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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

Inside Information

This announcement is made by China New Town Development Company Limited (the "**Company**", together with its subsidiaries, the "**Group**") in accordance with Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), and Rule 703 of the Listing Manual of Singapore Exchange Securities Trading Limited (the "**Listing Manual**").

On 5 June 2015, the Company has been informed by the substantial shareholder of the Company, SRE Investment Holding Limited ("**SREI**") that PRC Changzhou Procuratorate (the "**Procuratorate**") has implemented certain measures (the "**Measures**") to require Mr. Shi Jian ("**Mr. Shi**"), the Executive Director and the Vice-Chairman of the Board, to inhabit under custody in designated residence.

Immediately after the Company was informed of the Measures imposed on Mr. Shi, the senior management team has conducted a comprehensive internal checking with all members of the Group and confirmed that: (i) all businesses, subsidiaries and assets are operating and performing as usual; (ii) none of the assets of the Company has been frozen or seized in light of the Measures imposed on Mr. Shi; (iii) no event of default under the existing facilities of the

Group has been triggered in light of the Measures imposed on Mr. Shi; and (iv) no member of the Group has received any notifications in writing in connection with the Measures from the Procuratorate or any other regulatory, governmental or judicial authority in the PRC and has not been required to assist in the relevant investigations.

Also, the Company has enquired the Procuratorate regarding the Measures imposed on Mr. Shi and was informed by the Procuratorate that the investigation was at an early stage and the Procuratorate was unable to disclose any details regarding the Measures. The Company was not aware of, nor was notified in writing by any regulatory, governmental or judicial authority in the PRC, that any other authority was involved in the relevant investigations.

Except for the aforesaid information provided by SREI, the board of directors (the "**Board**") is not aware of any other information which is related to the Measures as at the date of this Announcement, and to the best knowledge of the Board, as at the date of this Announcement, no information shows that the Measures are related to the business of the Group and save for the disclosure relating to the disposal of a basket of non-core assets pursuant to the terms and conditions set out in the relevant agreement (the "**Disposal**") as set out below, the Measures imposed on Mr. Shi are not expected to have material adverse impact on the financial and operations of the Group.

While Mr. Shi is an executive director of the Company, he is not involved in the daily operations of the Company, which is managed by a dedicated team independent of Mr. Shi. Since the daily business and operations of the Group will continue to be managed by the team led by the Chief Executive Officer, Vice Presidents and Chief Financial Officer of the Group, the Board currently does not expect the absence of Mr. Shi would have any material adverse impact on the daily business operations of the Group. Nevertheless, as Mr. Shi is not expected to be able to fulfil his responsibilities as a director during the period when the Measures remain effective, the Board has urgently appointed Mr. Li Yao Min, non-executive director of the Board, to temporarily assume Mr. Shi's responsibilities of daily operations and decision making at the Board, to ensure the continued operational efficiency of the Group.

Latest development relating to the Disposal

Reference is made to the circular of the company dated 11 December 2013 (the "**11 December Circular**") and the announcement of the Company dated 31 March 2015 (the "**31 March Announcement**"). As disclosed in the 11 December Circular, pursuant to the Disposal Master Agreement (as defined in the 11 December Circular) entered into between the Company and SREI, SREI agrees to, among other things, purchase the Disposal Assets (as defined in the 11 December Circular) and Mr. Shi, as a controlling shareholder of SREI, has executed a deed of guarantee in favor of the Company to unconditionally and irrevocably guarantee the due and punctual performance and observance by SREI of its obligations under the Disposal Master

Agreement (as defined in the 11 December Circular).As disclosed in the 31 March Announcement, the Board has been informed by SREI that SREI was temporarily unable to make further payment of the consideration relating to the Disposal due to practical difficulties in fund raising. The Board has been liaising with SREI in respect of its obligation relating to the Disposal and has been trying to resolve the issue through, among other things, proposing sale of assets to third parties, pursuant to the terms and conditions as set out in the Disposal Master Agreement.

While Mr. Shi was affected by the Measures and such Measures are expected to continue for the near future, the Board will continue to liaise and work with the other shareholders and directors of SREI, to ensure SREI fulfills its obligations to make the relevant consideration payment and complete the Disposal as soon as possible. As both the Group and SREI have designated a dedicated executive team to be fully responsible for the monitoring and management of matters in relation to the Disposal and the relevant legal matters, it is expected that the continual negotiation and liaison between the Company and SREI regarding the Disposal will not be adversely affected. The Board will continue to closely monitor this matter and provide an update to the Shareholders if necessary.

At the request of the Company, trading in the shares of the Company and the notes issued by China New Town Finance I Limited on The Stock Exchange of Hong Kong Limited and trading in the shares of the Company on the Singapore Stock Exchange were suspended with effect from 1:00 p.m. on 5 June 2015 and an application has been made to resume trading with effect from 9:00 a.m. on 10 June 2015.

The Company will make further announcements as and when appropriate pursuant to the requirements under the Listing Rules and the Listing Manual.

The Board would like to remind the shareholders and potential investors to be cautious and to seek for professional advice of uncertainty in dealing shares of the Company.

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

Hong Kong and Singapore, 9 June 2015

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