a joint venture	-	55,656	-	-
Property, plant and equipment	75,862	1,631,967	53	62
Completed investment properties	-	740,000	-	-
Investment properties under construction	-	106,000	-	-
Prepaid land lease payments	98,590	244,586	-	-
Non-current trade receivables	42,976	48,626	-	-
Deferred tax assets	88,600	132,625	-	-
Other assets	-	47,727	-	2,794
Total non-current assets	306,028	3,007,387	2,591,312	2,594,115
Current assets				
Land development for sale	5,033,017	5,130,517	-	-
Properties under development for sale	-	1,568,991	-	-
Prepaid land lease payments	-	642,312	-	-
Inventories	-	5,878	-	-
Amounts due from subsidiaries	-	-	506,886	506,805
Prepayments	4,821	93,382	-	-
Other receivables	1,957	21,832	3	6
Trade receivables	109,054	743,272	1	1
Prepaid income tax	-	17,480	-	-
Cash and bank balances	1,327,375	332,333	946,392	1,853
Assets classified as held for sale	5,155,660	-	-	-
Total current assets	11,631,884	8,555,997	1,453,282	508,665
Total assets	11,937,912	11,563,384	4,044,594	3,102,780
Equity				
Owners of the parent:				
Share capital	4,110,841	2,980,809	4,110,841	2,980,809
Other reserves	579,270	579,270	1,912,683	1,912,683
Accumulated losses	(1,207,088)	(1,102,891)	(1,997,220)	(2,002,889)
	3,483,023	2,457,188	4,026,304	2,890,603
Non-controlling interests	491,980	522,096	-	-
Total equity	3,975,003	2,979,284	4,026,304	2,890,603
Non-current liabilities				

RMB'000	Group		Company	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
Interest-bearing bank and other borrowings	217,000	1,797,870	-	-
Deferred income from sale of golf club membership	-	486,208	-	-
Deferred tax liabilities	21,151	32,195	-	-
Total non-current liabilities	238,151	2,316,273	-	-
Current liabilities				
Interest-bearing bank and other borrowings	684,000	1,338,992	-	198,312
Trade payables	1,508,726	2,557,878	-	-
Other payables and accruals	610,420	872,498	18,290	13,865
Amount due to related parties	3,000	3,500	-	-
Advances from customers	553,549	336.482	-	-
Deferred income arising from land development	622,357	620,221	-	-
Current income tax liabilities	525,581	538,256	-	-
Liabilities directly associated with assets classified as held for sale	3,217,125	-	-	-
Total current liabilities	7,724,758	6,267,827	18,290	212,177
Total liabilities	7,962,909	8,584,100	18,290	212,177
Total equity and liabilities	11,937,912	11,563,384	4,044,594	3,102,780
Net current assets	3,907,126	2,288,170	1,434,992	296,488
Total assets less current liabilities	4,213,154	5,295,557	4,026,304	2,890,603

1(b)(ii) Aggregate amount of the group's borrowings and debt securities.

i) Borrowings

RMB'000	30 June 2014	31 December 2013
Bank and other borrowings – unsecured	655,000	738,000
Bank and other borrowings – secured	246,000	2,398,862
	901,000	3,136,862

a) Amounts repayable in one year of less, or on demand

RMB'000	30 June 2014	31 December 2013
Bank and other borrowings – unsecured	505,000	588,000
Bank and other borrowings – secured	179,000	750,992
	684,000	1,338,992

b) **Amounts repayable after one year**

RMB'000	30 June 2014	31 December 2013
Bank and other borrowings – unsecured	150,000	150,000
Bank and other borrowings – secured	67,000	1,647,870
	217,000	1,797,870

c) Whether the amounts are secured or unsecured

See table above.

d) Details of any collateral

As at 30 June 2014, bank borrowings of RMB246 million (2013: RMB1,949 million) were pledged by the Group's certain properties: property, plant and equipment, completed investment properties, properties under development for sale, prepaid land lease payments as well as bank deposits, the net carrying amounts of which as at 30 June 2014 were RMB314 million (2013: RMB429 million), nil (2013: RMB606 million), nil (2013: RMB1,249 million), RMB194 million (2013: RMB450 million), and nil (2013: RMB195 million), respectively. As these properties are classified as Assets Held for Sale, the collateral amounts cannot be readily referenced to in the Statement of Financial Position as of 30 June 2014.

1(c) A Statement of Cash Flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Cash Flow

RMB'000

	2Q 2014 from 1 April 2014 to 30 June 2014	2Q 2013 from 1 April 2013 to 30 June 2013	6 months ended 30 June 2014	6 months ended 30 June 2013
Cash flows from operating activities				
(Loss)/profit before tax from continuing operations	(32,094)	11,838	(62,634)	208,853
Loss before tax from discontinued operations	(18,671)	(105,632)	(71,072)	(105,632)
(Loss)/profit before tax	(50,765)	(93,794)	(133,706)	103,221
Adjustments for:				
Depreciation of property, plant and equipment	3,932	15,418	23,605	30,621
Amortization of prepaid land lease payments	897	1,079	2,615	2,079
Share of loss from an associate anda joint venture	34	-	38	-
Fair value loss on completed investment properties	-	-	326	-
Interest income	(5,795)	(1,952)	(7,302)	(4,441)
Interest expenses	47,609	50,321	92,458	107,711
Foreign exchange loss/(gain)	517	(3,457)	2,270	(3,457)
	(3,571)	(32,385)	(19,696)	235,734
Decrease/(increase) in land development for sale	45,524	(3,825)	43,216	290,984
Decrease/(increase) in properties under development for sale	36,693	(35,650)	21,589	46,794
Decrease in prepaid land lease payments	37,017	6,363	48,461	46,529
(Increase)/decrease in inventories	(70)	387	(551)	370
(Increase)/decrease in prepayments and other current assets	(5,443)	(8,390)	28,492	(10,138)
(Increase)/decrease in other receivables	(105,307)	7,786	(128,229)	1,052
Decrease/(increase) in trade receivables	611,255	232,507	632,520	(339,794)
Increase in prepaid income tax	(463)	(2,675)	(1,690)	(7,661)
Decrease in deferred income from sale of golf club membership	(4,004)	(4,082)	(8,091)	(8,731)
Increase in deferred income arising from land development	2,136	-	2,136	24,438

RMB'000

	2Q 2014 from 1 April 2014 to 30 June 2014	2Q 2013 from 1 April 2013 to 30 June 2013	6 months ended 30 June 2014	6 months ended 30 June 2013
Increase in advances from customers	493,459	101,601	508,633	36,765
Decrease in trade and other payables	(659,015)	(125,278)	(725,941)	(330,113)
Decrease in amounts due to related parties	-	-	-	(869)
Net cash inflow/(outflow) from operating activities	448,211	136,359	400,849	(14,640)
Cash flows from investing activities				
Purchase/construction of property, plant and equipment	(2,298)	(67,347)	(8,461)	(163,580)
Payments for investment properties	(724)	(4,287)	(4,587)	(7,862)
Interest received	5,795	1,952	7,302	4,441
Refund of prepayments for property, plant and equipment	-	-	-	222,542
Net cash inflow/(outflow) from investing activities	2,773	(69,682)	(5,746)	55,541
Cash flows from financing activities				
Cash proceeds from placing of new shares	-	-	1,138,979	-
Proceeds from bank borrowings	134,773	103,157	180,778	165,315
Repayments of bank borrowings	(1,060,371)	(118,000)	(1,077,641)	(213,000)
Proceeds from / repayment of loan from related parties	500,000	-	500,000	-
Interest paid	(48,523)	(41,061)	(94,799)	(90,117)
Cash released from restricted deposits in relation to interest payments for bank borrowings	195,300	20,000	195,300	20,000
Cash placed as restricted deposits in relation to interest payments for bank borrowings	-	(39,471)	-	(19,471)
Net cash (outflow)/inflow from financing activities	(278,821)	(75,375)	842,617	(137,273)
Net increase/(decrease) in cash and cash equivalents	172,163	(8,698)	1,237,720	(96,372)
Cash and cash equivalents at beginning of period	-	-	136,833	229,267
Cash and cash equivalents at end of period	172,163	(8,698)	1,374,553	132,895

1(d)(i) **A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Statements of Changes in Equity

Group

6 months ended 30 June 2014

RMB'000	Equity attributable to owners of the parent					
	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 income	-	-	(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

6 months ended 30 June 2013

RMB'000	Equity attributable to owners of the parent					
	Share capital	Other reserves	Accumulated losses	Total	Non-controlling interests	Total equity
Balance as at 1 January 2013	2,980,809	579,270	(889,899)	2,670,180	570,367	3,240,547
Total comprehensive income	-	-	30,626	30,626	27,046	57,672
Change in non-controlling interests due to the dissolution of a subsidiary	-	-	-	-	(2,000)	(2,000)
Balance as at 30 June 2013	2,980,809	579,270	(859,273)	2,700,806	595,413	3,296,219

Company

6 months ended 30 June 2014

RMB'000	Share capital	Other	Accumulated losses	Total
Balance as at 1 January 2014	2,980,809	1,912,683	(2,002,889)	2,890,603
Total comprehensive income	-	-	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

6 months ended 30 June 2013

RMB'000	Share capital	Other reserves	Accumulated losses	Total
Balance as at 1 January 2013	2,980,809	1,912,683	(1,972,078)	2,921,414
Total comprehensive income	-	-	(9,899)	(9,899)
Balance as at 30 June 2013	2,980,809	1,912,683	(1,981,977)	2,911,515

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

The number of shares that may be issued on conversion of all the outstanding convertibles (including the number of shares held as treasury shares, if any) and against the total number of issued shares excluding treasury shares as at 30 June 2014 and as at 30 June 2013 are set out below:

	As at 30 June 2014	As at 30 June 2013
	No. of shares	No. of shares
Completion of the subscription of shares by CDBIH	5,347,921,071	-
Treasury shares	-	-
Total number of issued shares excluding treasury shares as at the end of the period	9,846,119,747	4,498,198,676

The Group has no outstanding convertible instruments as at 30 June 2014

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	6 months ended 30 June 2014	12 months ended 31 December 2013
	No. of shares	No. of shares
Total number of issued shares excluding treasury shares as at the beginning of the period	4,498,198,676	4,498,198,676
Completion of subscription of shares by CDBIH	5,347,921,071	-
Add/(Less): Treasury shares	-	-
Total number of issued shares excluding treasury shares as at the end of the period	9,846,119,747	4,498,198,676

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

The Group had no treasury shares in issue as at 30 June 2014.

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited nor reviewed by the auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as compared with the most recently audited annual financial statements for the financial year ended 31 December 2013, except that the Group has adopted all the new and amended IFRS and IFRIC interpretations effective in the 6 months ended as at 30 June 2014.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group and the Company have adopted all the new and revised International Financial Reporting Standards ("**IFRSs**") that are relevant in the current financial period. The adoption of these new/revised IFRSs has no material effect on the financial statements.

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

		Group			
	(Loss)/earnings per ordinary share for the period based on (loss) / profit attributable to shareholders after deducting any provision for preference dividends	**2Q from 1 April 2014 to 30 June 2014**	2Q from 1 April 2013 to 30 June 2013	**6 months ended 30 June 2014**	6 months ended 30 June 2013
(i)	Based on the weighted average number of ordinary shares on issue (RMB)	**(0.0040)**	(0.0131)	**(0.0143)**	0.0068
(ii)	On a fully diluted basis (RMB)	**(0.0040)**	(0.0131)	**(0.0143)**	0.0068

The calculation of basic (loss) /earnings per share amounts is based on the (loss) /profit attributable to ordinary equity holders of the parent for the period ended 30 June 2014 and the period ended 30 June 2013.

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

	2Q from 1 April 2014 to 30 June 2014	2Q from 1 April 2013 to 30 June 2013	**6 months ended 30 June 2014**	6 months ended 30 June 2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
(Loss)/profit attributable to ordinary equity holders of the parent	**(39,580)**	(59,051)	**(104,197)**	30,626
Weighted average number of ordinary shares outstanding	**9,846,119,747**	4,498,198,676	**7,275,572,050**	4,498,198,676
Add: Net effect of potential dilutive ordinary shares of employee share options	-	-	-	-
Number of ordinary shares used to calculate the diluted earnings per share	**9,846,119,747**	4,498,198,676	**7,275,572,050**	4,498,198,676

7 Net asset value (for the issuer and the group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the: (a) current financial period reported on; and (b) immediately preceding financial year.

	Group		**Company**	
Net asset value per ordinary share based on the total number of issued shares excluding treasury shares of the issuer as at the end of the period reported on (RMB)	**30 June 2014**	31 December 2013	**30 June 2014**	31 December 2013
	0.4037	0.6623	**0.4089**	0.6426

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Operating Results

Pursuant to the Disposal Master Agreement entered into on 10 October 2013 and the subsequent completion of the Subscription on 28 March 2014, relevant financial information of Disposal Assets has been reclassified as "assets classified as held for sale", "liabilities directly associated with the assets classified as held for sale" and "financial results from discontinued operations".

Our results of operations are primarily driven by the frequency and achieved selling prices of public auction for land use rights. The frequency and selling prices of public auction, likely to be affected by all kinds of variables, are not completely within the control of the Group. In the second quarter of 2014, the land use right of land plot C6-2 located at the Shanghai Luodian Project was successfully sold. The land parcel was restricted for commercial use. With a site area of approximately 14,045.5 square meters and a plot ratio of 2.0 times, total gross floor area was approximately 28,091 square meters.

In the second quarter of 2014, total revenue from land development increased by RMB 53.63 million as compared with the same period of 2013. The increase was primarily due to the sale of land use rights of land plot C6-2 located at our Shanghai Luodian Project, a revenue of RMB 56.81 million and corresponding business tax of RMB3.18 million were recorded from land development, whereas no such revenue was recorded in the same period of last year.

In the second quarter of 2014, other income increased by RMB9.1 million as compared with the same period of 2013, which was mainly resulted from the foreign exchange gain of RMB5.07 million due to the fluctuation of exchange rate, as well as the increase of interest income by RMB4.01 million in the second quarter of 2014, which was primarily derived from cash deposited in banks as fixed term deposits, enjoying a higher interest rate.

Operating Expenses

<u>Selling and distribution costs</u>

In the second quarter of 2014, selling and distribution costs increased by RMB 7.42 million as compared with the same period of 2013. The increase was primarily due to the China International Urbanisation Forum held with a total cost amounting to RMB 8 million whereas it was held in the first quarter of last year. Therefore, the selling and distribution costs increased as compared with the same period of last year.

<u>Administrative expenses</u>

In the second quarter of 2014, administrative expenses decreased by RMB 1.94 million (or 13%) as compared with the same period of 2013. This was because of the decrease in property management fee at Shanghai Luodian Project caused by the transfer of properties resulting in the decrease of property management expenses of RMB 1.9 million.

<u>Other expenses</u>

In the second quarter of 2014, other expenses decreased by RMB 0.96 million (or 98%) as compared with the same period of 2013. The reduction in expenses were resulted from the decrease of the bank's administrative charge by RMB 0.98 million caused by our repayment of off-shore loan under domestic guarantee in early April.

<u>Finance costs</u>

In the second quarter of 2014, we recorded total net finance costs of RMB 32.48 million, which comprised of interest expenses without interest capitalization. The net finance costs increased by RMB 2.99 million (or 10%) as compared with the same period of last year. Specifically, the increase was primarily due to additional costs incurred due to the prepayment of a trust loan, resulted an increase of net finance costs.

Statements of Financial Position

Investments in subsidiaries and investments in an associate

The balance at 30 June 2014 was decreased by RMB 55.86 million as compared with the balance at the ended of 2013 mainly due to the classification of "assets classified as held for sale". For details, please refer to the note of "Discontinued operations" section as below.

Property, plant and equipment

The balance at 30 June 2014 decreased by RMB 1.560 billion as compared with the balance at the ended of 2013, which was mainly due to the reclassifications of "assets classified as held for sale". For further details, please refer to the note on discontinued operations below. The balance in relation to Disposal Assets includes fixed assets such as the Lake Malaren Hospital, Lake Malaren Golf Courses, Lake Malaren Hotel, Shenyang Sports Park and Lake Malaren Convention Centre, the costs of which were RMB 490 million, RMB 470 million, RMB 240 million, RMB 130 million and RMB 110 million respectively.

Trade receivable (non-current and current assets)

The balance at 30 June 2014 decreased by RMB 640 million as compared with the balance at the end of 2013, which was mainly due to i) the effects of reclassifications of "assets classified as held for sale" amounting to RMB 7.35 million. For further details, please refer to the note on discontinued operations below; ii) collecting receivables in relation to land sold amounting to RMB 690 million in the first half of 2014; and iii) the receivables of RMB 56.81 million arising from the land sold in the second quarter of 2014.

Land development for sale

The balance at 30 June 2014 decreased by RMB 97.5 million as compared with the balanced at the end of 2013, which was mainly due to 1) the effect of amount attributable to RMB 54.28 million resulted from the classification of "assets classified as held for sale". For details, please refer to the note of "Discontinued operations" section as below; and ii) the effect of amount attributable to RMB46.4 million was allocated to cost of sales for the land parcel sold in the second quarter of 2014.

Property under development for sale

The balance at 30 June 2014 decreased by RMB 1.57 billion as compared with the balance at the end of 2013, which was mainly resulted from the reclassifications of "assets classified as held for sale" amounting to RMB 1.57 billion. In addition, there was also a movement of around RMB 20 million in such reclassified assets. For further details, please refer to the note on discontinued operations below.

Prepaid land lease payments (current assets)

The balance at 30 June 2014 was RMB 790 million lower than the balance at 2013 year end, mainly due to reclassifications to "assets classified as held for sale" in the amount of RMB 790 million. In addition, there was also a movement of around RMB 50 million in such reclassified assets. For further details, please refer to the note on discontinued operations below.

Prepayments (current assets)

The balance at 30 June 2014 was decreased by RMB 88.56 million as compared with the balance at the end of 2013, which was mainly resulted from the classification of "assets classified as held for sale". In addition, this part of assets classification also resulted from fluctuation amounting to RMB28 million. For details, please refer to the note of "Discontinued operations" section as below.

Other receivables

The balance at 30 June 2014 was RMB 19.87 million lower than the balance at 2013 year end, mainly due to reclassifications to "assets classified as held for sale" in the amount of RMB 19.87 million. In addition, there was also a movement of around RMB 130 million in such reclassified assets. For further details, please refer to the note on discontinued operations below.

Trade payables

The balance at 30 June 2014 was RMB 1.049 billion lower than the balance at 2013 year end, which was mainly because that the trade payables recorded in 2013 year end in the amount of RMB 654 million has been settled during the first half of 2014 and that RMB 395 million of trade payables has been reclassified to "liabilities directly associated with assets classified as held for sale". In addition, there was also a movement of around RMB 86 million in such reclassified assets.

Other payables and accruals

The balance at 30 June 2014 was RMB 262 million lower than the balance at 2013 year end, which was mainly due to reclassifications to "liabilities directly associated with assets classified as held for sale" in the amount of RMB 256 million. In addition, there was also a movement of around RMB 9 million in such reclassified assets. Furthermore, there was an increase of RMB 3.18 million attributable to accrued business tax associated with land sale.

Advances from customer

The balance at 30 June 2014 was RMB 217 million higher than the balance at 2013 year end, which was mainly because of i) consideration payment amounting to RMB 553 million was received from SREI pursuant to the Disposal Master Agreement. However, affected by the progress of approval by the authorities, the corresponding disposal was not completed by the end of the Reporting Period, therefore the consideration payment has been recorded as an advance; and ii) reclassifications to "liabilities directly associated with assets classified as held for sale" in the amount of RMB 336 million. For further details, please refer to the note on discontinued operations below.

Deferred income arising from land development

The balance at 30 June 2014 was RMB 214 million higher than the balance at 2013 year end. This was because of the uncompleted portion of the land parcel sold in the first quarter of this year, based on a 96.17% completion ratio, has been recorded as deferred income in the Reporting Period.

Discontinued operations

On 10 October 2013, the Company, 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 shares of the Company. The Subscription has been completed in the first quarter of 2014 and the relevant shares have been issued.

As an integral part of the transaction, 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 RMB 2,069,832,594, the relevant consideration of which shall be paid in several cash instalments (the

"**Disposal**"). As at 30 June 2014, the Disposal Assets are classified as assets held for sale in financial statements and deemed discontinued operations of the Group.

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

RMB'000	**Six months ended 30 June 2014**	**2013**
Group		
Revenue	191,640	290,258
Cost of sales	(139,468)	(268,723)
Gross profit	52,172	21,535
Other income	356	6,559
Selling and distribution costs	(24,725)	(28,384)
Administrative expenses	(58,119)	(37,974)
Other expenses	(886)	(8,227)
Fair value loss on completed investment properties	(326)	-
Operating loss from discontinued operations	(31,528)	(46,491)
Finance costs	(39,506)	(59,141)
Share of loss from a joint venture	(38)	-
Loss before tax from discontinued operations	(71,072)	(105,632)
Income tax	(522)	25,170
Loss for the year from discontinued operations	(71,594)	(80,462)

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

RMB'000	**30 June 2014**
Assets	
Investments in an associate	200
Investments in a joint venture	55,618
Property, plant and equipment	1,531,885
Completed investment properties	740,000
Investment properties under construction	106,000
Prepaid land leases – long-term	143,381
Deferred tax assets	44,023
Other assets	43,788
Land development for sale	54,284
Properties under construction for sale	1,550,193
Prepaid land leases – short-term	593,851
Inventories	6,429
Prepayments	60,069
Other receivables	152,043
Trade receivables	7,348
Prepaid income taxes	19,170
Cash and bank balances	47,378
Assets classified as held for sale	5,155,660
Liabilities	
Non-current interest-bearing bank and other borrowings	889,280
Deferred income from sale of golf club memberships	478,117
Deferred tax liabilities	11,044

Interest-bearing bank and other borrowings	952,439
Trade payables	308,928
Other payables and accruals	272,558
Advances from customers	291,566
Current income liabilities	12,693
Amount due to related parties	500
Liabilities directly associated with assets classified as held for sale	3,217,125
Net assets directly associated with Disposal Assets	1,938,535

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

	Six months ended 30 June	
	2014	**2013**
Operating	(100,996)	65,097
Investing	(6,573)	57,215
Financing	70,392	(122,840)
Net cash outflow	(37,177)	(528)

Liquidity

Overall, cash and cash equivalents (excluding restricted cash) in the Reporting Period increased by RMB 1.238 billion as compared with 2013 year end, with balance of RMB 1.375 billion as at 30 June 2014. This was due to net operating cash inflow of RMB 401 million and net financing cash inflow of RMB 843 million, partially offset by net financing cash outflow of RMB 50 million in the first half of 2014.

Gearing ratio (defined as net debt / sum of shareholder equity and net debt) at 30 June 2014 has substantially decreased in comparison with 31 December 2013, which was mainly due to the fact that cash balance at the end of the Reporting Period includes cash proceeds from placing of newly issued shares of RMB1,139 million.

9 <u>Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.</u>

As is evident from the second quarter results announced, the results for the current quarter is generally in line with the statements made in the Company's commentary in paragraph 10 of 2014 first quarter results. The Company considered that the market conditions remain similar to that were expected in the last period.

10 <u>Commentary of the significant trends and competitions of the industry in which the Group operates as at the date of this announcement and any known factors or events that may affect the Group in the next reporting period and the next 12 months.</u>

In first half of 2014, due to continued curbing policies in China characterized by purchase and credit restrictions, the mainland property market has been under the pressure of correction. In the first six months of the year, nominal investment in property development grew by 14.1% year-on-year (or equivalently real growth of 13.1%), in consistence with the slowing trend this year. In the first six months of the year, contracted sales of commodity housing in terms of area and value sold were respectively decreased by 6.0% and 6.7% year-on-year, extending the slide since the first quarter of the year. Meanwhile, property developers face tightening capital chain, with paid-in capital for property developers growing merely by 3.0% year-on-year in the first six months, representing a new low in growth rate. The capital tightening in property developers has affected the land market too. In the first six months, land area acquired by property developers fell by 5.8% year-on-year. As of end of June, commodity housing inventory across China amounted to 544.28 million sqm., representing an increase of 22.65 million sqm. from the first quarter.

Facing sustained corrections in the property market, the Government has adopted certain adjustments in its curbing policies. With the exception of the first tier cities where strict purchase restrictions were upheld, policy relaxation over purchase restrictions and curbing measures was seen in second and third tier cities with substantial inventory pressures.

The Company has completed the Subscription by CDBIH in the first quarter of 2014. After completion, the Company has been improving its organizational structure and strengthening the management team. We focused on the disposal of non-core assets in exchange for consideration cash so as to best capitalize on the synergies brought by the CDB acquisition. At the same time, we have been strengthening the governmental relationship at the existing projects and speeding up land sale progress. In addition, we have tightly monitored the series of potential projects and actively conducted project site visits and feasibility studies to accelerate new project acquisition. Furthermore, to support project expansion and foster project development, we have actively pursued financing, including the RMB 1 billion half-year unsecured facility provided by CDB Capital which helped us prepay and refinance a more costly trust loan. Although the effects of these measures have not been immediately reflected in the financial performance of this period, we believe they have laid a solid foundation for the Company's future sustainable development and financial performance.

After completion of the Subscription, we have achieved steady progress in our business development. In the second quarter of 2014, the Company has successfully auctioned the land parcel C6-2 at the Shanghai Luodian project at consideration of RMB 124.45 million. On 30 June 2014, the Company has entered into *Cooperative Framework Agreement regarding the Development of Nanjing Yuhuatai District Two Bridges Project and Software Valley South Park with the People's Government of Nanjing Yuhuatai District and CDB Capital*. Pursuant to the agreement, the Yuhuatai District Government and the Company shall respectively contribute 51% and 49% of a total equity capital of RMB 1 billion, in proportion to their shareholding interests, towards a joint venture. The joint venture shall be authorized by the Yuhuatai District Government as the land development platform of the Two Bridges region, the total site area of which is 21.4 sq.km.. The Yuhuatai District Government undertakes to ensure the Company receives a fixed investment return on our contributed capital of 12.8% after tax. In addition, the Yuhuatai District Government and the Company shall establish a joint venture under the Company's control to jointly participate in secondary land development. This is the Company's first land development project after the CDBIH subscription. The rapid acquisition of a project located at strategically attractive location demonstrated the strategic resources of CDB Capital and its support to the Company's business. Compared with our existing projects, the Nanjing project has an innovative business model that helps the Company achieve steady cashflow, shorten payback period and balance the risk characteristics of existing projects. Moreover, the Company is well positioned to leverage off the primary land development platform and explore profit potential in the secondary development business.

As the 18th National Congress of the Communist Party of China clearly set new-style urbanization tailor-made for China as a national strategy and macro development direction, we expect urbanization will continue to be the focal point of policies and economy. The Company will continue its dedication to new-style urban development on the backdrop of corrections in the property market. We will continue to leverage off the experience and strategic resources of our controlling shareholding in the field, with a particular focus on exploring business and new project opportunities in the more robust regions, to create sustainable returns for shareholders.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? **No**

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? **No**

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated)

Not applicable.

(d) Date Payable

Not applicable

(e) Book Closure Date

Not applicable

12 <u>If no dividend has been declared/recommended, a statement to that effect.</u>

No dividend has been declared or recommended for the second quarter ended 30 June 2014.

13 <u>Interest Persons Transactions ("IPT")</u>

RMB'000	**6 months ended 30 June 2014**	
Name of interested person	Aggregate value of all IPTs during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all IPTs conducted under shareholder's mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
CDB Siyuan (Beijing) Investment Fund Limited	500,000	500,000

CDB Siyuan (Beijing) Investment Fund Limited is managed by a fully-owned subsidiary of CDB Capital and is therefore deemed the Company's interested person under the Listing Manual of SGX-ST. As at 30 June 2014, a half-year RMB 500 million loan with unrestricted use has been provided to the Company for the purposes of repaying a trust loan and improving the overall finance costs of the Group. For further details, please refer to the Company's announcement dated 27 June 2014.

14 <u>Negative assurance confirmation by the Board of Directors pursuant to Rule 705 (5) of the Listing Manual of the Singapore Exchange Securities Trading Limited</u>

The Directors of the Company confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the interim unaudited financial statements of China New Town Development Company Limited for the second quarter and first half year ended 30 June 2014 presented in this announcement to be false or misleading in any material aspect.

15 <u>Subsequent event</u>

Not applicable.

By orders of the Board
China New Town Development Company Limited
Liu Heqiang
Chief Executive Officier

Singapore and Hong Kong, 14 August 2014

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