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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 2016 SECOND QUARTER RESULTS

This announcement is made by China New Town Development Company Limited (the "**Company**", together with its subsidiaries, the "Group") pursuant to the disclosure obligation under Rule 13.10(B) 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 trading in the shares of the Company.

This presentation contains projections and forward-looking statements regarding the Group's objectives and expectations with respect to urbanization investment 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 not limited to, adverse changes in the Chinese economy and investment environment; slow down and non-favorable policy in urbanization; fluctuations in the availability and pricing of residential and commercial properties; 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 2016

RMB'000 Group	**From 1 April to 30 June * 2016**	**2015**	**Increase/ (Decrease) (%)**	**Six months ended 30 June * 2016**	**2015**	**Increase/ (Decrease) (%)**
Continuing Operations						
Revenue	49,586	31,058	60	108,640	59,407	83
Land development	-	-	-	-	-	-
Gain on investments in new town projects	36,450	20,957	74	83,479	41,864	99
Other income	13,136	10,101	30	25,161	17,543	43
Cost of sales	(52,832)	(17,629)	200	(95,966)	(49,048)	96
Finance costs	(25,708)	(13,316)	93	(50,024)	(19,579)	155
Cost of development of land	-	14,500	(100)	-	14,500	(100)
Business tax and surcharges	1,599	(1,221)	(231)	(1,182)	(2,827)	(58)
Selling and administrative expenses	(28,342)	(17,508)	62	(44,028)	(37,529)	17
Other expenses	(381)	(84)	354	(732)	(3,613)	(80)
Operating (loss) /profit	(3,246)	13,429	(124)	12,674	10,359	22
Gain on reorganisation of joint venture	99,534	-	100	99,534	-	100
Attributable profit from a joint venture	-	-	-	4	-	100
Profit before tax from continuing operations	96,288	13,429	617	112,212	10,359	22
Income tax	(8,713)	(4,863)	79	(11,903)	(9,660)	23
Profit after tax from continuing operations	87,575	8,566	922	100,309	699	14,250
Discontinued Operations						
Loss after tax from discontinued operations	(7,422)	(22,433)	(67)	(24,648)	(74,595)	(67)
Gain after tax on partial disposal of assets and liabilities relating to discontinued operations	-	-	-	25,306	59,632	(58)
Profit/(loss) for the period	80,153	(13,867)	(678)	100,967	(14,264)	(808)
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive profit/(loss), net of tax	80,153	(13,867)	(678)	100,967	(14,264)	(808)

Profit/(loss) attributable to:

Equity holders of the parent	86,002	(9,755)	(982)	111,827	(9,080)	(1,332)
Non-controlling interests	(5,849)	(4,112)	42	(10,860)	(5,184)	109
	80,153	(13,867)	(678)	100,967	(14,264)	(808)
Total comprehensive profit/(loss) attributable to:						
Equity holders of the parent	86,002	(9,755)	(982)	111,827	(9,080)	(1,332)
Non-controlling interests	(5,849)	(4,112)	42	(10,860)	(5,184)	109
	80,153	(13,867)	(678)	100,967	(14,264)	(808)

*: The Group formulated its future development strategy as the complementary combination of "investment in primary land development" with "downstream business cultivation and operation", affirming that investment in township development is the Group's principal activity. Therefore the Company adjusted its disclosure of revenue and related costs to reflect such changes. The 2015 comparative information was restated to conform with the current period's presentation and disclosures.

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

a) Gain on investments in new town projects

RMB'000	From 1 April to 30 June *		Increase/ (Decrease)	Six months ended 30 June *		Increase/ (Decrease)
	2016	2015	(%)	2016	2015	(%)
Nanjing Two Bridges Project	15,786	20,957	(25)	36,318	41,864	(13)
Danyang Flood Discharge PPP Project	5,979	-	100	12,551	-	100
Danyang Xinmeng River Project	5,738	-	100	11,805	-	100
Yangzhou Airport New Town Project	5,615	-	100	7,890	-	100
Other projects	3,332	-	100	14,915	-	100
	36,450	20,957	74	83,479	41,864	99

b) Other income and other expenses

Other income

RMB'000	From 1 April to 30 June *		Increase/ (Decrease)	Six months ended 30 June *		Increase/ (Decrease)
	2016	2015	(%)	2016	2015	(%)
Interest income	11,089	10,156	9	19,184	16,382	17
Gain on financial assets designated at fair value through profit or loss	1,472	-	100	1,472	-	100
Foreign exchange gain, net	68	(136)	(150)	(556)	75	(841)
Others	507	81	526	5,061	1,086	366
	13,136	10,101	30	25,161	17,543	43

*: The 2015 comparative information was restated to conform with the current year's presentation and disclosures.

Other expenses

RMB'000	From 1 April to 30 June 2016	2015	Increase/ (Decrease) (%)	6 months ended 30 June 2016	2015	Increase/ (Decrease) (%)
Bank charges	23	19	21	56	425	(87)
Others	358	65	451	676	3,188	(79)
	381	84	354	732	3,613	(80)

c) Finance costs

RMB'000	From 1 April to 30 June 2016	2015	Increase/ (Decrease) (%)	6 months ended 30 June 2016	2015	Increase/ (Decrease) (%)
Interest on bank and borrowings	6,960	1,778	291	12,527	8,041	56
Interest on senior guaranteed notes	18,748	11,538	62	37,497	11,538	225
Less: interest capitalised	-	-	-	-	-	-
	25,708	13,316	93	50,024	19,579	155

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

Statement of Financial Position as at 30 June 2016

	Group	
RMB'000	**30 June 2016**	**31 December 2015**
Assets		
Non-current assets		
Investment in a joint venture	-	10,595
Loans and receivables	1,099,133	690,000
Financial assets available for sale	32,000	32,000
Financial assets designated at fair value through profit or loss	89,846	68,874
Property, plant and equipment	39,854	39,792
Prepaid land lease payments	11,468	11,657
Deferred tax assets	56,191	56,191
Other assets	9,841	10,744
Total non-current assets	1,338,333	919,853
Current assets		
Land development for sale	1,552,539	1,546,483
Prepayments	4,735	1,675
Inventories	6,289	-
Other receivables	1,611,694	1,415,727
Trade receivables	58,606	59,218
Loans and receivables	471,592	570,488
Cash and bank balances	2,420,459	1,568,656
Assets classified as held for sale	4,675,109	4,803,516
Total current assets	10,801,023	9,965,763
Total assets	12,139,356	10,885,616
Equity		
Owners of the parent:		
Share capital	4,110,841	4,110,841
Other reserves	579,270	579,270
Accumulated losses	(987,327)	(1,099,154)
	3,702,784	3,590,957
Non-controlling interests	299,982	293,465
Total Equity	4,002,766	3,884,422
Non-current liabilities		
Senior guaranteed notes	1,292,335	1,290,490
Interest bearing bank and other borrowings	289,623	309,030

RMB'000	Group 30 June 2016	 31 December 2015
Deferred tax liabilities	21,151	21,151
Total non-current liabilities	1,603,109	1,620,671
Current liabilities		
Interest bearing bank and other borrowings	400,000	365,000
Trade payables	159,006	149,942
Other payables and accruals	282,906	270,964
Advance from customers	1,269	-
Advances received for the settlement of Disposal Assets	1,591,258	538,975
Deferred revenue arising from land development	352,794	352,794
Current income tax liabilities	339,472	336,628
Liabilities directly associated with assets classified as held for sale	3,406,776	3,366,220
Total current liabilities	6,533,481	5,380,523
Total liabilities	8,136,590	7,001,194
Equity and total liabilities	12,139,356	10,885,616
Net current assets	4,267,542	4,585,240
Total assets less current liabilities	5,605,875	5,505,093

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

i) Borrowings

RMB'000	30 June 2016	31 December 2015
Bank and other borrowings - secured	200,000	200,000
Bank and other borrowings - guaranteed	339,623	324,030
Bank and other borrowings – unsecured and unguaranteed	150,000	150,000
	689,623	674,030

a) Amount repayable in one year or less, or on demand

RMB'000	30 June 2016	31 December 2015
Bank and other borrowings - secured	200,000	200,000
Bank and other borrowings - guaranteed	50,000	15,000
Bank and other borrowings – unsecured and unguaranteed	150,000	150,000
	400,000	365,000

b) **Amount repayable after one year**

RMB'000	30 June 2016	31 December 2015
Bank and other borrowings - guaranteed	289,623	309,030
	289,623	309,030

c) **Whether the amounts are secured/guaranteed or unsecured.**

See table above.

d) **Details of any collateral/guarantee**

Bank and other borrowings – secured or guaranteed

As at 30 June 2016, the carrying amount of long-term bank loan of RMB340 million was due to the loan from Industrial and Commercial Bank of China Limited. This loan was guaranteed by China Development Bank Capital Corporation Limited.

As at 30 June 2016, an outstanding short-term bank loan balance of RMB200 million was due to the loan from the Beijing branch of Xiamen International Bank Company Limited with term lasting from 6 September 2015 to 1 September 2016. China New Town Holding Company Limited provided guarantee by pledging a cash deposit together with the corresponding interest income at the pledgee (Xiamen International Bank Company Limited Beijing Branch).

ii) **<u>Senior guaranteed notes</u>**

RMB'000	30 June 2016	31 December 2015
Book value of senior guaranteed notes at the beginning of period	1,301,460	-
Net proceeds of issued senior guaranteed notes	-	1,288,057
Interest expenses (based on effective interest rate of 5.84%)	37,497	49,447
Interest payment	(35,653)	(36,044)
Book value of senior guaranteed notes at the end of period	1,303,304	1,301,460
Categorized as current liabilities	10,969	10,970
Categorized as non-current liabilities	1,292,335	1,290,490

Senior guaranteed notes of RMB1.292 billion were RMB 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 28 April 2015 with issue amount of RMB1.3 billion, tenor of three years, coupon rate of 5.5%, and issue costs of RMB11.94 million measured at amortized cost.

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 2016 from 1 April 2016 to 30 June 2016	2Q 2015 from 1 April 2015 to 30 June 2015	Six months ended 30 June 2016	Six months ended 30 June 2015
Cash flow from operating activities				
Profit before tax from continuing operations	96,288	13,429	112,212	10,359
(Loss)/profit before tax from discontinued operations	(7,422)	(22,433)	658	(14,963)
Profit/(loss) before tax	88,866	(9,004)	112,870	(4,604)
Adjustments for:				
Bad debt provision of trade and other receivables	-	-	-	2,803
Depreciation of property, plant and equipment	1,158	926	2,315	1,728
Amortization of prepaid land lease payments	95	95	189	189
Amortisation of intangible assets	93	-	132	-
Gain from disposal of subsidiaries and joint venture	(103,341)	-	(124,840)	(59,632)
Profit and loss from fair value changes	(1,472)	-	(1,472)	-
Share of gain from associate and joint venture	-	-	(4)	-
Gain from loans and receivables	(36,450)	(20,957)	(83,479)	(41,864)
Interest income	(11,100)	(10,058)	(19,221)	(16,522)
Interest expenses on bank and other borrowings	18,755	20,852	37,498	50,024
Interest expenses on senior guaranteed notes	18,749	11,538	37,497	11,538
Foreign exchange (gain) /loss	(68)	136	556	(75)
	(24,715)	(6,472)	(37,959)	(56,415)
Increase in land development for sale	(4,872)	(5,313)	(6,056)	(6,761)
Increase in properties under development for sale	(36,847)	(12,501)	(28,011)	(29,250)
Decrease/ (increase) in prepaid land lease payments	4,092	(1,329)	2,910	3,041
(Increase)/decrease in inventories	(1,952)	141	(2,617)	461
(Increase)/decrease in prepayments	(3,803)	(1,815)	(16,936)	14,407
(Increase)/decrease in other receivables and other current assets	(38,191)	2,469	(41,676)	(114,170)
(Increase)/decrease in trade receivables	(26,508)	3,065	(26,633)	2,977
Increase in prepaid income tax	-	(52)	-	(52)

RMB'000	2Q 2016 from 1 April 2016 to 30 June 2016	2Q 2015 from 1 April 2015 to 30 June 2015	Six months ended 30 June 2016	Six months ended 30 June 2015
Decrease in deferred income from sale of golf club membership	(3,130)	(4,005)	(7,996)	(8,009)
(Decrease)/ increase in advances from customers	(785)	30,551	78,854	65,803
Increase in trade and other payables	391,214	17,651	395,768	313,750
	254,503	22,390	309,648	185,782
Payment of income tax	25,529	(22,160)	2,206	(23,493)
Net cash inflow from operating activities	280,032	230	311,854	162,289
Cash flow from investing activities				
Purchase/construction of property, plant and equipment	(113)	(3,241)	(1,017)	(27,476)
Payments for investment properties	-	(3,509)	-	(4,562)
Payments for intangible assets	(40)	-	(40)	-
Disposal of subsidiaries and joint venture	4,007	-	3,474	601,821
Acquisition of a subsidiary	2,669	-	9,277	-
Investments in loans and receivables	(111,937)	-	(200,104)	-
Gain from loans and receivables	91,350	7,770	112,656	7,770
Investments in financial assets designated at fair value through profit or loss	(16,500)	-	(19,500)	-
Interest received from bank deposits	11,100	10,058	19,221	16,522
Advances received for the settlement of disposed assets	1,052,283	-	1,052,283	-
Net cash inflow from investing activities	1,032,819	11,078	976,250	594,075
Cash flows from financing activities				
Cash proceeds from issuance of senior guaranteed notes	-	1,288,057	-	1,288,057
Proceeds from bank borrowings	552	254,530	30,000	284,530
Repayment of bank borrowings	(370,766)	(466,178)	(373,036)	(488,448)
Repayment of borrowing from a related party	-	-	-	(500,000)
Interest paid	(35,138)	(25,347)	(78,140)	(57,911)
Net cash (outflow)/ inflow from financing activities	(405,352)	1,051,062	(421,176)	526,228
Net increase in cash and cash equivalents	907,499	1,062,370	866,928	1,282,592
Cash and cash equivalents at beginning of period	1,332,588	1,096,516	1,373,159	876,294
Cash and cash equivalents at end of period	2,240,087	2,158,886	2,240,087	2,158,886

1(d)(i) A statement (for the 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 Change in Equity

Six months ended 30 June 2016

RMB'000	Equity attributable to owners of parent					
	Share capital	**Other reserves**	**Accumulated loss**	**Total**	**Non-controlling interest**	**Total equity**
Balance as at 1 January 2016	**4,110,841**	**579,270**	**(1,099,154)**	**3,590,957**	**293,465**	**3,884,422**
Total comprehensive income/(loss)	**-**	**-**	**111,827**	**111,827**	**(10,860)**	**100,967**
Acquisition of a subsidiary	**-**	**-**	**-**	**-**	**17,377**	**17,377**
Balance as at 30 June 2016	**4,110,841**	**579,270**	**(987,327)**	**3,702,784**	**299,982**	**4,002,766**

Six months ended 30 June 2015

RMB'000	Equity attributable to owners of parent					
	Share capital	**Other reserves**	**Accumulated loss**	**Total**	**Non-controlling interest**	**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	**-**	**-**	**(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**

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 2016 and as at 30 June 2015 are set out below:

	As at 30 June 2016	As at 30 June 2015
	No. of shares	No. of shares
Treasury shares	-	-
Total number of issued shares (excluding treasury shares) as at the end of the period	9,846,119,747	9,846,119,747

The Group has no outstanding convertible instruments as at 30 June 2016.

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.

	As at 30 June 2016	As at 31 December 2015
	No. of shares	No. of shares
Total number of issued shares excluding treasury shares as at the beginning of the period	9,846,119,747	9,846,119,747
Add/(Less):Treasury shares	-	-
Total number of issued shares excluding treasury shares as at the end of the period	9,846,119,747	9,846,119,747

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 2016.

2 Whether the figures have been audited or reviewed, and in accordance with 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 2015, except that the Group has adopted all the new and amended IFRS and IFRIC interpretations effective in the first six months ended as at 30 June 2016.

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 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			
	Earnings per ordinary share for the period based on profit/(loss) attributable to shareholders after deducting any provision for preference dividends	**2Q from 1 April 2016 to 30 June 2016**	2Q from 1 April 2015 to 30 June 2015	**Six months ended 30 June 2016**	Six months ended 30 June 2015
(i)	Based on the weighted average number of ordinary shares on issue (RMB)	**0.0087**	(0.0010)	**0.0114**	(0.0009)
(ii)	On a fully diluted basis (RMB)	**0.0087**	(0.0010)	**0.0114**	(0.0009)

The calculation of basic earnings per share amounts is based on the profit attributable to ordinary equity holders of the parent for the period ended 30 June 2016 and the period ended 30 June 2015.

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

	2Q from 1 April 2016 to 30 June 2016	2Q from 1 April 2015 to 30 June 2015	Six months ended 30 June 2016	Six months ended 30 June 2015
	RMB’000	RMB’000	RMB’000	RMB’000
Earnings /(loss) attributable to ordinary equity holders of the parent	86,002	(9,755)	111,827	(9,080)
Number of ordinary shares used to calculate the basic and diluted earnings/(loss) per share	9,846,119,747	9,846,119,747	9,846,119,747	9,846,119,747

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	
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 2016	31 December 2015
	0.3761	0.3647

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

Revenue

Our results from operation mainly include fixed-income investments in new town projects, sharing of land sale proceeds in some projects and downstream operations in urbanization. In the second quarter of 2016, there was no revenue related to land sale and land development. The Group recorded revenue of RMB36.45 million from fixed-income investments in new town projects, mainly including those from Nanjing Two Bridges Project, Danyang Flood Discharge PPP Project, Danyang Xinmeng River Project, and Yangzhou Airport New Town Project.

In the second quarter of 2015, there was no revenue related to land sale and land development. The Group recorded revenue of RMB20.96 million from fixed-income investments in new town project - Nanjing Two Bridges Project.

Other income

In the second quarter of 2016, other income increased by RMB3.04 million as compared with the same period of 2015, which was mainly attributable to interest income from bank deposits, financial assets designated at fair value through profit or loss and non-operating income increasing as compared with the same period of last year.

Selling and administrative costs

In the secon quarter of 2016, selling and administrative costs increased by RMB10.83 million as compared with the same period of 2015, which was mainly attributable to increase of staff cost and office rental cost of CDBC New Town (Beijing) Asset Management Company Limited.

Finance costs

In the second quarter of 2016, the Group incurred net finance costs of RMB25.71 million, including the interest expense of RMB6.96 million on bank and other borrowings and interest expense of RMB18.75 million on senior guaranteed notes. This represented an increase of RMB13.32 million from the net finance costs of RMB12.39 million in the same period of 2015, primarily due to the additional interest expenses arising from bank and other borrowings, and the senior guaranteed notes.

Gain on reorganisation of joint venture

In the second quarter of 2016, the Group, Changchun Kaida Development Company Limited and Changchun New Town Automobile Industry Construct Company Limited ("**CCJV**") has signed a cooperation agreement about CCJV (the "**Cooperation Agreement**"). Pursuant to the Cooperation Agreement, the Group has changed investment pattern of CCJV. The Group's original 50% equity interest in the equity investment of CCJV has been changed to fixed-income debt investment of principal amount of RMB110.13 million. The equity carrying amount has been written down in previous financial years. Accordingly, it recorded an investment income of RMB99.53 million in the first half of 2016 representing the write back.

Income tax

In the second quarter of 2016, the Company recorded income tax of RMB8.71 million, which was attributable to the profit from fixed-income investment projects.

Profit after tax from continuing operation

A profit after tax from continuing operation of RMB87.58 million was recorded for the second quarter of 2016, compared to a profit after tax of RMB8.57 million of the same period of 2015.

Statements of Financial Position

Loans and receivables（Non-current assets and Current assets）

The balance as at 30 June 2016 increased by RMB310.24 million as compared with the balance as at 2015 year end. Such increase was mainly due to the new investment in loans and receivables of RMB300 million to Yangzhou Airport New Town Project in the first half of 2016.

Financial assets designated at fair value through profit or loss

The balance as at 30 June 2016 increased by RMB20.97 million as compared with the balance as at 2015 year end. This was mainly due to CDBC New Town (Beijing) Asset Management Company Limited, in the capacity of junior-tranche limited partner, contributed capital of RMB19.50 million towards the CDB-BOCOMM New-type Urbanization Development Fund in the first quarter of 2016, and gain from the change in the fair value of RMB1.47 million.

Inventories

The balance as at 30 June 2016 increased by RMB6.29 million as compared with the balance as at 2015 year end. Such increase was mainly due to the CDBC Chengdu Agriculture Development Company Limited, the principal business of which includes the growing and distribution of agricultural products. The balance of inventory mainly includes seedlings of late-maturing citrus, specialty pears and rice.

Prepayments

The balance as at 30 June 2016 increased by RMB3.06 million as compared with the balance as at 2015 year end. Such increase was mainly due to prepaid office rent of CDBC Chengdu Agricultural Development Company Limited, and prepaid office rent and property management fee of CDBC New Town (Beijing) Asset Management Company Limited from July to August.

Other receivables

The balance as at 30 June 2016 increased by RMB196 million as compared with the balance as at 2015 year end. Such increase was mainly attributable to the corresponding increase of other receivables by RMB178 million arising from the disposal of part of discontinued operations in the first quarter of 2016.

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

The balance as at 30 June 2016 was RMB290 million, representing a decrease of RMB19.41 million from the balance as at 2015 year end. This was mainly due to a new loan amounting to RMB15 million during the period, with term from 21 March 2016 to 20 April 2020 and interest rate at 4.41% per annum, guaranteed by CDB Capital, and a reclassification of long-term loan of RMB35 million to interest-bearing bank and other borrowings (current liabilities).

Trade payables

The balance as at 30 June 2016 increased by RMB9.06 million as compared with the balance as at 2015 year end. Such increase was mainly due to increase of RMB19.6 million from Shenyang Lixiang Project and decrease of RMB10.65 million from Shanghai Luodian Project.

Liquidity

Overall, cash and cash equivalents in the Reporting Period increased by RMB866.93 million as compared with the balance as at 2015 year end with a balance of RMB2.24 billion as at 30 June 2016. This was mainly due to net cash inflow from operating activities amounting to RMB311.85 million, net cash inflow from investing activities amounting to RMB976.25 million, as well as net cash outflow from financing activities amounting to RMB421.18 million in the second quarter of 2016.

Discontinued Operations

On 10 October 2013, the Company, CDBIH and SREI (the then controlling shareholder of the Company) entered into share subscription agreement (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**"). The Subscription had been completed on 28 March 2014 and the relevant shares were issued.

As a schedule of the Subscription Agreement, 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 instalments ("**Assets Disposal**"). Assets Disposal has been expected to be completed within 24 months from 28 March 2014.

As at 30 June 2016, the Disposal Assets are classified as assets held for sale in the financial statements and deemed discontinued operations of the Group. The cash proceeds attributable to the Company from the Disposal Assets have been locked and shall not be affected by the subsequent profit or loss. In the first half of 2016, the Company has entered into a formal agreement regarding the disposal of a number of Disposal Assets ("**Disposal Agreement**") with SRE Group Limited and SREI, certain Disposal Assets held under Luodian Company will be disposed to SRE Group, which is consistent with the terms and conditions, and the consideration is RMB1.315 billion. As at 30 June 2016, the Group has received 80% consideration of the Disposal Agreement, and confirmed as advances received for the settlement of Disposal Assets.

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

RMB'000	**Six months ended 30 June**	
	2016	**2015**
Group		
Revenue	54,884	65,493
Cost of sales	(18,635)	(44,948)
Gross profit	36,249	20,545
Other income	575	664
Selling and distribution costs	(7,656)	(15,847)
Administrative expenses	(28,429)	(35,908)
Other expenses	(416)	(2,066)
Operating profit/(loss) from discontinued operations	323	(32,612)
Finance costs	(24,971)	(41,983)
Loss before tax from discontinued operations	(24,648)	(74,595)
Income tax	-	-
Loss for the year from discontinued operations	(24,648)	(74,595)
Gain after tax from disposing subsidiaries	25,306	59,632
Profit/(loss) for the period from discontinued operations	658	(14,963)

The major classes of assets and liabilities classified as held for sale as at 30 June 2016 and 31 December 2015 are as follows:

RMB'000	30 June 2016	31 December 2015
Assets:		
Investments in an associate	-	200
Property, plant and equipment	1,432,188	1,609,322
Completed investment properties	698,000	698,000
Prepaid land lease payments – long-term	146,851	146,851
Deferred tax assets	24,750	27,358
Other assets	39,980	40,714
Properties under development for sale	1,629,775	1,589,023
Prepaid land lease payments – short-term	434,869	443,638
Inventories	799	1,998
Prepayments	24,791	9,322
Other receivables	188,832	199,184
Trade receivables	3,302	2,059
Prepaid income taxes	25,158	25,158
Cash and bank balances	25,814	10,689
Assets classified as held for sale	4,675,109	4,803,516
Liabilities		
Non-current interest-bearing bank and other borrowings	583,037	688,619
Interest-bearing bank and other borrowings	236,317	488,471
Deferred revenue from sale of golf club memberships	445,299	453,296
Trade payables	302,166	412,734
Other payables and accruals	1,475,901	1,037,212
Advances from customers	360,077	281,223
Deferred tax liabilities	4,665	4,665
Current income tax liabilities	(686)	-
Liabilities directly associated with assets classified as held for sale	3,406,776	3,366,220
Net assets directly associated with Disposal Assets	1,268,333	1,437,296

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

RMB'000	Six months ended 30 June	
	2016	2015
Operating	440,952	238,643
Investing	(32,960)	(37,028)
Financing	(392,867)	(261,594)
Net cash inflow/(outlow)	15,125	(59,979)

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 first quarter results announced, the results for the current quarter is generally in line with the statements made in the Company's commentary in paragraph 9 of 2016 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 the first half of 2016, under the guidance of supply-side reforming principal, a recovery in the investment growth, price index, corporate profits and other indicators to some extent demonstrates the recovery of the domestic macro economy. A series of large-scale investment in infrastructure and stimulating policies in the property market have brought the real estate market a substantial increase in some hot cities, while the government lowered the down payment ratio of mortgage, real estate transactions and business tax, and planned to ride on the household registration system reform and farmland reform to release migrant rural workers' housing demand to stimulate market demand. Entering the second half of 2016, there remains reasons for caution for the economic outlook. The critical issue remains to be the steady recovery carried out by the on-going supply-side structural reformation and the promotion of the reforming progress of a modernized market-driven economy.

As for the Group, 2016 represents a year of accelerating development and business transformation after the acquisition by CDB Capital. By the implementation of fixed-income based investments, which helped improve the cash flow and financial performance, the Group further affirmed the development strategy of involvement in urbanization downstream development and operation, and accumulating operational assets in quality area of top cities to improve the Group's overall asset mix quality and to enhance the return on long-term investments. Based on an in-depth analysis of China's economic development trend, the Group has selected several downstream directions, such as education, tourism, health care, senior housing, etc., which overall are consistent with a new direction of the economic development and people's livelihood requirements, with attractive added-value and business prospect well recognized by the market. We will substantially utilize the advantage of CDB Capital's systematical network and cooperation partners nation-wide to strengthen our pipeline. Although it typically takes long time to secure these projects, the Group has successfully accumulated several potential operational projects in Beijing, Shanghai, Sanya, and the Yangtze River Delta Economic Zone within the past half-year, covering such fields as industrial park, tourism, education, etc., and has completed a number of projects' initiation processes and entered phase of intimate negotiations, which are expected to provide a driving force for sustainable business development of the Company.

It is expected the projects that the Company has accumulated in the fields including industrial parks, tourism, and education, etc., will be carried out into contracted investments in the future, to contribute new profit growth driver and core value accretion for shareholders. Along with the exploration in domestic downstream business, the Group will also extend its business strategy to overseas strategic investment: by investing in the high-quality overseas leaders in education, healthcare, senior-housing and tourism, and introducing these resources into domestic projects and exploring co-development in the related downstream businesses, the Company expects to expedite growth in operating income while enhancing the overall value for the project, and create better profit environments for the Group's operation as a whole.

In terms of the disposal assets, on 20 April 2016, the Company entered into an agreement with SRE Group Limited and SREI in relation to disposing a basket of Disposal Assets held by the Shanghai Golden Luodian Company to SRE Group, at an aggregate consideration of RMB1.315 billion. By 30 June 2016, the Company has received an aggregate of RMB1.052 billion as the consideration. After the completion of the transaction of such basket of disposal assets, the Company would have completed the majority of the disposal of Disposal Assets and retrieved substantial cash for new project investments.

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 If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared or recommended for the first quarter ended 30 June 2016.

13 Interest Persons Transactions ("IPT")

RMB'000	**Financial period ended 30 June 2016**	
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 Jingcheng (Beijing) Investment Fund Company Limited	1,050,000	NA

As CDB Capital is the controlling shareholder of the Company, CDB Jingcheng (Beijing) Investment Fund Company Limited ("**CDB Fund**"), which is under CDB Capital's management, is deemed interested person of the Company under the Singapore Listing Manual. On 2 March 2016, CDBC New Town (Beijing) Asset Management and Shengqi (Jiaxing) Investment Management, wholly-owned subsidiaries of the Company, entered into partnership agreement with CDB Fund regarding the establishment of the CDB New Town New-type Urbanization Development Fund. Pursuant to the agreement, the total capital amount was set at RMB5 billion, while the Company committed to contribute a total capital of RMB1.05 billion with the capacity as the junior-tranche limited partner and manager. For further information, please refer to the announcement made by the Company on 2 March 2016.

14. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company confirms that undertakings have been procured from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

15 Negative assurance confirmation by the Board of Directors pursuant to Rule 705 (5) of the Listing Manual of the Singapore Exchange Securities Trading Limited

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 ended 30 June 2016 presented in this announcement to be false or misleading in any material aspect.

16 Subsequent event

On 5 August 2016, Sheng Qi Investment Fund Management Company Limited, a wholly-owned subsidiary of the Company, at the capacity as the general partner of the CDB New Town New-type Urbanization Development Fund (Limited Partnership), invested RMB150 million in the project of Shanty Town Reformation in Qinhuangdao Economic & Technological Development Zone, with such amount to generate a guaranteed 10% annual return on investment. With the capacity as the Junior-Tranche Limited Partner and the General Partner, the Company contributed a total amount of RMB31.5 million. It is expected that the Group will realize an over 30% annualized investment return through the contribution of the Junior-Tranche Limited Partner together with the project's management fees payable to the Group. Considering the relatively sound credit structure, the investment represents an attractive risk-reward profile for the Group. Please refer to the Company's announcement on 5 August 2016 for detailed information on the project.

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

Singapore and Hong Kong, 12 August 2016

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