



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.sj

Interim Report 2014

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Contents

2	Corporate Information
4	Project List
5	Group Financial Highlights
6	Interim Consolidated Statement of Comprehensive Income
7	Interim Consolidated Statement of Financial Position
9	Interim Consolidated Statement of Cash Flows
11	Interim Consolidated Statement of Changes in Equity
13	Notes to Financial Statements
28	Management Discussion and Analysis
39	Supplementary Information



Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Shi Jian (*Vice Chairman*)
Mr. Liu Heqiang (*Chief Executive Officer*)
Ms. Yang Meiyu
Mr. Ren Xiaowei

Non-executive Directors

Mr. Fan Haibin (*Chairman*)
Mr. Zuo Kun (*Vice Chairman*)
Mr. Li Yao Min (*Vice Chairman*)
Mr. Zhang Yan

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

INVESTMENT COMMITTEE

Mr. Kong Siu Chee (*Chairman*)
Mr. Henry Tan Song Kok
Mr. Zhang Hao

COMPANY SECRETARIES

Ms. Low Siew Tian
Ms. Chan Sau Ling

BUSINESS ADDRESS

Suites 4506-4509
Two International Finance Centre
No. 8 Finance Street
Central, Hong Kong
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Facsimile: (852) 3965 9111
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REGISTERED OFFICE

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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 ADVISOR

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

AUDITOR

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

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



Project List

LAND DEVELOPMENT PROJECTS

Shanghai Luodian New Town

- 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 permanent site to co-host the National Urbanization Forum with the National Development and Reform Commission of the People's Republic of China (the "PRC")
- Approximately 575,521 sq.m. of remaining land available for sale representing 29.3% of total, available for sale up to year 2016

Wuxi Hongshan New Town

- Total site area of 8.68 sq. km.
- Located in Wuxi New District and adjacent to the high-tech industrial park (over 70 of Fortune 500 businesses operating there), close proximity to the Wuxi city centre and Wuxi Airport
- Approximately 3.11 million sq.m. of remaining land inventory available for sale representing 81% of total, available for sale up to year 2020

Shenyang Lixiang New Town

- 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 where 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 11.84 million sq.m. of remaining land inventory available for sale representing 96% of total, available for sale up to year 2038



Group Financial Highlights

	Six months ended 30 June 2014 (Unaudited)
Revenue (RMB'000)	53,626
Gross Profit (RMB'000)	7,229
Gross Profit Margin (%)	13%
Profit attributable to equity holders of the Company (RMB'000)	(104,197)
Basic earnings per share (RMB)	(0.0143)
Dividend per share – Interim (RMB)	–

INTERIM RESULTS

The board of directors (the “**Board**”) of China New Town Development Company Limited (the “**Company**”) 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 2014 (the “**Reporting Period**”) together with comparative figures for the previous corresponding period in 2013. The unaudited interim financial statements for the six months ended 30 June 2014 have been reviewed by the Company’s audit committee (the “**Audit Committee**”).

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



Interim Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2014

(Amount expressed in thousands of Renminbi unless otherwise stated)

		Six months ended 30 June	
	Notes	2014	2013
Continuing operations			
Revenue	5	53,626	608,267
Cost of sales		(46,397)	(309,110)
Gross profit		7,229	299,157
Other income	6	23,250	9,664
Selling and distribution costs		(8,771)	(10,927)
Administrative expenses		(30,871)	(33,370)
Other expenses	7	(519)	(1,151)
Operating (loss)/profit		(9,682)	263,373
Finance costs	8	(52,952)	(54,520)
(Loss)/Profit before tax from continuing operations		(62,634)	208,853
Income tax	9	(85)	(70,719)
(Loss)/Profit after tax from continuing operations		(62,719)	138,134
Discontinued operations			
Loss after tax from discontinued operations		(71,594)	(80,462)
(Loss)/Profit for the year		(134,313)	57,672
Other comprehensive income		-	-
Total comprehensive (loss)/income		(134,313)	57,672
(Loss)/Profit attributable to:			
Owners of the parent		(104,197)	30,626
Non-controlling interests		(30,116)	27,046
		(134,313)	57,672
Total comprehensive (loss)/income attributable to:			
Owners of the parent		(104,197)	30,626
Non-controlling interests		(30,116)	27,046
		(134,313)	57,672
(Loss)/Earnings per share attributable to ordinary equity holders of the parent (RMB per share):			
Basic (loss)/earnings per share	11	(0.0143)	0.0068
Diluted (loss)/earnings per share	11	(0.0143)	0.0068



Interim Consolidated Statement of Financial Position

As at 30 June 2014

(Amounts expressed in thousands of Renminbi unless otherwise stated)

	Notes	Group		Company	
		30 June 2014	31 December 2013	30 June 2014	31 December 2013
Non-current assets					
Investments in subsidiaries		-	-	2,591,259	2,591,259
Investments in an associate		-	200	-	-
Investments in a joint venture		-	55,656	-	-
Property, plant and equipment		75,862	1,631,967	53	62
Completed investment properties		-	740,000	-	-
Investment properties under construction		-	106,000	-	-
Prepaid land lease payments		98,590	244,586	-	-
Non-current trade receivables	13	42,976	48,626	-	-
Deferred tax assets		88,600	132,625	-	-
Other assets		-	47,727	-	2,794
Total non-current assets		306,028	3,007,387	2,591,312	2,594,115
Current assets					
Land development for sale	12	5,033,017	5,130,517	-	-
Properties under development for sale		-	1,568,991	-	-
Prepaid land lease payments		-	642,312	-	-
Inventories		-	5,878	-	-
Amounts due from subsidiaries		-	-	506,886	506,805
Prepayments		4,821	93,382	-	-
Other receivables		1,957	21,832	3	6
Trade receivables	13	109,054	743,272	1	1
Prepaid income tax		-	17,480	-	-
Cash and bank balances		1,327,375	332,333	946,392	1,853
Assets classified as held for sale		5,155,660	-	-	-
Total current assets		11,631,884	8,555,997	1,453,282	508,665
Total assets		11,937,912	11,563,384	4,044,594	3,102,780



Interim Consolidated Statement of Financial Position

As at 30 June 2014

(Amounts expressed in thousands of Renminbi unless otherwise stated)

	Notes	Group		Company	
		30 June 2014	31 December 2013	30 June 2014	31 December 2013
Equity					
Equity attributable to owners of the parent					
Share capital		4,110,841	2,980,809	4,110,841	2,980,809
Other reserves		579,270	579,270	1,912,683	1,912,683
Accumulated losses		(1,207,088)	(1,102,891)	(1,997,220)	(2,002,889)
		3,483,023	2,457,188	4,026,304	2,890,603
Non-controlling interests		491,980	522,096	-	-
Total equity		3,975,003	2,979,284	4,026,304	2,890,603
Non-current liabilities					
Interest-bearing bank and other borrowings	15	217,000	1,797,870	-	-
Deferred income from sale of golf club membership		-	486,208	-	-
Deferred tax liabilities		21,151	32,195	-	-
Total non-current liabilities		238,151	2,316,273	-	-
Current liabilities					
Interest-bearing bank and other borrowings	15	684,000	1,338,992	-	198,312
Trade payables	14	1,508,726	2,557,878	-	-
Other payables and accruals		610,420	872,498	18,290	13,865
Amounts due to related parties		3,000	3,500	-	-
Advances from customers		553,549	336,482	-	-
Deferred income arising from land development		622,357	620,221	-	-
Current income tax liabilities		525,581	538,256	-	-
Liabilities directly associated with assets classified as held for sale		3,217,125	-	-	-
Total current liabilities		7,724,758	6,267,827	18,290	212,177
Total liabilities		7,962,909	8,584,100	18,290	212,177
Total equity and liabilities		11,937,912	11,563,384	4,044,594	3,102,780
Net current assets		3,907,126	2,288,170	1,434,992	296,488
Total assets less current liabilities		4,213,154	5,295,557	4,026,304	2,890,603



Interim Consolidated Statement of Cash Flows

For the six months ended 30 June 2014
(Amounts expressed in thousands of Renminbi unless otherwise stated)

		Six months ended 30 June	
	Notes	2014	2013
Cash flows from operating activities			
(Loss)/Profit before tax from continuing operations		(62,634)	208,853
(Loss)/Profit before tax from discontinued operations		(71,072)	(105,632)
(Loss)/Profit before tax		(133,706)	103,221
Adjustments for:			
Depreciation of property, plant and equipment		23,605	30,621
Amortization of prepaid land lease payments		2,615	2,079
Share of loss from an associate and a joint venture		38	-
Fair value (gain)/loss on completed investment properties		326	-
Interest income		(7,302)	(4,441)
Interest expenses		92,458	107,711
Foreign exchange loss/(gain)		2,270	(3,457)
		(19,696)	235,734
Decrease in land development for sale	12	43,216	290,984
Decrease in properties under development for sale		21,589	46,794
Decrease in prepaid land lease payment		48,461	46,529
(Increase)/decrease in inventories		(551)	370
Decrease/(increase) in prepayments		28,492	(10,138)
(Increase)/decrease in other receivables and current assets		(128,229)	1,052
Decrease/(increase) in trade receivables	13	632,520	(339,794)
Decrease in deferred income for sale of golf club membership and land development		(8,091)	(8,731)
Increase in advances from customers		508,633	36,765
Decrease in trade and other payables	14	(725,941)	(330,113)
Decrease in amounts due to related parties		-	(869)
Increase in prepaid income tax		(1,690)	(7,661)
Increase in deferred income arising from land development		2,136	24,438
Net cash inflow/(outflow) from operating activities		400,849	(14,640)



Interim Consolidated Statement of Cash Flows

For the six months ended 30 June 2014

(Amounts expressed in thousands of Renminbi unless otherwise stated)

		Six months ended 30 June	
	Notes	2014	2013
Cash flows from investing activities			
Purchase/construction of property, plant and equipment		(8,461)	(163,580)
Payment for investment properties		(4,587)	(7,862)
Interest received		7,302	4,441
Refund of prepayments for property, plant and equipment		-	222,542
Net cash (outflow)/inflow from investing activities		(5,746)	55,541
Cash flows from financing activities			
Cash proceeds from placing of new shares		1,138,979	-
Proceeds from bank borrowings		180,778	165,315
Repayment of bank borrowings	15	(1,077,641)	(213,000)
Proceeds from/repayment of loan from related parties		500,000	-
Interest paid		(94,799)	(90,117)
Cash released as restricted deposits in relation to interest payments for bank borrowings		195,300	20,000
Cash placed as restricted deposits in relation to other borrowings		-	(19,471)
Net cash inflow from financing activities		842,617	(137,273)
Net increase/(decrease) in cash and cash equivalents		1,237,720	(96,372)
Cash and cash equivalents at beginning of period		136,833	229,267
Cash and cash equivalents at end of period		1,374,553	132,895



Interim Consolidated Statement of Changes in Equity

For the six months ended 30 June 2014
(Amounts expressed in thousands of Renminbi unless otherwise stated)

GROUP

Six months ended 30 June 2014

RMB'000	Equity attributable to owners of the parent					
	Share capital	Other reserves	Accumulated losses	Total	Non-controlling interests	Total equity
Balance as at 1 January 2014	2,980,809	579,270	(1,102,891)	2,457,188	522,096	2,979,284
Total comprehensive income for the period	-	-	(104,197)	(104,197)	(30,116)	(134,313)
Placing of 5,347,921,071 new shares	1,130,032	-	-	1,130,032	-	1,130,032
Balance as at 30 June 2014	4,110,841	579,270	(1,207,088)	3,483,023	491,980	3,975,003

Six months ended 30 June 2013

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



Interim Consolidated Statement of Changes in Equity

For the six months ended 30 June 2014

(Amounts expressed in thousands of Renminbi unless otherwise stated)

COMPANY

Six months ended 30 June 2014

RMB'000	Share capital	Other reserves	Accumulated losses	Total
Balance as at 1 January 2014	2,980,809	1,912,683	(2,002,889)	2,890,603
Total comprehensive income for the period	-	-	5,669	5,669
Placing of 5,347,921,071 new shares	1,130,032	-	-	1,130,032
Balance as at 30 June 2014	4,110,841	1,912,683	(1,997,220)	4,026,304

Six months ended 30 June 2013

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



Notes to Financial Statements

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

1. GENERAL INFORMATION

Corporate information

The Company was incorporated on 4 January 2006 in the British Virgin Islands (“**BVI**”) by one shareholder. 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 Stock Exchange of Hong Kong Limited (the “**HKEx**”) by way of introduction. Since then, the Company has been 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 of which the activities 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 basis.

On 10 October 2013, the Company, **CDBIH** and SRE Investment Holding Limited (“**SREI**”, the controlling shareholder by the time) entered into the subscription agreement (“**Subscription Agreement**”) pursuant to the terms and conditions of which CDBIH agreed to subscribe for 5,347,921,071 newly issued shares of the Company (the “**Subscription**”). The Subscription was completed in the first quarter of 2014. CDBIH, a wholly-owned subsidiary of China Development Bank Capital Corporation Limited (“**CDB Capital**”), became the largest shareholder of the Company.

In the opinion of the directors of the Company (the “**Directors**”), as at 30 June 2014, the ultimate controlling company of the Company is China Development Bank Corporation (“**CDB**”). On 30 June 2014, it is interested in 54.32% of the issued capital of the Company.



Notes to Financial Statements

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

2. BASIS OF PREPARATION

The consolidated financial statements of the Group and the statement 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 consolidated financial statements have been prepared on a historical cost basis, except for investment properties and investment properties under construction that have been measured at fair value. The financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand (‘000) unless otherwise indicated.

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2014. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same Reporting Period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance.

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 POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2013, except for the adoption of new and revised standards and interpretations as of 1 January 2014, as described below:

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

These amendments are effective for annual periods beginning on or after 1 January 2014 and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. Consequential amendments were made to IFRS 12 and IAS 27. The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. Currently, the Group expects that these amendments will not have significant impact on the Group's financial statements.

Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities

These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These are effective for annual periods beginning on or after 1 January 2014. Currently, it is expected that the amendments would have no significant impact on the Group's financial statements.

IFRIC Interpretation 21 Levies (IFRIC 21)

IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. IFRIC 21 is effective for annual periods beginning on or after 1 January 2014. Currently, the Group does not expect that IFRIC 21 will have significant impact on the Group's financial statements.



Notes to Financial Statements

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

Amendments to IAS 36 Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets

The amendments remove the unintended disclosure requirement made by IFRS 13 on the recoverable amount of a cash-generating unit which is not impaired. In addition, the amendments require the disclosure of the recoverable amounts for the assets or cash-generating units for which an impairment loss has been recognised or reversed during the Reporting Period, and expand the disclosure requirements regarding the fair value measurement for these assets or units if their recoverable amounts are based on fair value less costs of disposal. The amendments are effective retrospectively for annual periods beginning on or after 1 January 2014. Currently, it is expected that the amendments would have no significant impact on the Group's financial statements.

Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments are effective for annual periods beginning on or after 1 January 2014. 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 Mainland China.

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

An analysis by operating segment is as follows:

	For the six months ended 30 June 2014			Total
	Land development	Others	Adjustments and eliminations	
Segment results				
External sales	53,626	–	–	53,626
Intersegment sales	–	–	– ¹	–
Total segment sales	53,626	–	–	53,626
Segment loss	(9,682)	–		(9,682)
Finance cost			(52,952) ²	(52,952)
Loss before income tax				(62,634)

¹ Intersegment sales are eliminated on consolidation.

² Profit/(Loss) for each operating segment does not include finance costs (RMB52,952 thousand).



Notes to Financial Statements

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

	For the six months ended 30 June 2013			
	Land	Others	Adjustments and eliminations	Total
	development			
Segment results				
External sales	608,267	–	–	608,267
Intersegment sales	–	–	– ¹	–
Total segment sales	608,267	–	–	608,267
Segment profit	263,373	–		263,373
Finance cost			(54,520) ²	(54,520)
Profit before income tax				208,853

1 Intersegment sales are eliminated on consolidation.

2 Profit/(Loss) for each operating segment does not include finance costs (RMB54,520 thousand).

5. REVENUE

	Six months ended 30 June 2014	Six months ended 30 June 2013
Land development	56,807	643,336
Less: Business tax and surcharges	(3,181)	(35,069)
	53,626	608,267



Notes to Financial Statements

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

6. OTHER INCOME

	Six months ended 30 June 2014	Six months ended 30 June 2013
Foreign exchange gain	12,770	3,292
Interest income	7,173	4,339
Reversal of bad debt provision-other receivables	3,300	2,000
Others	7	33
	23,250	9,664

7. OTHER EXPENSES

	Six months ended 30 June 2014	Six months ended 30 June 2013
Exchange loss	-	4
Bank charges	437	1,051
Impairment loss of property, plant and equipment	10	-
Others	72	96
	519	1,151

8. FINANCE COSTS

	Six months ended 30 June 2014	Six months ended 30 June 2013
Interest on bank and borrowings	52,952	54,520
Less: Interest capitalised	-	-
	52,952	54,520

The borrowing costs during the first half of 2014 and the first half of 2013 have not been capitalised.



Notes to Financial Statements

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

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 British Virgin Islands.

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% (2013: 25%) on their taxable income according to the Income Tax Law of the People's Republic of China (the "PRC").

Mainland China land appreciation tax ("LAT")

LAT is incurred upon transfer of property and land ownership and is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures (including land costs, borrowing costs, business taxes and all property development expenditures).

Mainland China Withholding Tax

Pursuant to 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. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed and remitted out of PRC by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.



Notes to Financial Statements

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

The major components of income tax are:

	Six months ended 30 June 2014	Six months ended 30 June 2013
Income tax charge:		
Current income tax	84	57,620
Deferred tax	1	8,676
Withholding tax	–	4,423
Income tax charge as reported in profit or loss	85	70,719

10. DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2014 (2013: Nil).



Notes to Financial Statements

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

11. EARNINGS PER SHARE

The calculation of the basic (loss)/earnings per share amount is based on the profit or loss attributable to ordinary equity holders of the parent for the six months ended 30 June 2014.

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

	Six months ended 30 June 2014	Six months ended 30 June 2013
(Loss)/Profit attributable to ordinary equity holders of the parent	(104,197)	30,626
Weighted average number of ordinary shares used to calculate the basic and diluted earnings per share	7,275,572,050	4,498,198,676
Basic (loss)/earnings per share (RMB)	(0.0143)	0.0068
Diluted (loss)/earnings per share (RMB)	(0.0143)	0.0068

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

Group	30 June 2014	31 December 2013
At cost:		
Mainland China	5,033,017	5,130,517



13. TRADE RECEIVABLES

Group	30 June 2014	31 December 2013
Receivables from land development for sale	152,029	784,514
Receivables from the sale of properties	–	1,530
Receivables from the sale of golf club membership	–	2,178
Others	1	3,676
	152,030	791,898

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

	30 June 2014	31 December 2013
Within 6 months	59,070	1,959
6 months to 1 year	–	670,584
1 year to 2 years	42,868	24,969
2 years to 3 years	17,874	6,233
Over 3 years	32,218	88,153
	152,030	791,898

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 of 30 June 2014 (31 December 2013: Nil).



Notes to Financial Statements

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

14. ACCOUNT PAYABLES

Group	30 June 2014	31 December 2013
Trade payables	1,508,726	2,557,878
	1,508,726	2,557,878

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

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

	30 June 2014	31 December 2013
Within one year	18,357	601,623
1 to 2 years	235,886	435,602
Over 2 years	1,254,483	1,520,653
	1,508,726	2,557,878

**15. INTEREST-BEARING BANK LOANS AND OTHER BORROWINGS**

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

	Group		Company	
	30 June	31 December	30 June	31 December
	2014	2013	2014	2013
Bank loans and other borrowings – unsecured	655,000	738,000	–	–
Bank loans and other borrowings – secured	246,000	2,398,862	–	198,312
	901,000	3,136,862	–	198,312

The bank loans and other borrowings are repayable as follows:

	Group		Company	
	30 June	31 December	30 June	31 December
	2014	2013	2014	2013
Within 6 months	684,000	510,452	–	198,312
6 months to 9 months	–	32,270	–	–
9 months to 12 months	–	796,270	–	–
1 year to 2 years	217,000	1,003,580	–	–
2 years to 5 years	–	507,360	–	–
Over 5 years	–	286,930	–	–
	901,000	3,136,862	–	198,312

The Group's bank loans and other borrowings bore interest at floating rates ranging from 5.895% to 10.00% and 5.90% to 12.65% per annum for the six months ended 30 June 2014 and the year ended 31 December 2013 respectively.



Notes to Financial Statements

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

Long-term and short-term bank loans and other borrowings

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

Bank loans and other borrowings – unsecured

As at 30 June 2014, other unsecured borrowings include RMB50 million short-term loan from Black Eagle (Shanghai) Investment Management Limited (黑鷹(上海)投資管理有限公司), RMB500 million half-year facility from CDB Siyuan (Beijing) Investment Fund Limited (國開思遠(北京)投資基金有限公司), which is a fund managed by a subsidiary of CDB Capital, as well as a RMB150 million loan from Shanghai Luodian Old Town Real Estate Limited (上海羅店古鎮置業有限公司).



16. CAPITAL COMMITMENTS AND COMMITMENTS IN RESPECT OF LAND OR PROPERTY DEVELOPMENT FOR SALE AND INVESTMENT

As at the end of each reporting period, the Group had capital commitments and commitments in respect of land development or properties under development for sale as follows:

Group	30 June 2014	31 December 2013
Commitments in respect of land development for sale:		
Contracted but not provided for	827,688	828,753
Authorised but not contracted for	4,555,151	4,558,827
Total	5,382,839	5,387,580

The Group had significant commitments as it had entered into three township development projects in Shanghai, Wuxi and Shenyang and such commitments are quantified based on contracts, feasibility studies and detailed plans for the respective projects. As a result, the Group prepares cash flow budgets for major project companies annually and updates the cash flow budgets regularly.



Management Discussion and Analysis

FINANCIAL REVIEW/HIGHLIGHTS

Fair review of development of business of the Company and its subsidiaries during the Reporting Period and of their financial position at the end of the Reporting Period:

Operating results

Our results of operations are primarily driven by the frequency and achieved selling prices of public auction of land use rights. In the first half of 2014, the revenue of the Group have substantially decreased by 91% compared with the same period of 2013, which was mainly due to a substantial reduction in both land sale amount and size during the Reporting Period from the same period in 2013. On 5 June 2014, we successfully auctioned the land parcel C6-2 in the Shanghai Luodian project.

This land parcel was auctioned at RMB124.5 million to an independent third party property developer in China. Relevant net proceeds of RMB53.53 million and cost of sales RMB46.40 million were recorded in first half of 2014. The details of the contracted price of land sale are summarized as follows:

Project	Site area (sqm.)	Plot ratio	Month	Gross floor area	Contract price (RMB'm)	Average price by gross floor area (RMB per sqm.)
Luodian, Shanghai	14,045.5	2	June	28,091	124.5	8,860

In terms of cost, the unit land development cost of the Shanghai Luodian project during the first half of 2014 (on the basis of budgeted service cost divided by relevant area) was RMB3,216 per sqm., unchanged from 2013.



Operating expenses

Selling and distribution costs

In the first half of 2014, RMB8.77 million of selling and distribution costs incurred was RMB2.16 million lower than the amount incurred in the corresponding period of 2013. This decline was mainly due to the expense of hosting the China Urbanization International Forum (中國城鎮化高層國際論壇) in 2014 which was RMB8 million, representing a reduction of RMB2 million from the one held in 2013.

Administrative expenses

In the first half of 2014, administrative expenses incurred was RMB30.87 million, representing RMB2.5 million reduction from the corresponding period of 2013. This was due to a reduction of property management expenses at Shanghai Luodian project by RMB1.9 million which was caused by the transfer of properties.

Other income

In the first half of 2014, other income was RMB23.25 million, an increase of RMB13.59 million from the corresponding period of 2013 or a year-on-year increase of 141%. Such increase was mainly attributable to: i) proceeds from the Subscription by CDBIH and the fluctuations in foreign exchange contributed foreign exchange gain of RMB9.44 million and corresponding interest income of RMB2.83 million; and ii) the reversal of a bad debt provision of RMB3.3 million in relation to other receivables, representing an increase of RMB1.3 million from the reversal of bad debt provision in the first half of 2013.

Other expenses

In the first half of 2014, other expenses incurred was RMB0.52 million, a reduction by RMB0.63 million from the corresponding period of last year. The reduction was mainly caused by bank charges: i) we have repaid a offshore loan under domestic guarantee, saving a related bank management charge of RMB0.98 million; and ii) bank charges increase of RMB0.33 million caused by an increase in capital flow.



Finance costs

In the first half of 2014, the Group recorded net finance costs of RMB52.95 million, which were mainly interest expenses of RMB52.95 million not capitalized. The net finance costs was RMB1.57 million lower than the RMB52.52 million incurred in the first half of 2013. This was mainly due to two reasons: firstly we incurred additional charges of RMB3.58 million by prepaying a trust loan; secondly we saved around RMB5.15 million of finance costs by prepaying an offshore loan under domestic guarantee.

Balance sheet

Investments in subsidiaries and a joint venture

The balance at 30 June 2014 was RMB55.86 million lower than the balance at 2013 year end, which was mainly due to reclassifications to “assets classified as held for sale”. For further details, please refer to the note on discontinued operations below.

Property, plant and equipment

The balance at 30 June 2014 was RMB1.56 billion lower than the balance at 2013 year end, mainly due to reclassifications to “assets classified as held for sale”. The balance in relation to Disposal Assets includes fixed assets such as the Lake Malaren Hospital, Lake Malaren Golf Courses, Lake Malaren Hotel, Shenyang Sports Park and Lake Malaren Convention Centre, the costs of which were RMB490 million, RMB470 million, RMB240 million, RMB130 million and RMB110 million respectively. For further details, please refer to the note on discontinued operations below.

Trade receivables (non-current and current assets)

The balance at 30 June 2014 was RMB640 million lower than the balance at 2013 year end, which was mainly due to i) reclassifications to “assets classified as held for sale”, the impact of which was RMB7.35 million. For further details, please refer to the note on discontinued operations below; ii) RMB690 million received in the first half of 2014 from land sale receivables; and iii) RMB56.81 million arose from the land sale in the second quarter of 2014.



Land development for sale

The balance at 30 June 2014 was RMB97.5 million lower than the balance at 2013 year end, mainly due to i) reclassifications to “assets classified as held for sale”, the impact of which was RMB54.28 million. For further details, please refer to the note on discontinued operations below; and ii) RMB46.40 million was recorded as cost of sales when the land parcel was sold during the second quarter of 2014.

Properties under development for sale

The balance at 30 June 2014 was RMB1.57 billion lower than the balance at 2013 year end, which was mainly due to reclassifications to “assets classified as held for sale” in the amount of RMB1.57 billion. In addition, there was also a movement of around RMB20 million in such reclassified assets. For further details, please refer to the note on discontinued operations below.

Prepaid land lease payments (non-current and current assets)

The balance at 30 June 2014 was RMB790 million lower than the balance at 2013 year end, which was mainly due to reclassifications to “assets classified as held for sale” in the amount of RMB790 million. In addition, there was also a movement of around RMB50 million in such reclassified assets. For further details, please refer to the note on discontinued operations below.

Prepayments (current assets)

The balance at 30 June 2014 was RMB88.56 million lower than the balance at 2013 year end, which was mainly due to reclassifications to “assets classified as held for sale” in the amount of RMB88.56 million. In addition, there was also a movement of around RMB28 million in such reclassified assets. For further details, please refer to the note on discontinued operations below.



Other receivables

The balance at 30 June 2014 was RMB19.87 million lower than the balance at 2013 year end, which was mainly due to reclassifications to “assets classified as held for sale” in the amount of RMB19.87 million. In addition, there was also a movement of around RMB130 million in such reclassified assets. For further details, please refer to the note on discontinued operations below.

Trade payables

The balance at 30 June 2014 was RMB1.049 billion lower than the balance at 2013 year end, which was mainly because the trade payables recorded in 2013 year end in the amount of RMB654 million has been settled during the first half of 2014 and RMB395 million trade payables has been reclassified to “liabilities directly related to assets classified as held for sale”. In addition, there was also a movement of around RMB86 million in such reclassified assets.

Other payables and accruals

The balance at 30 June 2014 was RMB262 million lower than the balance at 2013 year end, which was mainly due to reclassifications to “liabilities directly related to assets classified as held for sale” in the amount of RMB256 million. In addition, there was also a movement of around RMB9 million in such reclassified assets. Furthermore, there was an increase of RMB3.18 million attributable to accrued business tax associated with land sale.

Advances from customers

The balance at 30 June 2014 was RMB217 million higher than the balance at 2013 year end, mainly because of i) consideration payment amounting to RMB553 million was received from SREI pursuant to the disposal master agreement between the Company and SREI on 10 October 2013 (the “**Disposal Master Agreement**”). However, affected by the progress of approval by the authorities, the corresponding disposal was not completed by the end of the Reporting Period, therefore the consideration payment has been recorded as an advance; and ii) reclassifications to “liabilities directly related to assets classified as held for sale” in the amount of RMB336 million. For further details, please refer to the note on discontinued operations below.



Deferred income arising from land development

The balance at 30 June 2014 was RMB214 million higher than the balance at 2013 year end. This was because of the uncompleted portion of the land parcel sold in the second quarter of this year, based on a 96.17% completion ratio, has been recorded as deferred income in the Reporting Period.

Discontinued operations

On 10 October 2013, the Company, CDBIH and SREI entered into the Subscription Agreement, pursuant to the terms and conditions of which CDBIH agreed to subscribe for 5,347,921,071 shares of the Company. The Subscription has been completed in the first quarter of 2014 and the relevant shares have been issued.

As part of the Subscription, 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 “**Disposal**”).

According to the Disposal Master Agreement, the Company’s entitled cash consideration in relation to disposing such assets has been fixed and shall not be affected by the subsequent profit or loss associated with such assets.

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



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

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



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

RMB'000	30 June 2014
Assets	
Investments in an associate	200
Investments in a joint venture	55,618
Property, plant and equipment	1,531,885
Completed investment properties	740,000
Investment properties under construction	106,000
Prepaid land leases – long-term	143,381
Deferred tax assets	44,023
Other assets	43,788
Land development for sale	54,284
Properties under construction for sale	1,550,193
Prepaid land leases – short-term	593,851
Inventories	6,429
Prepayments	60,069
Other receivables	152,043
Trade receivables	7,348
Prepaid income taxes	19,170
Cash and bank balances	47,378
Assets classified as held for sale	<u>5,155,660</u>
Liabilities	
Non-current interest-bearing bank and other borrowings	889,280
Deferred income from sale of golf club memberships	478,117
Deferred tax liabilities	11,044
Interest-bearing bank and other borrowings	952,439
Trade payables	308,928
Other payables and accruals	272,558
Advances from customers	291,566
Current income liabilities	12,693
Amount due to related parties	500
Liabilities directly associated with assets classified as held for sale	<u>3,217,125</u>
Net assets directly associated with Disposal Assets	<u>1,938,535</u>



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

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

Overall, cash and cash equivalents (excluded restricted cash) in the Reporting Period increased by RMB1,238 million as compared with 2013 year end, with balance of RMB1,375 million at 30 June 2014. This is due to net operating cash inflow of RMB401 million and net financing cash inflow of RMB843 million, partially offset by net financing cash outflow of RMB50 million in the first half of 2014.

Gearing ratio -12.01% (defined as net debt/sum of shareholder equity and net debt) at 30 June 2014 has substantially decreased in comparison with 31 December 2013 (31 December 2013: 48.49%), which was mainly due to the fact that cash balance at the end of the Reporting Period includes cash proceeds from placing of newly issued shares of RMB1,139 million.

Business prospects and outlook

In the first half of 2014, due to continued curbing policies in China characterized by purchase and credit restrictions, the mainland property market has been under the pressure of correction. In the first six months of the year, nominal investment in property development grew by 14.1% year-on-year (or equivalently real growth of 13.1%), representing a slow down by 0.6 percentage points from the first five months, in consistence with the slowing trend this year. In the first six months of the year, contracted sales of commodity housing in terms of area and value sold were respectively decreased by 6.0% and 6.7% year-on-year. Meanwhile, property developers face tightening capital chain, with paid-in capital for property developers growing merely by 3.0% year-on-year in the first six months, which is 29 percentage points lower than the growth rate of 32.1% in the comparable period last year. The capital tightening in property developers has affected the land market too. In the first six months, area of land acquired by property developers fell by 5.8% year-on-year. As at the end of June 2014, commodity housing inventory across China amounted to 544.28 million sqm., representing an increase of 10.26 million sqm. from the end of May 2014.



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

On 28 March 2014, the Subscription by CDBIH, wholly-owned subsidiary of CDB Capital, has completed. CDB Capital became the controlling shareholder of the Company, and the new Board was formed. After completion, the Company has been improving its organizational structure and strengthening the management team. We focused on the disposal of non-core assets in exchange for consideration cash so as to best capitalize on the synergies brought by the acquisition. At the same time, we have been strengthening the governmental relationship at the existing projects and speeding up land sale progress. In addition, we have tightly monitored the series of potential projects and actively conducted project site visits and feasibility studies to accelerate new project acquisitions. Furthermore, to support project expansion and foster project development, we have actively pursued financing, including the RMB1 billion half-year unsecured facility provided by CDB Capital which helped us prepay and refinance a more costly trust loan. Although the effects of these measures have not been immediately reflected in the financial performance of this Reporting Period, we believe they have laid a solid foundation for the Company's future sustainable development and financial performance.



After completion of the Subscription, we have achieved steady progress in our business development. In the second quarter of 2014, the Company has successfully auctioned the land parcel C6-2 at the Shanghai Luodian project at consideration of RMB124.45 million. On 30 June 2014, the Company has entered into *Cooperative Framework Agreement regarding the Development of Nanjing Yuhuatai District Two Bridges Project and Software Valley South Park with the People's Government of Nanjing Yuhuatai District and CDB Capital*. Pursuant to the Agreement, the Yuhuatai District Government and the Company shall respectively contribute 51% and 49% of a total equity capital of RMB1 billion, in proportion to their shareholding interests, towards a joint venture. The joint venture shall be authorized by the Yuhuatai District Government as the land development platform of the Two Bridges region, the total site area of which is 21.4 sq.km.. The Yuhuatai District Government undertakes to ensure that the Company receives a fixed investment return on our contributed capital of 12.8% after tax. In addition, the Yuhuatai District Government and the Company shall establish a joint venture under the Company's control to jointly participate in secondary land development. This is the Company's first land development project after the CDBIH share subscription. The rapid acquisition of a project located at strategically attractive location demonstrated the strategic resources of CDB Capital and its support to the Company's business. Compared with our existing projects, the Nanjing project has an innovative business model that helps the Company achieve steady cashflow, shorten payback period and balance the risk characteristics of existing projects. Moreover, the Company is well positioned to leverage off the primary land development platform and explore profit potential in the secondary development business.

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



Supplementary Information

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2014.

SECURITIES INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

At 30 June 2014, the interests and short position of the Directors and the chief executive of the Company in 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 Director	Number of ordinary shares			Total	Approximate percentage of the issued share capital
	Personal interests	Family interests	Corporate interests		
Shi Jian	6,104,938	1,090 ⁽¹⁾	6,816,277,933 ⁽²⁾	6,822,383,961	69.29%
Li Yao Min	8,352,672	–	–	8,352,672	0.085%
Henry Tan Song Kok	600,000	–	–	600,000	0.006%

Notes:

- (1) These 1,090 Shares were held by Ms. Si Xiao Dong, the spouse of Mr. Shi Jian.
- (2) Pursuant to Part XV of the SFO, Mr. Shi Jian is deemed interested in a total of 6,816,277,933 Shares for the following reasons: (i) Mr. Shi Jian is deemed interested in 1,468,356,862 Shares held by SREI by virtue of the fact that he and his spouse, Ms. Si Xiao Dong together beneficially own 63% 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 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, and Mr. Shi Jian is accordingly also deemed interested in such Shares which SREI is deemed interested.



Supplementary Information

Save as disclosed above, as at 30 June 2014, 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

Save as disclosed below, the Directors are not aware of any other person (other than a Director or chief executive of the Company or his/her respective associate(s)) who, at 30 June 2014, had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to Section 336 of the SFO:

Long Position in the shares of the Company

Name of substantial shareholder	No. of ordinary shares			Total	Approximate percentage of shareholding
	Direct interest	Corporate interest	Other interests		
CDBIH ⁽¹⁾	5,347,921,071	–	1,468,356,862	6,816,277,933	69.23%
CDB Capital ⁽²⁾	–	5,347,921,071	1,468,356,862	6,816,277,933	69.23%
CDB ⁽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 ⁽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 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 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) Please refer to Notes (1) and (2) under the section headed “Securities Interests of Directors and Chief Executive”.

SHARE OPTIONS

CNTD Share Option Scheme

During the six months ended 30 June 2014, there was no share option granted.

MOVEMENTS IN SECURITIES

On 28 March 2014, the Company announced that the subscription of 5,347,921,071 shares by CDBIH was completed. As a result, the Company's total number of issued shares changed to 9,846,119,747 shares.



CHANGE OF INFORMATION OF DIRECTORS

On 28 March 2014, pursuant to the re-constitution of the composition of the Board of the Company with effect immediately after the completion of the subscription of 5,347,921,071 shares in the Company by CDBIH, Mr. Mao Yiping, Ms. Gu Biya, Mr. Shi Janson Bing and Mr. Qian Yifeng ceased to be executive directors of the Company; Mr. Yue Wai Leung Stan ceased to be a non-independent non-executive director of the Company; Mr. Shi Jian was re-designated from Chairman of the Board to the Vice Chairman of the Board but remained as an executive director of the Company; and Mr. Li Yao Min was re-designated from an executive director, Co-Chairman of the Board and Chief Executive Officer to a non-executive director of the Company and Vice Chairman of the Board. On the other side, Mr. Fan Haibin was appointed as non-executive director of the Company and Chairman of the Board; Mr. Zuo Kun was appointed as non-executive director of the Company and Vice Chairman of the Board; Mr. Liu Heqiang was appointed as executive director and Chief Executive Officer of the Company; Mr. Zhang Yan was appointed as a non-executive director of the Company; and Ms. Yang Meiyu and Mr. Ren Xiaowei were appointed as executive directors of the Company.

On 22 April 2014, Mr. Zhang Yan has been promoted from assistant general manager to associate general manager at the international business division of CDB Capital and managing director of the business development division of CDBIH; Mr. Ren Xiaowei has been promoted from the senior manager to associate general manager of the direct investment division III of CDB Capital.

Save as disclosed herein, the Board is not aware of any other matters relating to the appointments and re-designation that should be disclosed pursuant to Rules 13.51(2)(a) to (v) of the HKEx Listing Rules or any other matters that need to be brought to the attention of the shareholders of the Company, the HKEx and the SGX-ST.

On 1 July 2014, the remuneration of Mr. Li Yao Min has been decreased from HKD2 million to HKD1.5 million per annum in relation to his re-designation. All the Directors nominated by CDBIH have not received any remuneration from the Company.

All the remuneration packages are on yearly basis and the 13-month base pay remains unchanged. This decision was determined with reference to the Company's performance and profitability, as well as the remuneration benchmark in the industry and the prevailing market conditions.



CORPORATE GOVERNANCE

The Company subscribes to best practice on corporate governance, and has complied with the principles and guidelines of the Code of Corporate Governance 2012 issued by the Corporate Governance Committee in Singapore (the “**Singapore Code**”) 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 the HK Code C.1.2 monthly performance updates to Directors which 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 (“**SGX Listing Manual**”) is sufficient for Directors to understand and well noted business performance, position and prospects of the Company. Furthermore, the Company has a unique business model with major revenues arise from land sales. Such sales are expected to be executed in relatively long spans of time given 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 early stage and announcements in relation to land auctions will be published immediately after listing and completion of sale of land use rights.

EMPLOYEE AND REMUNERATION POLICY

At 30 June 2014, there were 1,075 (2013: 1,058) 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 as set out in Appendix 10 to the HKEx Listing Rules as the code of conduct regarding securities transactions by the Directors. Specific enquiry has been made of all Directors, the Directors have confirmed that they have complied with required standard as set out in the Model Code during the six months ended 30 June 2014.

AUDIT COMMITTEE

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 six months ended 30 June 2014 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, 14 August 2014



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