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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

UNAUDITED INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2017

The board of directors of China New Town Development Company Limited (the “**Company**” and the “**Board**”, respectively) is pleased to announce the unaudited interim consolidated financial statements of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2017 (the “**Reporting Period**”), together with relevant comparative figures, as set out below:

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2017

(Amount expressed in thousands of Renminbi (“**RMB**”) unless otherwise stated)

		Six months ended 30 June	
	Notes	2017	2016
		(Unaudited)	(Unaudited)
Continuing operations			
Operating income		396,709	108,014
Revenue	5	357,108	82,297
Other income	6	39,601	25,717
Operating expenses		(214,670)	(95,340)
Cost of sales		(117,292)	—
Selling and administrative expense		(41,577)	(44,028)
Finance costs	8	(49,268)	(50,024)
Other expenses	7	(6,533)	(1,288)
Operating profit		182,039	12,674

		Six months ended 30 June	
	Notes	2017 (Unaudited)	2016 (Unaudited)
Gain on disposal of subsidiaries and a joint venture		—	99,534
Share of (loss)/profit from joint ventures		(860)	4
Profit before tax from continuing operations		181,179	112,212
Income tax	9	(47,586)	(11,903)
Profit after tax from continuing operations		133,593	100,309
Discontinued operations			
Loss after tax for the period from discontinued operation		—	(24,648)
Gain after tax on disposal of assets and liabilities relating to discontinued operations		—	25,306
Profit for the period		133,593	100,967
Other comprehensive income/(loss)			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods(net of tax):			
Net loss on available-for-sale financial assets		(62)	—
Other comprehensive loss for the period, net of tax		(62)	—
Total comprehensive income for the period, net of tax		133,531	100,967
Profit/(loss) attributable to:			
Equity holders of the parent		116,662	111,827
Non-controlling interests		16,931	(10,860)
		133,593	100,967
Total comprehensive profit/(loss) attributable to:			
Equity holders of the parent		116,600	111,827
Non-controlling interests		16,931	(10,860)
		133,531	100,967
Profit per share attributable to ordinary equity holders of the parent:			
Basic earnings per share (RMB)	11	0.0120	0.0114
Diluted earnings per share (RMB)	11	0.0120	0.0114

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

(Amounts expressed in thousands of RMB unless otherwise stated)

		Group	
		30 June 2017	31 December 2016
	<i>Notes</i>	(Unaudited)	(Audited)
Assets			
Non-current assets			
Investment in a joint venture		48,437	49,297
Loans and receivables	12	1,145,290	1,067,277
Available-for-sale financial assets		31,917	32,000
Financial assets at fair value through profit or loss	13	825,365	818,673
Property, plant and equipment		9,311	9,232
Prepaid land lease payments		2,474	2,552
Deferred tax assets		37,437	70,023
Other assets		10,037	9,085
Total non-current assets		2,110,268	2,058,139
Current assets			
Land development for sale	14	1,514,096	1,562,429
Prepayments		4,091	3,068
Other current assets		6,547	6,285
Other receivables	15	1,178,038	1,070,245
Trade receivables	16	55,288	62,408
Loans and receivables	12	1,300,000	1,000,000
Cash and bank balances		1,293,121	2,349,397
Total current assets		5,351,181	6,053,832
Total assets		7,461,449	8,111,971
Equity			
Equity holders of the parent:			
Share capital		4,070,201	4,110,841
Reserves		579,208	579,270
Accumulated losses		(659,838)	(776,500)
		3,989,571	3,913,611
Non-controlling interests		381,187	364,256
Total Equity		4,370,758	4,277,867

		Group	
		30 June 2017	31 December 2016
	<i>Notes</i>	(Unaudited)	(Audited)
Non-current liabilities			
Senior guaranteed notes	18	1,296,025	1,294,201
Interest-bearing bank and other borrowings	18	275,273	275,528
Deferred tax liabilities		23,710	23,710
Total non-current liabilities		1,595,008	1,593,439
Current liabilities			
Interest-bearing bank and other borrowings	18	50,000	520,950
Trade payables	17	118,709	114,466
Other payables and accruals		164,136	211,189
Advances received for the settlement of the Disposal Assets		538,975	538,975
Deferred revenue arising from land development		121,147	352,794
Current income tax liabilities		384,352	383,740
Financial liabilities at fair value through profit or loss		118,364	118,551
Total current liabilities		1,495,683	2,240,665
Total liabilities		3,090,691	3,834,104
Total equity and liabilities		7,461,449	8,111,971
Net current assets		3,855,498	3,813,167
Total assets less current liabilities		5,965,766	5,871,306

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

(Amounts expressed in thousands of RMB unless otherwise stated)

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Profit before tax from continuing operations	181,179	112,212
Profit before tax from discontinued operations	—	658
Profit before tax	181,179	112,870
Adjustments for:		
Depreciation of property, plant and equipment	378	2,315
Amortization of prepaid land lease payments	78	189
Interests received from loans and receivables	(117,022)	(83,479)
Dividends received from financial assets at fair value through profit and loss	(5,721)	—
Amortisation of intangible assets	189	132
Loss on disposal of prepaid land lease payment, property, plant and equipment	504	—
Gain on disposal of subsidiaries and a joint venture	—	(124,840)
Net fair value loss/(gain) on financial assets/liabilities at fair value through profit or loss	4,115	(1,472)
Interest expense on financial liabilities at fair value through profit or loss	3,834	—
Share of loss/(gain) from a joint venture	860	(4)
Interest from bank deposits	(22,701)	(19,221)
Interest expenses on bank and other borrowings	8,349	37,498
Interest expense on senior guaranteed notes	37,085	37,497
Foreign exchange loss	2,280	556
Operating profit/(loss) before working capital changes	93,407	(37,959)
Decrease in prepaid land lease payments	—	2,910
Increase in properties under development for sale	—	(28,011)
Decrease/(increase) in land development for sale	48,333	(6,056)
Increase in prepayments	(1,023)	(16,936)
Increase in other receivables and other current assets	(112,170)	(44,293)
Decrease/(increase) in trade receivables	7,120	(26,633)
Decrease in deferred revenue from sale of golf club membership	—	(7,996)
Increase in advances from customers	—	78,854
Decrease in deferred revenue arising from land development	(231,647)	—
(Decrease)/increase in trade and other payables	(49,263)	395,768
Cash (used in)/generated from operating activities	(245,243)	309,648
Income tax paid	(10,887)	2,206
Net cash (outflow)/inflow from operating activities	(256,130)	311,854

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
Cash flows from investing activities		
Purchase/construction of property, plant and equipment	(542)	(1,017)
Payments for intangible assets	—	(40)
Investments in financial assets at fair value through profit or loss	(10,807)	(19,500)
Dividends received from financial assets at fair value through profit or loss	5,721	—
Disposal of subsidiaries and joint venture	—	3,474
Acquisition of a subsidiary	—	9,277
Interest received from bank deposits	22,701	19,221
Investments in loans and receivables	(378,013)	(200,104)
Interest received from loans and receivables	117,022	112,656
Advances received for the settlement of disposed assets	—	1,052,283
Net cash (outflow)/inflow from investing activities	(243,918)	976,250
Cash flows from financing activities		
Cash payment for shares buyback and cancelling of the Company	(40,640)	—
Repayment of bank and other borrowings	(502,184)	(373,036)
Proceeds from bank borrowings	33,840	30,000
Interest paid	(46,104)	(78,140)
Net cash outflow from financing activities	(555,088)	(421,176)
Net (decrease)/increase in cash and cash equivalents	(1,055,136)	866,928
Effect of exchange rate changes on cash and cash equivalents	(1,140)	—
Cash and cash equivalents at beginning of period	2,349,397	1,373,159
Cash and cash equivalents at end of period	1,293,121	2,240,087

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

(Amounts expressed in thousands of RMB unless otherwise stated)

Group

Six months ended 30 June 2017

	Attributable to equity holders of the parent					Non-controlling interests	Total equity
	Share capital	Other reserves	Available-for-sale reserve	Accumulated losses	Total		
As at 1 January 2017	4,110,841	579,270	—	(776,500)	3,913,611	364,256	4,277,867
Profit for the period	—	—	—	116,662	116,662	16,931	133,593
Other comprehensive loss	—	—	(62)	—	(62)	—	(62)
Total comprehensive (loss)/ income	—	—	(62)	116,662	116,600	16,931	133,531
Shares buyback and cancelling of the Company	(40,640)	—	—	—	(40,640)	—	(40,640)
As at 30 June 2017	<u>4,070,201</u>	<u>579,270</u>	<u>(62)</u>	<u>(659,838)</u>	<u>3,989,571</u>	<u>381,187</u>	<u>4,370,758</u>

Six months ended 30 June 2016

	Attributable to equity holders of the parent					Non-controlling interests	Total equity
	Share capital	Other reserves	Available-for-sale reserve	Accumulated losses	Total		
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
As at 30 June 2016	<u>4,110,841</u>	<u>579,270</u>	<u>—</u>	<u>(987,327)</u>	<u>3,702,784</u>	<u>299,982</u>	<u>4,002,766</u>

NOTES TO FINANCIAL STATEMENTS

(All amounts expressed in thousands of RMB unless otherwise stated)

1. CORPORATE INFORMATION

The Company was incorporated on 4 January 2006 in the British Virgin Islands (the “BVI”). After a series of reorganisations, on 14 November 2007, the Company was listed on the Main Board of Singapore Exchange Securities Trading Limited (the “SGX-ST”). On 22 October 2010, the Company was listed on the Main Board of HKEx by way of introduction. On 17 February 2017, the Company voluntarily delisted its shares from the SGX-ST by way of selective share buyback. As a result, 119,873,330 issued ordinary shares in the capital of the Company were tendered and the remaining ordinary shares of the Company are traded solely on the HKEx.

On 10 October 2013, the Company, China Development Bank International Holdings Limited (“CDBIH”) and SRE Investment Holding Limited (“SREI”) entered into a share subscription agreement (the “Subscription Agreement”), pursuant to which CDBIH agreed to subscribe for 5,347,921,071 new ordinary shares of the Company subject to the terms and conditions contained therein (the “Subscription”). The Subscription was completed in the first quarter of 2014. As a result, CDBIH, a wholly-owned subsidiary of China Development Bank Capital Corporation Limited (“CDBC” or “CDB Capital”), became the largest shareholder of the Company.

Since CDB Capital (through CDBIH) became the controlling shareholder of the Company (the “Controlling Shareholder”), the Company’s business model has been further enhanced to diversify from solely land development to nationwide urbanization projects that cover investment, development and operation. The projects involved include Beijing Mentougou Junzhuang Project, Shanghai Luodian Project, Nanjing Yuhuatai Two Bridges Project and Yangzhou Airport New Town Project. The Company has also entered into various strategic cooperation with a number of partners which include the sole manager of the National IC Industry Fund, Vanke and Shenzhen Capital Group. By leveraging the resources and network of the Controlling Shareholder and its brand advantage, the Company will focus on core national economic regions such as the Yangtze River Delta region and the Beijing-Tianjin-Hebei region, while constantly expanding and diversifying urbanization projects with fixed income return, and dedicate to the investment of such urbanization projects as education, senior housing, tourism and medical and healthcare in order to strengthen its leading position in the market and brand recognition in the industry.

As a schedule of the Subscription Agreement, there was a disposal master agreement (the “Disposal Master Agreement”) between the Company and SREI to dispose of the specified assets and liabilities not relating to the Group’s main principal business of planning and development of new town projects in Mainland China (the “Disposal Assets”). The disposal was completed on 30 September 2016.

In the opinion of the directors of the Company (the “Directors”), the Company’s ultimate holding company is China Development Bank Corporation (“CDB”) which holds 54.98% of the issued ordinary shares of the Company.

2. BASIS OF PREPARATION

The unaudited consolidated financial statements of the Group for the Reporting Period (the “Financial Statements”) have been prepared in accordance with International Financial Reporting Standards (the “IFRSs”) as issued by the International Accounting Standards Board (the “IASB”).

The Financial Statements have been prepared under the historical cost convention, except for available-for-sale financial assets, financial assets fair value through profit or loss and financial liabilities at fair value through profit or loss which have been measured at fair value. Disposal groups held for sale are stated at the lower of their carrying amounts and fair values less costs to sell. The Financial Statements are presented in RMB and all values are rounded to the nearest thousand (’000) except when otherwise indicated.

(a) Basis of consolidation

The Financial Statements include the financial statement of the Company and its subsidiaries as at 30 June 2017. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- (a) Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- (b) Exposure, or rights, to variable returns from its involvement with the investee; and
- (c) The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) The contractual arrangement(s) with the other vote holders of the investee;
- (b) Rights arising from other contractual arrangements; and
- (c) The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if it results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interests and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

(b) Operating cycle

The operating cycle of the Group is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Due to the nature of the Group's business, the Group's normal operating cycle is longer than twelve months. The Group's current assets include assets (such as land development for sale) that are sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within twelve months after the end of the reporting period, in accordance with the IFRSs.

3. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting, and shall be read together with Group's annual financial statements as at 31 December 2016.

The accounting policies adopted in the preparation of the Financial Statements are consistent with those followed in the preparation of the Group's annual financial statements as at 31 December 2016, except for the adoption of new standards effective as of 1 January 2017. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below. Although these amendments apply for the first time in 2017, they do not have a material impact on the Financial Statements. The nature and the impact of each amendment is described below:

Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognized in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

The Group applied the amendments retrospectively. However, their application has no effect on the Group's financial position and performance as the Group has no deductible temporary differences or assets that are in the scope of the amendments.

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

The amendments require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendment, entities are not required to provide comparative information for preceding periods. The Group is not required to provide additional disclosures in its consolidated interim financial statements, but will disclose additional information in its annual consolidated financial statements for the year ended 31 December 2017.

Annual Improvements to IFRSs: 2014–2016

Amendments to IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12

The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10-B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

The Group applied the amendments retrospectively. However, their application has no effect on the Group's financial statements as the Group has no interest in a subsidiary, a joint venture or an associate that is in the scope of the amendments as at 30 June 2017 and 31 December 2016.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its products and services and has the following operating segments. The Group's operational assets and operations are located in Mainland China.

- Land development segment, which provides land infrastructure development, construction of ancillary public facilities;
- Urbanization development segment, which is responsible for investments in new town projects; and
- Others segment, which includes investment and provision of other services.

Management monitors the operating results of the Group's business units separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to the operating segments.

Intersegment sales and transfers are transacted by reference to the selling prices used for sales made to third parties at the prevailing market prices.

Land development revenue from the Group's share of proceeds from land sales (including related public utility fees, if any) by local authorities accounted for 100% in Shanghai, the People's Republic of China (the "PRC") of the revenue in the six months ended 30 June 2017 (2016: 100%).

The following tables present sales and profit information for the Group's operating segments for the six months ended 30 June 2017 and 2016, respectively.

RMB'000

For the six months ended 30 June 2017 (Unaudited)

	Land development	Urbanization development	Others	Adjustments and eliminations	Total
Segment results					
External sales	231,647	125,461	—	—	357,108
Intersegment sales	—	—	—	—	—
Total segment sales	231,647	125,461	—	—	357,108
Segment profit	110,641	108,574	11,232	—	230,447
Finance cost				(49,268)¹	(49,268)
Profit before income tax					181,179

¹ Profit for each operating segment of continuing operations does not include finance costs of RMB49,268 thousand.

RMB'000

For the six months ended 30 June 2016 (Unaudited)

	Land development	Urbanization development	Others	Adjustments and eliminations	Total
Segment results					
External sales	—	83,479	—	—	83,479
Intersegment sales	—	—	—	—	—
Total segment sales	—	83,479	—	—	83,479
Segment (loss)/profit	<u>(6,433)</u>	<u>64,438</u>	<u>104,231</u>	<u>—</u>	<u>162,236</u>
Finance cost				(50,024) ¹	(50,024)
Profit before income tax					<u>112,212</u>

¹ Profit/(loss) for each operating segment does not include finance costs (RMB50,024 thousand).

The following table presents assets and liabilities information for the Group's operating segments as at 30 June 2017 and 31 December 2016, respectively:

RMB'000	Land development	Urbanization development	Others	Adjustments and eliminations	Total
Assets					
30 June 2017 (Unaudited)	<u>1,978,678</u>	<u>3,273,653</u>	<u>2,171,681</u>	<u>37,437¹</u>	<u>7,461,449</u>
31 December 2016 (Audited)	<u>2,027,080</u>	<u>3,544,264</u>	<u>2,470,604</u>	<u>70,023¹</u>	<u>8,111,971</u>
Liabilities					
30 June 2017 (Unaudited)	<u>852,616</u>	<u>164,009</u>	<u>44,706</u>	<u>2,029,360²</u>	<u>3,090,691</u>
31 December 2016 (Audited)	<u>1,080,585</u>	<u>178,964</u>	<u>76,426</u>	<u>2,498,129²</u>	<u>3,834,104</u>

¹ Assets in segments do not include deferred tax assets of RMB37,437 thousand as at 30 June 2017 as these assets are managed on a group basis.

Assets in segments do not include deferred tax assets of RMB70,023 thousand as at 31 December 2016 as these assets are managed on a group basis.

² Liabilities in segments do not include current income tax liabilities of RMB384,353 thousand, senior guaranteed notes of RMB1,296,025 thousand, interest-bearing bank loans, and other borrowings of RMB325,273 thousand, and deferred tax liabilities of RMB23,710 thousand as at 30 June 2017 as these liabilities are managed on a group basis.

Liabilities in segments do not include current income tax liabilities of RMB383,740 thousand, senior guaranteed notes of RMB1,294,201 thousand, interest-bearing bank loans and other borrowings of RMB796,478 thousand, and deferred tax liabilities of RMB23,710 thousand as at 31 December 2016 as these liabilities are managed on a group basis.

5. REVENUE

<i>RMB'000</i>		Six months ended 30 June 2017 (Unaudited)	Six months ended 30 June 2016 (Unaudited)
Land development	a	231,647	—
Urbanization development	b	126,292	83,479
Less: Tax and surcharges		(831)	(1,182)
		<u>357,108</u>	<u>82,297</u>

(a) During the six months ended 30 June 2017, all the revenue of RMB232 million (2016: Nil) in respect of the Group's land development was derived from the development of ancillary public facilities, based on the progress of completion.

(b) The detailed information of revenue from urbanization development is as follows:

<i>RMB'000</i>	Six months ended 30 June 2017 (Unaudited)	Six months ended 30 June 2016 (Unaudited)
Interest income		
CDB Yuhua Project	35,718	36,318
Danyang Public Private Partnership	12,376	12,551
Danyang Xinmeng River Project	—	11,805
Yangzhou Airport New Town Project	18,342	7,890
Danyang Zhongbei College Development Project	13,946	—
Qinhuangdao Project	6,965	—
Changzhou New-Tech Economic Development Zone	14,132	—
Zhenjiang Hi-tech District Affordable Housing Project	10,168	—
Others	5,346	14,915
Dividend income		
CDB (Beijing) — BOCOMM New-Type Urbanization Development Fund (the "Urbanization Fund")	5,721	—
Fee from assets management	3,577	—
	<u>126,292</u>	<u>83,479</u>

6. OTHER INCOME

<i>RMB'000</i>	Six months ended 30 June 2017 (Unaudited)	Six months ended 30 June 2016 (Unaudited)
Interest income	22,701	19,184
Fair value gain on financial assets at fair value through profit or loss	—	1,472
Wealth product income	15,136	—
Others	1,764	5,061
	<u>39,601</u>	<u>25,717</u>

7. OTHER EXPENSES

<i>RMB'000</i>	Six months ended 30 June 2017 (Unaudited)	Six months ended 30 June 2016 (Unaudited)
Foreign exchange loss, net	2,280	556
Bank charges	78	56
Fair value loss on financial assets at fair value through profit or loss	4,115	—
Others	60	676
	<u>6,533</u>	<u>1,288</u>

8. FINANCE COSTS

<i>RMB'000</i>	Six months ended 30 June 2017 (Unaudited)	Six months ended 30 June 2016 (Unaudited)
Interest on bank and other borrowings	8,349	12,527
Interest on senior guaranteed notes	37,085	37,497
Interest attributable to other interest holders of Jiangsu Fund	3,834	—
Less: Interest capitalised	—	—
	<u>49,268</u>	<u>50,024</u>

No borrowing costs during the first half of 2017 and the first half of 2016 had been capitalised.

9. INCOME TAX

The Group is subject to income tax on an entity basis on profit arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate.

The Company is a tax-exempted company incorporated in the BVI.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the Reporting Period.

The principal operating subsidiaries of the Company were subject to income tax at the rate of 25% on their taxable income according to the Income Tax Law of the PRC.

Mainland China Withholding Tax

Pursuant to the laws governing the PRC Corporate Income Tax, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors.

The Group is, therefore, liable for withholding taxes on dividends distributed and remitted out of the PRC by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

Pursuant to the laws governing the PRC Corporate Income Tax, as members of the Group are not tax residents under the PRC jurisdiction, a 10% withholding tax is applicable on the income from the Mainland China, such as interest income and gain from disposal of equity investment. A lower withholding tax rate may be applied if there is a tax treaty between the Mainland China and the jurisdiction of the foreign investors. The Group has decided that the withholding tax is classified as income tax under IAS 12, and therefore has recognized such withholding tax as a tax expense in the statement of profit or loss and other comprehensive income.

The major components of income tax are:

<i>RMB'000</i>	Six months ended 30 June 2017 (Unaudited)	Six months ended 30 June 2016 (Unaudited)
Income tax charge:		
Current income tax	6,519	3,323
Deferred tax	32,607	—
Withholding tax	8,460	8,580
	<u>47,586</u>	<u>11,903</u>
Income tax credit as reported in profit or loss		

10. DIVIDEND

The Board has resolved not to declare an interim dividend in respect of the six months ended 30 June 2017 (2016: Nil).

11. EARNINGS PER SHARE

The calculation of the basic earnings per share amount is based on the profit or loss attributable to ordinary equity holders of the parent for the Reporting Period.

The following reflects the profit and share data used in the basic and diluted earnings per share calculations:

<i>RMB'000</i>	Six months ended 30 June 2017 (Unaudited)	Six months ended 30 June 2016 (Unaudited)
Profit attributable to ordinary equity holders of the parent	<u>116,662</u>	<u>111,827</u>
Weighted average number of ordinary shares used to calculate the basic and diluted earnings per share	<u>9,756,214,750</u>	<u>9,846,119,747</u>
Basic earnings per share (<i>RMB</i>)	<u>0.0120</u>	<u>0.0114</u>
Diluted earnings per share (<i>RMB</i>)	<u>0.0120</u>	<u>0.0114</u>

There have been no other transactions involving shares of the Company or potential shares of the Company between the reporting date and the date of completion of these financial statements.

12. LOANS AND RECEIVABLES

RMB'000	30 June 2017 (Unaudited)	31 December 2016 (Audited)
CDB Yuhua Project	490,000	490,000
Danyang Public Private Partnership	200,000	200,000
Danyang Zhongbei College Development Project	300,000	300,000
Zhenjiang Hi-tech District Affordable Housing Project	200,000	200,000
Changzhou New-Tech Economic Development Zone	300,000	300,000
Yangzhou Airport New Town Project	300,000	300,000
Qinghuangdao Project	150,731	150,868
The Industrial Park Project in Yanzhou District of Jining	300,000	—
Other loans	204,559	126,409
	2,445,290	2,067,277
Amounts due in next 12 months classified as current assets	1,300,000	1,000,000
Amounts classified as non-current assets	1,145,290	1,067,277

As at 30 June 2017, the Group is entitled to fixed returns ranging from 7.98% to 17.07% (31 December 2016: 7.98% to 17.07%) before tax for the loans and receivables investments. Certain contractual arrangements of these investments are equity investments in legal form but debt securities in substance.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

RMB'000	Notes	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Financial assets designated as at fair value through profit or loss			
— Funds	(a)	92,245	98,610
— Wealth Management Products	(b)	733,120	720,063
		825,365	818,673

Notes:

- (a) In June 2015, CDBC New Town (Beijing) Asset Management Company Limited (“CDBC New Town”), a wholly-owned subsidiary of the Group, entered into a limited partnership agreement in relation to an investment partnership, the Urbanization Fund with a fund size of RMB10 billion.

As a junior-tranche limited partner, CDBC New Town is committed to contributing at a 1.5% capital ratio to the partnership, which amounted to RMB150 million. As at 30 June 2017, CDBC New Town had invested RMB85.449 million to the partnership which had in turn invested in various debt and equity investments (31 December 2016: RMB85.449 million), where there was a refund of the investment of RMB2.25 million. The management of the Group has designated such investments as at fair value through profit or loss. A fair value loss of RMB4.115 million was recognised during the Reporting Period (2016: a fair value gain of RMB10.236 million).

- (b) In 2017, CDBC New Town purchased wealth management products issued by Industrial and Commercial Bank of China and Bank of Communications and Shanghai CNTD Management Consulting Co., Ltd. purchased wealth management products issued by China CITIC Bank for short term cash management, amounting to RMB733 million as at 30 June 2017 (31 December 2016: RMB720 million).

14. LAND DEVELOPMENT FOR SALE

<i>RMB'000</i>	30 June 2017 (Unaudited)	31 December 2016 (Audited)
At cost:		
Mainland China	<u>1,514,096</u>	<u>1,562,429</u>

15. OTHER RECEIVABLES

<i>RMB'000</i>	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Other receivables		
Net disposal consideration:		
— Wuxi Project	59,940	59,940
— Shenyang Project	154,653	154,653
— Procurement and its subsidiaries	21,592	21,592
Balances due from:		
— Wuxi Project	336,656	336,656
— Shanghai Project	208,471	208,471
— Shenyang Project	33,743	33,743
Interests receivable from loans and receivables	38,934	72,639
Due from a joint venture	94,216	94,214
Balances due from entities disposed of	43,867	43,867
Tender bond for Qionglai Project	133,000	—
Others	<u>52,966</u>	<u>44,470</u>
Other receivables, net	<u>1,178,038</u>	<u>1,070,245</u>

16. TRADE RECEIVABLES

<i>RMB'000</i>	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Receivables from land development for sale	38,098	45,218
Others	<u>17,190</u>	<u>17,190</u>
	<u>55,288</u>	<u>62,408</u>

An aging analysis of the Group's trade receivables is as follows:

<i>RMB'000</i>	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Within 6 months	—	17,190
6 months to 1 year	17,190	—
1 year to 2 years	—	—
2 years to 3 years	—	13,000
Over 3 years	38,098	32,218
	<u>55,288</u>	<u>62,408</u>

The above balances are unsecured and interest-free. The fair values of the trade receivables as at the end of each reporting period approximated to their carrying amounts. No trade receivables were written off as at 30 June 2017 (31 December 2016: Nil).

17. TRADE PAYABLES

<i>RMB'000</i>	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Trade payables	<u>118,709</u>	<u>114,466</u>

Trade payables are not interest-bearing and are normally settled within one year.

An aging analysis of the Group's trade payables as at the reporting dates is as follows:

<i>RMB'000</i>	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Within one year	15,021	31,728
1 to 2 years	23,213	136
Over 2 years	80,475	82,602
	<u>118,709</u>	<u>114,466</u>

18. INTEREST-BEARING BANK AND OTHER BORROWINGS AND SENIOR GUARANTEED NOTES

The interest-bearing bank and other borrowings which were all denominated in RMB are as follows:

<i>RMB'000</i>	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Bank and other borrowings — secured	—	—
Bank and other borrowings — guaranteed	325,273	325,528
Bank and other borrowings — unsecured and unguaranteed	—	470,950
	325,273	796,478

The bank and other borrowings are repayable as follows:

<i>RMB'000</i>	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Within 6 months	15,000	505,950
6 months to 9 months	—	—
9 months to 12 months	35,000	15,000
1 year to 2 years	50,000	50,000
2 years to 5 years	225,273	225,528
Over 5 years	—	—
	325,273	796,478

The Group's bank and other borrowings bore interest at floating rates from 4.41% to 5.09% per annum for the Reporting Period and the year ended 31 December 2016, respectively.

Bank and other borrowings — guaranteed

As at 30 June 2017, the carrying amount of long-term bank loan of RMB325 million (2016: RMB326 million) was due to the loan from Industrial and Commercial Bank of China Limited. This loan was guaranteed by CDB Capital.

Bank and other borrowings — unsecured and unguaranteed

In the first half of 2017, the Group paid back a short-term loan of RMB321 million to the related party CDBIH, and an interest-free loan of RMB150 million to Shanghai Luodian Old Town Real Estate Limited.

Senior guaranteed notes

Senior guaranteed notes of RMB1.296 billion were RMB senior guaranteed notes issued by the Company in 2015, with the 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.

The movements of the carrying amounts of senior guaranteed notes during the reporting periods were as follows:

RMB'000	30 June 2017 (Unaudited)	31 December 2016 (Audited)
At the beginning of period	1,304,973	1,301,460
Accrued interest expenses	37,085	75,406
Interest payment	(35,653)	(71,893)
At the end of period	1,306,405	1,304,973
Categorized as current liabilities	10,380	10,772
Categorized as non-current liabilities	1,296,025	1,294,201

19. FINANCIAL REVIEW/HIGHLIGHTS

- a) Fair review of development of business of the Group during the Reporting Period and of its financial position at the end of the Reporting Period:

Operating Results

Revenue

Our results from operation mainly include fixed-income investments in new town projects, land development and downstream operations in urbanization. In the first half of 2017, we recorded revenue of RMB232 million related to land development. This was derived from the development of ancillary public facilities, based on the progress of completion of the projects of Shanghai Golden Luodian Development Co., Ltd. (“SGLD”). The Group recorded revenue of RMB117 million from fixed-income investments in new town projects, mainly including those from CDB Yuhua Project, Danyang Public Private Partnership Project, Zhenjiang Hi-tech District Affordable Housing Project, Yangzhou Airport New Town Project, Danyang Zhongbei College Development Project, Qinhuangdao Project and Changzhou New-Tech Economic Development Zone. Besides, the Group recorded dividend income of RMB5.72 million from the Urbanization Fund and fee from assets management of RMB3.58 million.

In the first half of 2016, there was no revenue related to land development. The Group recorded revenue of RMB83.48 million from fixed-income investments in new town projects, mainly including those from CDB Yuhua Project, Danyang Public Private Partnership Project, Danyang Xinmeng River Project, and Yangzhou Airport New Town Project.

Other income

In the first half of 2017, other income increased by RMB13.88 million as compared with the same period of 2016, which was mainly attributable to wealth product income increased by RMB15.14 million as compared with the same period of last year.

Selling and administrative expense

In the first half of 2017, selling and administrative expense decreased by RMB2.45 million as compared with the same period of 2016. It was mainly because the Group had strengthened the budget administration and controlled the outflow of costs strictly.

Other expenses

In the first half of 2017, we recorded other expenses of RMB6.53 million, increased by RMB5.25 million as compared with the same period of 2016. Such increase in expenses was mainly due to an increase of foreign exchange loss of RMB1.72 million and fair value loss on financial assets at fair value of RMB4.11 million.

Finance costs

In the first half of 2017, the Group incurred net finance costs of RMB49.27 million which included the interest expense of RMB8.35 million on bank and other borrowings, interest attributable to other interest holders of CDB New Town (Jiangsu) New-type Urbanization Development Fund (the “**Jiangsu Fund**”) of RMB3.83 million and interest expense of RMB37.09 million on senior guaranteed notes. It was slightly decreased by RMB756 thousand as compared with the same period of 2016, mainly due to a decrease of interest expense on bank borrowings of RMB4.18 million partly offset by the increase of the interest of the Jiangsu Fund.

Gain on disposal of subsidiaries and a joint venture

In the first half of 2017, no subsidiaries or joint ventures had been disposed. In the first half of 2016, the Group, Changchun Kaida Development Company Limited and Changchun New Town Automobile Industry Construct Company Limited (“**CCJV**”) 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 a fixed-income debt investment with a principal amount of RMB110.13 million. The equity carrying amount has been written down in previous financial years. Accordingly, the Group recorded an investment income of RMB99.53 million in the first half of 2016 representing the write back.

Share of loss/profit from a joint venture

In the first half of 2017, the Group recorded share of loss of RMB860 thousand from Beijing Guowan Real Estate Co., Ltd. In the first half of 2016, the Group recorded share of profit of RMB4 thousand from the former joint venture-CCJV.

Income tax

In the first half of 2017, the Company recorded income tax of RMB47.59 million, increased by RMB35.68 million as compared with the same period of 2016. Such increase of income tax was in line with the increase in the profit before tax.

Profit after tax from continuing operation

As analysed above, profit after tax from continuing operation was RMB134 million in the first half of 2017, increased by RMB33.28 million compared to the same period of 2016.

Statements of Financial Position

Loans and receivables (Non-current assets)

The balance as at 30 June 2017 increased by RMB78 million as compared with the balance as at 31 December 2016. Such increase was mainly due to the new investment in loans and receivables of RMB68.15 million to the infrastructure PPP Project in Gaoyou, Jiangsu Province, and RMB10 million to the tourism project in Changbaishan, Jilin Province in the first half of 2017.

Financial assets at fair value through profit or loss

The balance as at 30 June 2017 increased by RMB6.69 million as compared with the balance as at 31 December 2016. This was mainly due to the increase of the investment in wealth management products of RMB13.06 million, the refund of the investment in the Urbanization Fund of RMB2.25 million and a fair value loss in the Urbanization Fund of RMB4.11 million.

Land development for sale

The balance as at 30 June 2017 decreased by RMB48.33 million as compared with the balance as at 31 December 2016, which was mainly due to the increase of construction cost of ancillary public facilities by RMB66.50 million in SGLD Project, the increase of construction cost of ancillary public facilities by RMB2.46 million in Shenyang Lixiang Project, and the decrease of land and ancillary public facilities by RMB117 million, which was charged to cost of sales in line with the sales recognised, based on the progress of completion in SGLD Project.

Prepayments

The balance as at 30 June 2017 increased by RMB1.02 million as compared with the balance as at 31 December 2016. Such increase was mainly due to an increase of prepaid office rent and property management fee of the Company.

Other receivables

The balance as at 30 June 2017 increased by RMB108 million as compared with the balance as at 31 December 2016. Such increase was mainly attributable to CDBC New Town's payment of RMB133 million to Chengdu Rural Property Rights Exchange as the tender bond for the Qionglai Project, and an increase of RMB6.07 million of other receivables due from SREI and a decrease of RMB34 million due from investment projects.

Trade receivables

The balance as at 30 June 2017 decreased by RMB7.12 million as compared with the balance as at 31 December 2016, which was due to the collection of receivables amounting to RMB7.12 million from land development for sale.

Loans and receivables (Current assets)

The balance as at 30 June 2017 increased by RMB300 million as compared with the balance as at 31 December 2016, which was mainly due to the new investment in loans and receivables of RMB300 million to the Industrial Park Project in Yanzhou District of Jining, Shandong Province, in the first half of 2017.

Interest-bearing bank and other borrowings (current liabilities)

The balance as at 30 June 2017 was RMB50 million, decreased by RMB471 million as compared with the balance as at 31 December 2016. The borrowings were denominated in RMB with floating rates ranging from 4.41% to 5.09% per annum. This was mainly due to the repayment of the short-term loan of RMB321 million to the related party CDBIH, and an interest-free loan of RMB150 million to Shanghai Luodian Old Town Real Estate Limited.

Trade payables

The balance as at 30 June 2017 increased by RMB4.24 million as compared with the balance as at 31 December 2016, mainly due to the increase of the project payments of SGLD of RMB15.02 million, partly offset by the payment of the project payments of Shenyang Lixiang and CDBC Modern Agricultural Investment Management (Beijing) Co., Ltd. of RMB10.77 million.

Cash and bank balances

Overall, cash and cash equivalents in the Reporting Period decreased by RMB1,056 million as at 30 June 2017 as compared with the balance of RMB2,349 million as at 31 December 2016. This was mainly due to net cash outflow from operating activities amounting to RMB256 million, net cash outflow from investing activities amounting to RMB244 million, as well as net cash outflow from financing activities amounting to RMB555 million.

Gearing ratio (defined as net debt/the sum of shareholders equity and net debt) as at 30 June 2017 was 6.98%, which was higher than the ratio of -6.44% as at 31 December 2016. This was mainly due to the cash outflow from investing activities to enlarge the investment in the first half of 2017.

Discontinued Operations

On 10 October 2013, the Company, CDBIH and SREI (the then controlling shareholder) entered into the Subscription Agreement. Pursuant to the terms and conditions thereof, CDBIH agreed to the Subscription. The Subscription had been completed on 28 March 2014 and the relevant ordinary shares of the Company 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 of the Disposal Assets, and SREI agreed to purchase the Disposal Assets, at a total consideration of RMB2,069,832,594, the relevant consideration of which shall be paid in several cash instalments (the “**Assets Disposal**”). Assets Disposal had been expected to be completed within 24 months from 28 March 2014.

As at 30 June 2016, the Disposal Assets were 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 the Disposal Assets (the “**Disposal Agreement**”) with SRE Group Limited and SREI, and certain Disposal Assets held under Luodian Company would be disposed to SRE Group, which is consistent with the terms and conditions, and the consideration is RMB1.315 billion.

Upon the completion of Shanghai Disposal Assets by 30 September 2016, all the Disposal Assets was completed and the assets and liabilities classified as held for sales were derecognised from the Group’s financial statements.

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

	Six months ended 30 June 2016 (Unaudited)
<i>RMB'000</i>	
Group	
Revenue	54,884
Cost of sales	(18,635)
Gross profit	36,249
Other income	575
Selling and distribution costs	(7,656)
Administrative expenses	(28,429)
Other expenses	(416)
Operating profit from discontinued operations	323
Finance costs	(24,971)
Loss before tax from discontinued operations	(24,648)
Income tax	—
Loss for the year from discontinued operations	(24,648)
Gain after tax from disposing subsidiaries	25,306
Profit for the period from discontinued operations	658

Business prospects and outlook

Since the beginning of 2017, the Chinese economy has been functioning well characterized by a rebound in growth rate, employment expansion, consumer price indices stability, increased income of residents and improved balance of payments, while new progress has been made in five major tasks, which are to cut excessive industrial capacity, inventory and leveraging, reduce costs and consolidate and strengthen shortcomings. Moreover, China continued to deepen the reform in major areas and key aspects, thus having reduced the transaction costs of enterprises, effectively optimized the market environment, enhanced market vitality, facilitated the transformation and development of enterprises and reshaped China's competitive advantages.

While stepping up industrial restructuring, the whole country continues to expand domestic demand as a strategic basis by exploring the in-depth internal impetus behind economic growth and carrying out the upgrade and change of demand structure so that domestic demand has become a main engine for driving economic development. With the in-depth implementation of the three major strategies which are the "One Belt One Road" initiative, collaborative development in the Beijing-Tianjin-Hebei region and the development in the Yangtze River Belt, coordinated development is seen in the eastern, central, western and northeastern parts of China, thus the essential factors flow in an orderly and free manner, the principal functions are restrained effectively, the basic public services are equalized and a new pattern of regional coordinated development sustained by a resource environment begins to take shape.

In general, China's economic development momentum remains unchanged as its economy is functioning steadily in general, making progress and improving while stability is maintained. Optimization is being carried out during economic restructuring and upgrade is being made during transformation of growth momentum, so that the features of a new normal pattern of development have become more evident.

As a key business segment, urbanization projects within our fixed-income investment portfolio will generate noticeably stable cash flow. By capitalizing on the networks, brands, resources and other advantages of the China Development Bank system, the Group managed to maintain comparatively stable investment returns, and focused on enhancing the management of investment risks. As at 30 June 2017, the Group had a portfolio of RMB2.445 billion fixed income investments in aggregate, securing a total contractually guaranteed annual return before tax of approximately RMB290 million, representing an average annualized pre-tax return of approximately 12%.

Moreover, the Group will continue to step up land sales in Shanghai project to contribute income to its principal business. After the ongoing efforts made during the initial stage, Plot H-02 in the eastern part of the Shanghai Luodian Project has been included into Baoshan District's land reserve plan for 2017, which meets the major prerequisites for land transfer. The transferable residential land area is 55,632 square metres ("sqm."), with a gross floor area of approximately 89,011 sqm. and a plot ratio of approximately 1.6. In the second half of this year, the Group will continue to seek other approvals of the transfer of Plot H-02, and strive to complete the transfer within the year to realize the entitled proceeds from the sale of the land so as to improve its principal business and cash flow.

The Group takes an active approach to build operating projects as well. Following its aggressive efforts and development, the Group has a diverse pipelines in the Yangtze River Delta, South China, Central China and other economically developed regions, including education, tourism and industrial parks, laying a solid foundation for the implementation of these projects at a later stage. A number of projects such as education and industrial park are expected to be implemented in the second half of this year, giving a boost to the Group's ongoing business development.

b) Details of important events affecting the Group which have occurred since the end of the Reporting Period:

In a voluntary announcement published on 7 August 2017, the Company announced that they have entered into a Memorandum of Understanding (the "MOU") with MGM Resorts International (the "MGM"). According to the MOU, both parties agree to establish an industry fund focusing on non-gaming tourism, leisure and cultural development (the "Fund"). The Company intends to subscribe for US\$200 million in the Fund, and MGM intends to subscribe for US\$100 million in the Fund.

The Fund's mandate is to invest in the non-gaming tourism projects, mainly within China, while also seeking investment opportunities in strategically core cities in countries along the "One Belt One Road". Entering into MOU with MGM represents another solid step of the Company in the tourism industry. The cooperation of the Company and MGM will combine the strategic resources of the Company, namely its business networks and land resources, with the industrial know-how of MGM, to promote investment and operation of tourism projects in China.

The MOU is an agreement of intention and not legally binding. Both parties will negotiate and liaise on detailed terms of the Fund. Legally binding agreements will be entered into after two parties reach accord. The Company will make further announcement in accordance with the relevant listing rules.

- c) An indication of likely future developments in the business of the Group for the fiscal year:

In the second half of this year, the Group will continue to keep its fixed-income investment portfolio stabilized to achieve a stable cash return as a basis for long-term dividend sustainability. Moreover, it will continue to implement the pipelines in the downstream industry, such as education, industrial park and tourism, so as to generate substantial operating income from the downstream business to effectively replenish income from fixed investments so as to create a greater value for the Shareholders.

20. PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

A voluntary delisting from the Official List of the SGX-ST pursuant to a conditional cash exit offer by way of selective share buyback was approved by the Shareholders at an extraordinary general meeting of the Company held on 17 January 2017. On 14 February 2017, the 119,873,330 issued ordinary shares of the Company which had been validly tendered were cancelled, and the number of the issued ordinary shares of the Company has been reduced from 9,846,119,747 to 9,726,246,417.

Save as disclosed above, the Company did not redeem any of its listed ordinary shares of the Company nor did the Company or its subsidiaries purchase or sell any of such shares during Reporting Period.

21. MOVEMENTS IN SECURITIES

119,873,330 issued ordinary shares of the Company have been cancelled in the first half year of 2017. As at 30 June 2017, the number of the issued ordinary shares of the Company has been reduced from 9,846,119,747 to 9,726,246,417.

22. CORPORATE GOVERNANCE

During the Reporting Period, the Company has complied with the code provisions set out in the Corporate Governance Code (the “**Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities on the HKEx (the “**Listing Rules**”) except for the code provision A.6.7 of the Code that an independent non-executive Director did not attend the Company's annual general meeting held on 23 June 2017 due to other business appointment. To mitigate the above, future general meetings would be scheduled earlier to avoid timetable clashes.

23. EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2017, there were 161 (2016: 142) employees in the Group. Staff remuneration packages are determined in consideration of market conditions and the performance of the individuals concerned, and are subject to review from time to time. The Group also provides other staff benefits including medical insurance, and grants discretionary incentive bonuses to eligible staff based on their performance and contributions to the Group.

24. DIRECTORS' COMPLIANCE WITH THE CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”). Specific enquiries had been made by the Company with all Directors who have confirmed that they had complied with required standard as set out in the Model Code during the Reporting Period.

25. AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) has reviewed the accounting principles and standards adopted by the Group, and has discussed and reviewed the internal control and reporting matters. The Group's unaudited consolidated financial statements for the Reporting Period have been reviewed by the Audit Committee.

APPRECIATION STATEMENT

It is the Board's privilege to express our gratitude to our strategic investors and Shareholders for their trust and support and to offer our heartfelt thanks to all Directors, executives and staff members in the Group for their team spirit and loyalty.

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

Hong Kong, 11 August 2017

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