NEW TOWN

China New Town Development Company Limited
中國新城鎮發展有限公司

Hong Kong Stock Code: 1278
Singapore Stock Code: D4N.si

合縱連橫 穩中致勝

推進新型城鎮化建設

2016 Interim Report

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Liu Heqiang *(Chief Executive Officer)*
Ms. Yang Meiyu
Mr. Ren Xiaowei
Mr. Shi Janson Bing

Non-executive Directors

Mr. Wei Wei *(Chairman)*
Mr. Zuo Kun *(Vice Chairman)*
Mr. Li Yao Min *(Vice Chairman)*
Mr. Xie Zhen

Independent Non-executive Directors

Mr. Henry Tan Song Kok
(Lead Independent Non-executive Director)
Mr. Kong Siu Chee
Mr. Zhang Hao
Mr. E Hock Yap

AUDIT COMMITTEE

Mr. Henry Tan Song Kok *(Chairman)*
Mr. Zhang Hao
Mr. E Hock Yap

NOMINATING COMMITTEE

Mr. E Hock Yap *(Chairman)*
Mr. Henry Tan Song Kok
Mr. Kong Siu Chee

REMUNERATION COMMITTEE

Mr. Kong Siu Chee *(Chairman)*
Mr. Henry Tan Song Kok
Mr. E Hock Yap

COMPANY SECRETARY

Mr. Kwok Siu Man

BOARD SECRETARIES

Mr. Teo Meng Keong
Ms. Chen Rong

BUSINESS ADDRESS

Suites 4506-4509
Two International Finance Centre
No. 8 Finance Street
Central, Hong Kong
Telephone: (852) 3759 8300
Facsimile: (852) 3144 9663
Website: www.china-newtown.com

REGISTERED OFFICE

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P.O. Box 3340
Road Town, Tortola
British Virgin Islands

BVI PRINCIPAL SHARE REGISTRAR

Tricor Services (BVI) Limited
P.O. Box 3340, Road Town
Tortola, British Virgin Islands

SINGAPORE SHARE TRANSFER AGENT

Tricor Barbinder Share Registration Services
80 Robinson Road
#02-00, Singapore 068898

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East, Hong Kong

LEGAL ADVISORS

Harry Elias Partnership LLP
WongPartnership LLP
Herbert Smith Freehills
Freshfields Bruckhaus Deringer
Zhonglun W&D Law Firm
Global Law Office
King & Wood Mallesons
City Development Law Firm

INDEPENDENT AUDITOR

Ernst & Young
22/F, CITIC Tower, 1 Tim Mei Avenue, Central
Hong Kong

STOCK EXCHANGE LISTED

ISIN Code: VGG2156N1006

Singapore Exchange Securities Trading Limited
Stock Name: CHINA NEW TOWN
Stock Code: D4N.si

The Stock Exchange of Hong Kong Limited
Stock Name: ChinaNewTown
Stock Code: 1278

PRINCIPAL BANKERS

CITIC Bank International Limited
The Agricultural Bank of China
United Overseas Bank Limited
Shanghai Pudong Development Bank
Bank of Communication Co., Ltd.

Project List

LAND DEVELOPMENT PROJECTS

All the following projects are located in the People's Republic of China (the "**PRC**")

Nanjing Yuhua New Town

- Total site area of 21.4 sq. km.
- Two Bridges Area (from Tiexin Bridge to Xishan Bridge) is located in the center of Yuhuatai District, the Software Valley, which will become the central business district of the District in the future. It undertakes an important responsibility for connecting the integrated development in the southern part of Nanjing
- Two bridges Area currently lags behind in terms of development and is isolated from surrounding areas, and will gradually become the center of subsidence. It is imperative for the area to perform a reformation, to which has been attached great importance by the municipal government and the district government
- Innovative business mode employed in the project: fixed investment return in primary development plus a linkage of primary development and secondary development, which embodies the resources advantages of and the great support from China Development Bank Capital Corporation Limited ("**CDB Capital**")

Danyang Projects

- Danyang, located in Shanghai economic circle and corridor within Yangtze River Delta, is one of the economies with the fastest economic growth and the greatest financial strength in Jiangsu province, and has a good economic strength
- Yangtze River Delta region is one of the regions in China which has the greatest potential and vitality in the economic development and also one of the target areas into which the Group will expand its business, and is full of a large number of construction opportunities in urbanization projects, which provides an opportunity for the Group to diversify its investment

Yangzhou Airport New Town Project:

- An industrial new town established around Yangtai International Airport, which is located in Jiangdu district, Yangzhou city. Yangtai International Airport has been approved by the State Council as the national first-class port in 2015/2016. Currently, it has more than 20 domestic large and medium-sized cities air routes and more international routes, including South Korea, Taiwan, Hong Kong and various regions in the southeast Asia

- The region has a planning control area of 77 sg.km., which is located in the middle of Jiangsu province, an important geographical location, exposed to the double radiation from Shanghai and Nanjing metropolitan circle, and covering over 10 million people. It enjoys a very convenient transportation in the region, where airport, highway, port and railway have been built, and it enjoys an integration synergy advantage in terms of "port, road and airport". The region will focus on the development of 4 industries, namely airport logistics, electronic information, general aviation, high-end business services, the establishment of airport economic industry center and the creation of a model for the development of industry linked with city.

Shanghai Luodian New Town (72.63% equity interests)

- Total site area of 6.80 sq. km.
- Located at Baoshan District, connected to downtown Shanghai by metroline #7 (with two stops at Luodian), around 30 minutes ride to downtown Shanghai
- Selected as a permanent site to co-host the National Urbanization Forum with the National Development and Reform Commission of the PRC
- Also features a Five-star Crowne Plaza Hotel, two 18-holes PGA standard golf courses (the site of Lake Malaren BMW Masters Tournament), an European-styled retail street with over 72,000 sq.m. of rental space, an international convention centre, and Lake Malaren Maternity Hospital (provisional name)
- Substantially completed (96.62% completion)
- Approximately 575,520 sq.m. of remaining land available for sale, representing 25% of total [units/area] available for sale up to year 2016

Shenyang Lixiang New Town (90% equity interests)

- Site area of 20.55 sq. km.
- Located at Dongling District, close proximity to Shenyang city centre and adjacent to Shenyang Taoxian International Airport
- In the Dahunnan area which is planned to be transformed into "New Centre, New Landmark, New Hub and New Energy" under the Government's strategic plan; host of the 2013 National Games
- Approximately 45% completed of development
- Approximately 11.84 million sq.m. of remaining land inventory available for sales, representing 96% of total [units/area] available for sale up to year 2038

Group Financial Highlights

	Six months ended 30 June 2016 (Unaudited)
Revenue *(RMB'000)*	108,640
Cost of sales *(RMB'000)*	(95,966)
Profit attributable to equity holders of the Company *(RMB'000)*	111,827
Basic profit per share *(RMB)*	0.0114
Dividend per share – Interim *(RMB)*	–

INTERIM RESULTS

The board of directors (the "**Board**") of China New Town Development Company Limited (the "**Company**" or "**CNTD**") 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 2016 (the "**Reporting Period**") together with comparative figures of the previous corresponding period in 2015. The unaudited interim financial statements for the Reporting Period have been reviewed by the Company's audit committee (the "**Audit Committee**").

Dear Shareholders,

Under the guidance of the national supply-side reform policy, various domestic macro-economic data have appeared to rise again to some extent.However, the domestic economy has entered into a long-term phase of structural adjustment as a whole. Following the golden phase of development in the past decade, the property market has shown mixed performances among different segments. Continued strengths are evident for the first and second tier cities where strong demands from home buyers and investment demands for asset allocation purposes remain the major impetus, while the segment of the third and fourth tier cities is still facing the pressure of inventory properties. As an integrated developer and operator for new-type urbanization, we are of the view that under the new economic situation, urbanization does not merely involve development and sale of properties, but shall focus on consolidation and management of land resources. High quality assets available for development and operation are very scarce in PRC and are valuable investments offering long-term returns. The Group intends to explore in this direction as a key focus of our future business development.

2016 is a year of accelerated growing and business transformation for the Group. After the earlier periods of strengthening and cultivation, our business have been turned around. Under the clear strategic model of "Development and Investment + Downstream Operation Development" in urbanization development, the Group has proceeded on business positioning and planning for the key cities in the focused regions throughout the country, and reinforced the development in operational projects to upgrade the quality of assets and to improve the long-term return.

With unremitting efforts, the Group has continued to explore the project resources with the back up from CDB Capital for its nationwide network system and prestigious cooperation partners. The cash flow and operating results have been greatly improved, and the disposal of the non-performing assets has been almost completed. In the first half of 2016, the Group has achieved RMB109 million revenue and approximately RMB101 million net profit, which are significantly increased on a year-on-year basis.

With the improvement of results, the Group has taken a step further to confirm the development strategy of the downstream business development and operation, and has chosen several sectors with high added value and are highly approved by the market to be the breakthrough points of our future business. Through the continuous accumulation in the earlier phase, the Group is expected to steadily carry out the investment projects in the sectors of industrial parks, tourism, education, healthcare etc., to reach the goals of optimizing the structure of assets and expanding the areas of business.

1. OPTIMIZING STRUCTURE OF INVESTMENT AND FINANCING

On the basis of an in-depth analysis on the trends of the economic development of China and precise reading on the national policies, the Group has continued to promote the development and investment in the fixed income categories while proactively seeking accumulation of the high-quality operating assets. During the development process of a series of new-type urbanization, we have cultivated deeply into downstream sectors, integrating new economic development directions and market demands to set education, tourism, medical and healthcare, senior housing, etc. as the future directions of business development. Geographically establishing the Yangtze River Delta Economic Zone as the center, we have also explored the Beijing-Tianjin-Hebei region and the first-to-second-tier key cities around the country and successively completed project researches in earlier phases, and accumulated excellent resources to fully prepare for the future operational projects.

In order to provide investment projects with adequate funding and to raise investment return rate through leveraging, in the beginning of 2016, the Group integrated the financing advantages and set up a CDB New Town New-type Urbanization Development Fund with a scale of RMB5 billion to be used in the development investments such as the nationwide shantytown reformation, city reconstruction, Public-Private-Partnership ("**PPP**") project construction, etc. By applying four times leverage, we are raising the Group's return rate by acting as a junior-tranche limited partner. In August, the first capital contribution was completed for the Qinhuangdao shantytown reformation project. It is expected that following the nationwide shantytown reformation policies of China Development Bank Corporation ("**CDB**"), the Group will utilize funding advantages and resources of our cooperation partners to accelerate the carry-out of various categories of high-quality new-type urbanization development projects to achieve the rapid growing of investment returns.

2. A CLEAR DEVELOPMENT STRATEGY FOR BUSINESS OPERATION

In the first half of 2016, the Group further specified the direction of new business operations and has carefully selected a series of the downstream sectors representing the development direction of the new economy and demands of the residents' livelihood, which are highly value-added and fully accepted and approved by the market, such as education, senior housing, healthcare, medical care and tourism as the focused industries for business positioning. Fully utilizing the financial network, industry-specific investment and resource advantage of CDB Capital, we have also set the goal of developing the economically and industrially advanced regions such as the Beijing-Tianjin-Hebei and Yangtze River Delta economic regions.

Although it takes longer for the projects of operating categories to develop, by integrating the strengths of CDB Capital and the Company, the Group has successfully accumulated project pipelines in the economic regions of Beijing, Shanghai, Sanya, and the Yangtze River Delta, covering fields such as emerging-industry parks, tourism, education, etc. Several projects have already been initiated and have entered the actual negotiation stage, which in the future will contribute new growth drivers to the Group and continue to provide development force. Relying on the strategic cooperative framework agreement signed in 2015 with the National Integrated Circuit Industry Fund, the Group has continued to proactively explore the development projects of industrial parks and has formed project pipelines in the core regions of Beijing-Tianjin-Hebei and Shanghai where we will strive to make breakthroughs.

On the other hand, the Group has also set offshore strategic investment as one of the directions for future development. Through offshore investments on high-quality industries such as education, medical care, senior housing, tourism, etc., we will introduce the offshore investments into the onshore markets in the domestic project regions to accelerate the gaining of operating revenue and to raise the overall value of the projects within the regions.

3. IMPROVING INVENTORY ASSETS; DISPOSING HISTORICAL BURDENS

In the first half of 2016, the Group has carried on the progress on the improvement of inventory assets, recovery of funds, and disposing historical burdens. According to the Disposal Master Agreement, on 20 April 2016, the Group sold a basket of disposal assets held by Shanghai Golden Luodian to SRE Group Limited ("**SRE**") at the consideration of RMB1.315 billion. Up to 30 June 2016, the Company has already received the consideration amounted to RMB1.052 billion.

At the time of the acquisition by CDB Capital, the Group has set a plan to dispose the assets which are not in line with the core development strategy of the Company, so that the financial resources and the focus of the management can be put on the operation of the integrated new town development and operation business. After the acquisition, the Company has persisted on carrying out this strategy and pushed the implementation of assets disposal. The Company has disposed the equity shares in Wuxi and Changchun project companies one after another, withdrawn from regions of unclear future prospects, and recovered considerable amount of cash to be used in the investment of core regions. The proper settlement of the Shanghai Disposal Assets will draw a successful conclusion to the assets disposing process which has been lasting for two years. Henceforth, the Group will be marching forward with no burdens and focusing on the development under core strategies, and is expected to roll in the development field this year to lay a solid foundation for the business development in the future.

Through the efforts and accumulation of experience in the first half of the year, the management will maintain superior governance to implement and solidify core strategies in the second half of the year. While we continue to step up the pace of fixed-income investment in urbanization development, we will also speed up the carry-out of the high-quality operational projects. We will build a set of diversified operating assets in the prime areas of the market to improve the quality of the overall assets of the Group and to raise the long-term revenue.

Having completed the disposal of the Disposal Assets and taken off the historical burdens, we have confidence in achieving the acceleration of the business development of the Group, to raise the prestige of CDB system's products and branding in the new town development and operating fields and to bring abundant returns to the shareholders of the Company (the "**Shareholders**").

Liu Heqiang
Chief Executive Officer

12 August 2016

Interim Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2016
(Amount expressed in thousands of Renminbi unless otherwise stated)

		Six months ended 30 June*	
RMB'000	Notes	**2016**	2015
Continuing Operations			
Revenue		**108,640**	59,407
Land development		**–**	–
Gain on investments in new town projects	5	**83,479**	41,864
Other income	6	**25,161**	17,543
Cost of sales		**(95,966)**	(49,048)
Finance costs	8	**(50,024)**	(19,579)
Cost of development of land		**–**	14,500
Business tax and surcharges		**(1,182)**	(2,827)
Selling and administrative expenses		**(44,028)**	(37,529)
Other expenses	7	**(732)**	(3,613)
Operating profit		**12,674**	10,359
Gain on reorganisation of joint venture		**99,534**	–
Attributable profit from a joint venture		**4**	–
Profit before tax from continuing operations		**112,212**	10,359
Income tax	9	**(11,903)**	(9,660)
Profit after tax from continuing operations		**100,309**	699
Discontinued Operations			
Loss after tax from discontinued operations		**(24,648)**	(74,595)
Gain after tax on partial disposal of assets and liabilities relating to discontinued operations		**25,306**	59,632
Profit/(loss) for the period		**100,967**	(14,264)
Other comprehensive income, net of tax		**–**	–
Total comprehensive profit/(loss), net of tax		**100,967**	(14,264)

Interim Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2016
(Amount expressed in thousands of Renminbi unless otherwise stated)

		Six months ended 30 June*	
RMB'000	Notes	**2016**	2015
Profit/(loss) attributable to:			
Owners of the parent		**111,827**	(9,080)
Non-controlling interests		**(10,860)**	(5,184)
		100,967	(14,264)
Total comprehensive profit/(loss) attributable to:			
Owners of the parent		**111,827**	(9,080)
Non-controlling interests		**(10,860)**	(5,184)
		100,967	(14,264)
Profit/(loss) per share attributable to ordinary equity holders of the parent:			
Basic profit/(loss) per share (RMB)	11	**0.0114**	(0.0009)
Diluted profit/(loss) per share (RMB)	11	**0.0114**	(0.0009)

* 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.

Interim Consolidated Statement of Financial Position

As at 30 June 2016
(Amounts expressed in thousands of Renminbi unless otherwise stated)

		Group	
		30 June	31 December
RMB'000	Notes	**2016**	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	12	**1,552,539**	1,546,483
Prepayments		**4,735**	1,675
Inventories		**6,289**	–
Other receivables		**1,611,694**	1,415,727
Trade receivables	13	**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

Interim Consolidated Statement of Financial Position

As at 30 June 2016
(Amounts expressed in thousands of Renminbi unless otherwise stated)

		Group	
		30 June	31 December
RMB'000	Notes	**2016**	2015
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	15	**1,292,335**	1,290,490
Interest-bearing bank and other borrowings	15	**289,623**	309,030
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	15	**400,000**	365,000
Trade payables	14	**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

Interim Consolidated Statement of Cash Flows

For the six months ended 30 June 2016
(Amounts expressed in thousands of Renminbi unless otherwise stated)

	Six months ended 30 June	
RMB'000	**2016**	2015
Cash flows from operating activities		
Profit before tax from continuing operations	**112,212**	10,359
Profit/(loss) before tax from discontinued operations	**658**	(14,963)
Profit/(loss) before tax	**112,870**	(4,604)
Adjustments for:		
Bad debt provision of trade and other receivables	**–**	2,803
Depreciation of property, plant and equipment	**2,315**	1,728
Amortization of prepaid land lease payments	**189**	189
Amortisation of intangible assets	**132**	–
Gain from disposal of subsidiaries and joint venture	**(124,840)**	(59,632)
Profit and loss from fair value changes	**(1,472)**	–
Share of gain from associate and joint venture	**(4)**	–
Gain from loans and receivables	**(83,479)**	(41,864)
Interest income	**(19,221)**	(16,522)
Interest expenses on bank and other borrowings	**37,498**	50,024
Interest expense on senior guaranteed notes	**37,497**	11,538
Foreign exchange loss/(gain)	**556**	(75)
	(37,959)	(56,415)
Increase in land development for sale	**(6,056)**	(6,761)
Increase in properties under development for sale	**(28,011)**	(29,250)
Decrease in prepaid land lease payments	**2,910**	3,041
(Increase)/decrease in inventories	**(2,617)**	461
(Increase)/decrease in prepayments	**(16,936)**	14,407
Increase in other receivables and other current assets	**(41,676)**	(114,170)
(Increase)/decrease in trade receivables	**(26,633)**	2,977
Increase in prepaid income tax	**–**	(52)
Decrease in deferred income from sale of golf club membership	**(7,996)**	(8,009)
Increase in advances from customers	**78,854**	65,803
Increase in trade and other payables	**395,768**	313,750
	309,648	185,782
Payment of income tax	**2,206**	(23,493)
Net cash inflow from operating activities	**311,854**	162,289

Interim Consolidated Statement of Cash Flows

For the six months ended 30 June 2016
(Amounts expressed in thousands of Renminbi unless otherwise stated)

	Six months ended 30 June	
RMB'000	**2016**	2015
Cash flows from investing activities		
Purchase/construction of property, plant and equipment	**(1,017)**	(27,476)
Payment for investment properties	**–**	(4,562)
Payments for intangible assets	**(40)**	–
Disposal of subsidiaries and joint venture	**3,474**	601,821
Acquisition of a subsidiary	**9,277**	–
Investments in loans and receivables	**(200,104)**	–
Gain from loans and receivables	**112,656**	7,770
Investments in financial assets designated at fair value through profit or loss	**(19,500)**	–
Interest received from bank deposits	**19,221**	16,522
Advances received for the settlement of disposed assets	**1,052,283**	–
Net cash inflow from investing activities	**976,250**	594,075
Cash flows from financing activities		
Cash proceeds from issuance of senior guaranteed notes	**–**	1,288,057
Proceeds from bank borrowings	**30,000**	284,530
Repayment of bank borrowings	**(373,036)**	(488,448)
Repayment of borrowing from a related party	**–**	(500,000)
Interest paid	**(78,140)**	(57,911)
Net cash (outflow)/inflow from financing activities	**(421,176)**	526,228
Net increase in cash and cash equivalents	**866,928**	1,282,592
Cash and cash equivalents at beginning of period	**1,373,159**	876,294
Cash and cash equivalents at end of period	**2,240,087**	2,158,886

Interim Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016
(Amounts expressed in thousands of Renminbi unless otherwise stated)

GROUP

Six months ended 30 June 2016

	Equity attributable to owners of the parent					
RMB'000	**Share capital**	**Other reserves**	**Accumulated losses**	**Total**	**Non-controlling interests**	**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

	Equity attributable to owners of the parent					
RMB'000	Share capital	Other reserves	Accumulated losses	Total	Non-controlling interests	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

(All amounts expressed in thousands of Renminbi 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 the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). On 22 October 2010, the Company was listed on the Main Board of the HKEx by way of introduction. As a result, the Company is dual-listed on the Main Boards of both the SGX-ST and the HKEx.

The Group is a new town developer in Mainland China and is principally engaged in planning and developing large-scale new towns in China's largest cities, the activities of which include designing the master plan, relocating and resettling incumbent residents and businesses, clearing and preparing the land and installing infrastructure. Land use rights to the residential parcels in the new towns developed by the Group are then sold by the relevant land authorities to real estate property developers, the proceeds from which are apportioned to the Group on specified bases. Since 2014, the Group has also been entering into arrangements with local governments to work on projects whereby it will be compensated based on a fixed return. The Group also develops or manages some residential and commercial properties in those new towns.

The Company used to be a subsidiary of SRE since September 2009. During 2012, SRE disposed of its entire holding of shares in the Company to SRE's own shareholders via a special dividend in the form of a distribution in species. Upon completion of that distribution in October 2012, SRE no longer held any shares in the Company and ceased to be the parent of the Company. As a result of that distribution, SRE Investment Holding Limited ("**SREI**", the parent of SRE) became the largest Shareholder.

On 10 October 2013, the Company, China Development Bank International Holdings Limited ("**CDBIH**") and SREI entered into a share subscription agreement (the "**Subscription Agreement**"), pursuant to which CDBIH has agreed to subscribe for 5,347,921,071 new 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 CDB Capital, became the largest Shareholder.

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**"). Execution of the Disposal Assets is discussed in "Discontinued Operations" under the section headed "Management Discussion and Analysis" of this interim report.

In the opinion of the directors of the Company (the "**Directors**"), since the completion of the share subscription of CDBIH, the Company's ultimate holding company is CDB Capital, which holds 54.32% of the issued share capital of the Company.

2. BASIS OF PREPARATION

The consolidated financial statements of the Group and the statements of financial position and statement of changes in equity of the Company have been prepared in accordance with International Financial Reporting Standards ("**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 assets, financial assets designated at fair value through profit or loss and investment properties and investment properties under construction 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 as further explained in Note 12. The financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand ('000) unless otherwise indicated.

(a) Basis of consolidation

The consolidated financial statements include the financial statements of the Group as at 30 June 2016. 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 ("**OCI**") are attributed to the owners 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. 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.

(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 IFRSs.

3. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The unaudited interim consolidated financial statements of the Group for the first half of 2016 were prepared in accordance with IAS 34 – interim financial reports, and shall be read together with the 2015 financial statements of the Group.

The accounting policies adopted in the preparation of the interim consolidated financial statements of the Group are consistent with those followed in the preparation of the Group's annual financial statements for the 2015 financial year, except for the adoption of the applicable accounting policies and revised standards described below:

Starting from 1 January 2016, the Group has adopted the following standards, amendments and interpretations:

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation with early adoption permitted. It is not expected that these amendments would have a significant impact on the Group's financial statements.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. These amendments are not expected to have any impact to the Group given that the Group has not used a revenue-based method to depreciate its non-current assets.

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, IAS 20 Accounting for Government Grants and Disclosure of Government Assistance will apply. These amendments will not have any significant impact on the Group's consolidated financial statements.

Amendments to IAS 27: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. These amendments will not have any significant impact on the Group's consolidated financial statements.

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

Amendments to IAS 1 Disclosure Initiative

In December 2014, the IASB issued amendments to IAS 1 to further encourage companies to apply professional judgement in determining what information to disclose and how to structure it in their financial statements. The amendments to IAS 1 include narrow-focus improvements in the following five areas: materiality, disaggregation and subtotals, notes structure, disclosure of accounting policies, and presentation of items of OCI arising from equity accounted investments. These amendments will not have any significant impact on the Group's consolidated financial statements.

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate and Joint Venture

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. Currently, it is expected that the amendments would have no significant impact on the Group's financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

The amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures introduce minor clarifications to the requirements when accounting for investment entities. The amendments also provide relief in particular circumstances, which will reduce the costs of applying the standards. Currently, it is expected that the amendments would have no significant impact on the Group's financial statements.

Annual Improvements to IFRSs 2012-2014 Cycle

In September 2014, the IASB issued Annual Improvements to IFRSs 2012-2014 Cycle, which contains five amendments to four standards, excluding consequential amendments. The amendments affect IFRS 5, IFRS 7, IAS 19 and IAS 34. Currently, it is expected that the amendments would have no significant impact on the Group's financial statements.

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 the Mainland China.

- Land development segment, which provides land infrastructure development and construction of ancillary public facilities;

- Investment segment, which is responsible for investments in new town projects;

- 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 and 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 with reference to the selling prices used for sales made to third parties at the prevailing market prices.

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

An analysis by operating segment is as follows:

	For the six months ended 30 June 2016				
RMB'000	Land development	Investment	Others	Adjustments and eliminations	Total
Segment results					
External sales	–	83,479	–	–	83,479
Intersegment sales	–	–	–	–[1]	–
Total segment sales	–	83,479	–	–	83,479
Segment (loss)/profit	(6,433)	64,438	104,231	–	162,236
Finance cost				(50,024)[2]	(50,024)
Profit before income tax					112,212

1 Intersegment sales are eliminated on consolidation.

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

	For the six months ended 30 June 2015				
RMB'000	Land development	Investment[3]	Others	Adjustments and eliminations	Total
Segment results					
External sales	–	41,864	–	–	41,864
Intersegment sales	–	–	–	–[1]	–
Total segment sales	–	41,864	–	–	41,864
Segment (loss)/profit	(1,637)	31,575	–	–	29,938
Finance cost				(19,579)[2]	(19,579)
Profit before income tax					10,359

1 Intersegment sales are eliminated on consolidation.

2 Profit/(loss) for each operating segment does not include finance costs (RMB19,579 thousand).

3 The 2015 comparative information of investment was restated to conform with the current period's presentation and disclosures.

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

5. GAIN ON INVESTMENTS IN NEW TOWN PROJECTS

RMB'000	**Six months ended 30 June 2016**	Six months ended 30 June 2015*
Nanjing Two Bridges Project	**36,318**	41,864
Danyang Flood Discharge PPP Project	**12,551**	–
Danyang Xinmeng River Project	**11,805**	–
Yangzhou Airport New Town Project	**7,890**	–
Other projects	**14,915**	–
	83,479	41,864

6. OTHER INCOME

RMB'000	**Six months ended 30 June 2016**	Six months ended 30 June 2015*
Interest income	**19,184**	16,382
Gain on financial assets designated at fair value through profit or loss	**1,472**	–
Foreign exchange gain, net	**(556)**	75
Others	**5,061**	1,086
	25,161	17,543

7. OTHER EXPENSES

RMB'000	**Six months ended 30 June 2016**	Six months ended 30 June 2015
Bank charges	**56**	425
Others	**676**	3,188
	732	3,613

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

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

8. FINANCE COSTS

RMB'000	**Six months ended 30 June 2016**	Six months ended 30 June 2015
Interest on bank and borrowings	**12,527**	8,041
Interest on senior guaranteed notes	**37,497**	11,538
Less: interest capitalised	**–**	–
	50,024	19,579

No borrowing costs during the first half of 2016 and the first half of 2015 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 the 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.

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

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:

RMB'000	**Six months ended 30 June 2016**	Six months ended 30 June 2015
Income tax charge:		
Current income tax	**3,323**	9,660
Deferred tax	**–**	–
Withholding tax	**8,580**	–
Income tax credit as reported in profit or loss	**11,903**	9,660

10. DIVIDEND

The Board has resolved not to declare any interim dividend for the Reporting Period (2015:Nil).

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

11. EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings/(loss) 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/(loss) per share calculations:

RMB'000	**Six months ended 30 June 2016**	Six months ended 30 June 2015
Profit/(loss) attributable to ordinary equity holders of the parent	**111,827**	(9,080)
Weighted average number of ordinary shares used to calculate the basic and diluted earnings per share	**9,846,119,747**	9,846,119,747
Basic earnings/(loss) per share (RMB)	**0.0114**	(0.0009)
Diluted earnings/(loss) per share (RMB)	**0.0114**	(0.0009)

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

12. LAND DEVELOPMENT FOR SALE

RMB'000	**30 June 2016**	31 December 2015
At cost:		
Mainland China	**1,552,539**	1,546,483

13. TRADE RECEIVABLES

RMB'000	**30 June 2016**	31 December 2015
Receivables from land development for sale	**56,218**	59,218
Others	**2,388**	–
	58,606	59,218

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

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

RMB'000	30 June 2016	31 December 2015
Within 6 months	**2,388**	–
6 months to 1 year	–	–
1 year to 2 years	–	27,000
2 years to 3 years	**24,000**	–
Over 3 years	**32,218**	32,218
	58,606	59,218

The above balances are unsecured and interest-free. The fair values of the trade receivables as at the end of each reporting period approximate to their carrying amounts. No trade receivables were written off as at 30 June 2016 (31 December 2015: Nil).

14. ACCOUNT PAYABLES

RMB'000	30 June 2016	31 December 2015
Trade payables	**159,006**	149,942

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:

RMB'000	30 June 2016	31 December 2015
Within one year	**23,333**	577
1 to 2 years	**5,274**	12,554
Over 2 years	**130,399**	136,811
	159,006	149,942

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

15. 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:

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

The bank and other borrowings are repayable as follows:

RMB'000	30 June 2016	31 December 2015
Within 6 months	**365,000**	150,000
6 months to 9 months	–	200,000
9 months to 12 months	**35,000**	15,000
1 year to 2 years	**50,000**	50,000
2 years to 5 years	**239,623**	259,030
Over 5 years	–	–
	689,623	674,030

The Group's bank and other borrowings bore interest at floating rates from 2.42% to 5.09% per annum for the Reporting Period and the year ended 31 December 2015, respectively.

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 CDB Capital.

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

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 a term from 6 September 2015 to 1 September 2016. China New Town Holding Company Limited, a wholly-owned subsidiary of the Company, provided guarantee by pledging a cash deposit together with the corresponding interest income at the pledgee (Xiamen International Bank Company Limited Beijing Branch).

Bank and other borrowings – unsecured and unguaranteed

As at 30 June 2016, the Group's unsecured other borrowing of RMB150 million was an interest-free loan from Shanghai Luodian Old Town Real Estate Limited.

Senior guaranteed notes

Senior guaranteed notes of RMB1.292 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 the 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 as at 30 June 2016 were as follows:

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

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, sharing of land sale proceeds in some projects and downstream operations in urbanization. In the first half of 2016, there was no revenue related to land sale and land development. The Group recorded revenue of RMB83.48 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 first half of 2015, there was no revenue related to land sale and land development. The Group recorded revenue of RMB41.86 million from fixed-income investments in new town project – Nanjing Two Bridges Project.

Other income

In the first half of 2016, other income increased by RMB7.62 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 first half of 2016, selling and administrative costs increased by RMB6.50 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 ("**CDBC New Town Beijing**"), an indirect wholly-owned subsidiary of the Company.

Finance costs

In the first half of 2016, the Group incurred net finance costs of RMB50.02 million, including the interest expense of RMB12.52 million on bank and other borrowings and interest expense of RMB37.50 million on senior guaranteed notes. This represented an increase of RMB30.44 million from the net finance costs of RMB19.58 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 first half 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 first half of 2016, the Company recorded income tax of RMB11.90 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 RMB100.31 million was recorded for the first half of 2016, compared to a profit after tax of RMB0.7 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, 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 ("**CDBC Chengdu Agriculture**"), 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, and prepaid office rent and property management fee of CDBC New Town Beijing from July to August 2016.

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.

Senior guaranteed notes

The balance as at 30 June 2016 increased by RMB1.845 million as compared with the balance as at the end of 2015. This increase was because of the measurement at amortized cost. The interest expense adjustment on the senior guaranteed notes during the year was RMB1.844 million, and the balance of RMB1,290 million categorized as non-current liabilities.

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 a term from 21 March 2016 to 20 April 2020 and an interest rate at 4.41% per annum, guaranteed by CDB Capital, and a reclassification of a long-term loan of RMB35 million to interest-bearing bank and other borrowings (current liabilities). The borrowings were denominated in RMB.

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

The Group has obtained the following bank loan financing:

Used for land development for sale at Shanghai Luodian Project:

- Credit line: RMB440 million
- Drawn amount as at 30 June 2016: RMB340 million

Used for working capital turnover

- Credit line: RMB200 million
- Drawn amount as at 30 June 2016: RMB200 million

Cash and bank balances

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 RMB311.86 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 first quarter of 2016.

Gearing ratio (defined as net debt/the sum of shareholders equity and net debt) as at 30 June 2016 was -12.3%, which was substantially lower than the ratio of 10% as at 31 December 2015. This was mainly due to the cash inflow from investing activities due to advances received for the settlement of the Disposal Assets in the first half of 2016.

Discontinued Operations

On 10 October 2013, the Company, CDBIH and SREI (the then controlling shareholder of the Company) entered into 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 (the "**Assets Disposal**"). The 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 (the "**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 received 80% of the consideration of the Disposal Agreement, and confirmed as advances received for the settlement of the Disposal Assets.

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

	Six months ended 30 June	
RMB'000	**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:

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

Business prospects and outlook

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 a 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.

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.

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

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.

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

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.

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

The Company did not redeem any of its listed securities nor did the Company or any of its subsidiaries purchase or sell any of such securities during the Reporting Period.

SECURITIES INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at 30 June 2016, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")), as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the HKEx pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the HKEx (the "**HKEx Listing Rules**") were as follows:

Long Position in shares of the Company (the "Shares")

Name of Directors	Number of Shares Personal interests	Family interests	Corporate interests	Total	Approximate percentage of the issued share capital
Li Yao Min	8,352,672	–	–	8,352,672	0.085%
Henry Tan Song Kok	600,000	–	–	600,000	0.006%

Save as disclosed above, as at 30 June 2016, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the HKEx pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have been taken under such provisions of the SFO) or the Model Code or which were required to be entered in the register required to be kept under section 352 of the SFO.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SECURITIES

As at 30 June 2016, to the best of the Directors' knowledge, the following persons or organizations (other than the Directors and the chief executive of the Company) had or were deemed or taken to have an interest and/or a short position in the Shares or the underlying Shares, which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO:

Long Position in the shares of the Company

Name of substantial shareholders	No. of Shares: Direct interest	Corporate interest	Other interests	Total	Approximate percentage of shareholding
CDBIH[(1) (2)]	5,347,921,071	–	1,468,356,862	6,816,277,933	69.23%
CDB Capital[(1) (2)]	–	5,347,921,071	1,468,356,862	6,816,277,933	69.23%
CDB[(1) (2)]	–	5,347,921,071	1,468,356,862	6,816,277,933	69.23%
SREI[(3)]	1,468,356,862	–	5,347,921,071	6,816,277,933	69.23%
Shi Jian ("**Mr. Shi**")[(4)]	6,104,938	6,816,277,933	1,090	6,822,383,961	69.29%

Notes:

(1) As both SREI and CDBIH are subject to a three-year lock-up arrangement with respect to the Shares held by them respectively pursuant to the Subscription Agreement, CDBIH is deemed under sections 317 and 318 of the SFO to be interested in the 1,468,356,862 Shares held by SREI.

(2) CDBIH is a wholly-owned subsidiary of CDB Capital and CDB Capital, in turn, is wholly owned by CDB. Both CDB and CDB Capital are, therefore, deemed under Part XV of the SFO to be interested in the 5,347,921,071 Shares held by CDBIH and pursuant to the SFO, both CDB and CDB Capital are deemed interested in the 6,816,277,933 Shares in which CDBIH is interested.

(3) As both SREI and CDBIH are subject to a three-year lock-up arrangement with respect to the Shares held by them respectively pursuant to the Subscription Agreement, SREI is deemed under sections 317 and 318 of the SFO to be interested in the 5,347,921,071 Shares held by CDBIH.

(4) Pursuant to Part XV of the SFO, Mr. Shi is deemed interested in a total of 6,816,279,023 Shares for the following reasons: (i) Mr. Shi is deemed interested in 1,468,356,862 Shares held by SREI by virtue of the fact that he and his wife, Ms. Si Xiao Dong ("**Ms. Si**") together beneficially own 66% of the issued share capital of SREI as a controlling shareholder; (ii) as both SREI and CDBIH are subject to a three-year lock-up arrangement with respect to the Shares held by them respectively pursuant to the Subscription Agreement, SREI is deemed under sections 317 and 318 of the SFO to be interested in 5,347,921,071 Shares held by CDBIH, and Mr. Shi is accordingly also deemed interested in such Shares which SREI is deemed interested; and (iii) Mr. Shi is deemed interested in 1,090 Shares held by Ms. Si by virtue of the fact that she is his wife.

Save as disclosed above, the Directors are not aware of any other person (other than the Directors or the chief executive of the Company) who, as at 30 June 2016, had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or were required to be entered in the register kept by the Company under the SFO.

SHARE OPTIONS

During the Reporting Period, no share options were granted, exercised or cancelled or lapsed under the share option scheme adopted by the Company on 3 September 2010 and no share options were outstanding as at 30 June 2016.

CHANGE OF INFORMATION OF DIRECTORS

Subsequent to the date of the 2015 annual report of the Company, the changes in the Directors' information as required to be disclosed pursuant to rule 13.51(B)(1) of the HKEx Listing Rules are set out below:–

Mr. Fan Haibin	:	retired as the chairman of the Board (the "**Chairman**") and a non-executive Director with effect from 13 May 2016
Mr. Wei Wei	:	was appointed as the Chairman and a non-executive Director with effect from 13 May 2016
Mr. Shi Janson Bing	:	was appointed as an executive Director with effect from 12 August 2016

MOVEMENTS IN SECURITIES

There was no movement in securities of the Company during the Reporting Period. At the end of the Reporting Period, the Company had a total of 9,846,119,747 issued Shares.

CORPORATE GOVERNANCE

The Company subscribes to the best practice on corporate governance, and has complied with the principles and guidelines of the Code of Corporate Governance 2005 issued by the Corporate Governance Committee in Singapore and the code provisions of the Corporate Governance Code and Corporate Governance Report (the "**HK Code**") as set out in Appendix 14 of the HKEx Listing Rules throughout the Reporting Period except for code provision C.1.2 of the HK Code regarding the monthly performance updates to Directors implemented on 1 April 2012 for the reasons that, after careful consideration, the management considered that quarterly updates by way of a detailed financial results announcement under the Listing Manual of the SGX-ST is sufficient for the Directors to understand and well note the business performance, position and prospects of the Company. Further, the Company has a unique business model with major revenues arising from land sales. Such sales are expected to be executed in relatively long spans of time given that the application of land auctions is required to be in line with the government's land grant quota and schedule. Details of each land sales together with its implication on the Company's performance would be timely communicated to the Directors at an early stage and announcements in relation to land auctions will be published immediately after the listing and completion of sale of land use rights.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2016, there were 997 (31 December 2015: 1,100) 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.

DIRECTORS' COMPLIANCE WITH THE CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code. Specific enquiry has been made of all Directors, who have confirmed that they complied with required standard as set out in the Model Code.

AUDIT COMMITTEE

The Audit Committee has reviewed the accounting principles and standards adopted by the Group, and has discussed and reviewed the risk management and internal control systems and reporting matters. The Group's unaudited consolidated financial statements for the Reporting Period and this interim report 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

Hong Kong, 12 August 2016

China New Town Development Company Limited
中國新城鎮發展有限公司