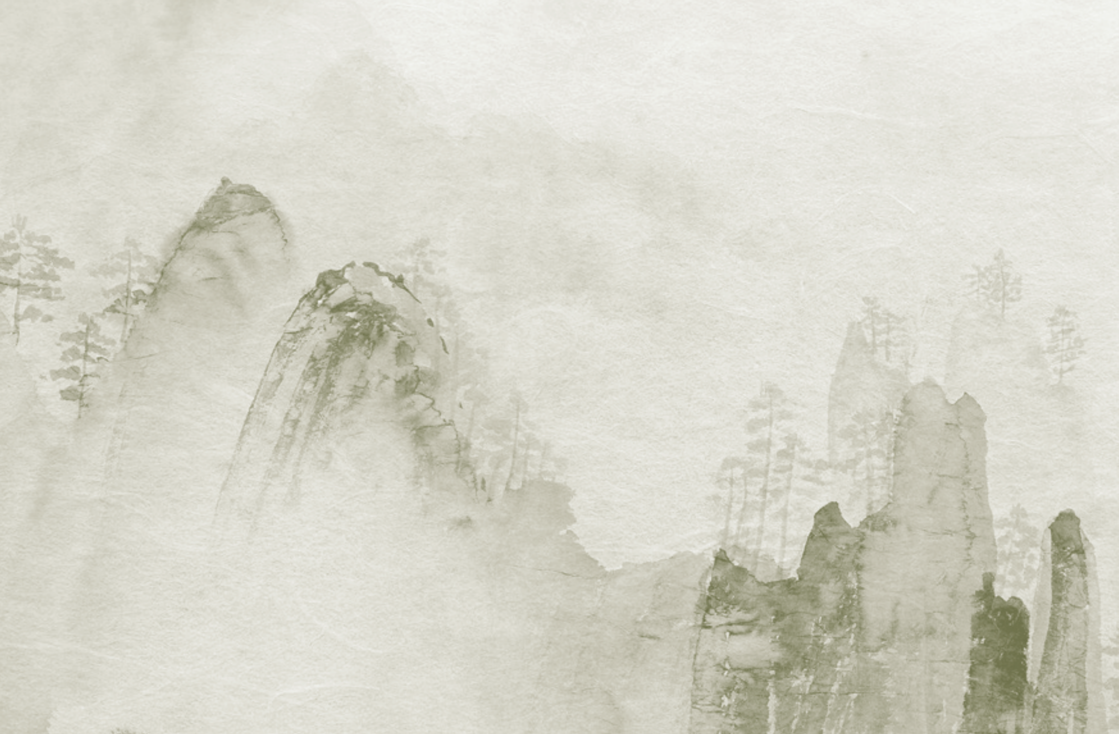
2017
INTERIM REPORT

NEW TOWN

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

Hong Kong Stock Code: 1278

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

NOMINATION 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

BUSINESS ADDRESS

8203B–04A
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong
Telephone: (852) 3643 0200
Facsimile: (852) 3144 9663
Website: www.china-newtown.com

REGISTERED OFFICE

2/F, Palm Grove House
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

HONG KONG BRANCH SHARE REGISTRAR

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

LEGAL ADVISORS

Herbert Smith Freehills
Freshfields Bruckhaus Deringer
Winston & Strawn LLP
King & Wood Mallesons
Zhonglun W&D Law Firm
Global Law Office

INDEPENDENT AUDITOR

Ernst & Young
22/F, CITIC Tower, 1 Tim Mei Avenue
Central, Hong Kong
Date of Appointment: 20 November 2007
Partner-in-charge: Mr. Kelvin Leung Shing Kit
since 21 September 2016

STOCK EXCHANGE LISTED

The Stock Exchange of Hong Kong Limited
Stock Name: ChinaNewTown
Stock Code: 1278
Board Lot: 2,500 shares

PRINCIPAL BANKERS

CITIC Bank International Limited
The Agricultural Bank of China
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**")

Shanghai Luodian Project (72.63% — owned)

- Total site area of 6.80 square kilometres ("**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 the permanent site to co-host the National Urbanization Forum with the National Development and Reform Commission of the PRC

Beijing Junzhuang Project in Mentougou District (50% — owned)

- The Mentougou District is located in the western part of Beijing and is 98.5% covered by mountains. The mountains in the district are connected to Xiangshan (香山), a renowned national tourism destination, comprising an integral part of the Western Beijing ecological conservation area. Located in the eastern part of the Mentougou District and approximately 30 kilometres from Beijing city centre, Junzhuang Town has a total site area of 34 sq. km. and is a strategically important part of the Mentougou District's industrial layout.
- In accordance with different long-term development positioning, the project is divided into two zones, namely the Eastern Zone and the Western Zone. The site area currently under planning is approximately 414 hectares (4.14 million square metres ("**sqm.**")), among which the site area of the Eastern Zone is approximately 270 hectares (2.7 million sqm.), and is envisaged to be developed into an integrated eco-tourism zone featuring a wide mix of elements such as leisure and resort, eco-conservancy and healthcare, parent-child experience and education, as well as industrial park for the creative industry; the Western Zone has a site area of approximately 144 hectares (1.44 million sqm.) and is planned for shanty town reformation, primary land and subsequent developments.
- The Group and Beijing Vanke Enterprises Co. Ltd. has jointly established a project company (we are entitled to a 50% equity interest), which will be granted an exclusive right to develop and operate the Eastern Zone of the project. The project company will succeed in contracting the agricultural land (農用地) from the relevant village community economic cooperatives. In addition, using a model known as the "Village-Corporate Collaboration" with the co-ops, the project company shall also develop and operate the construction land collectively owned (集體建設用地) by the relevant village community economic cooperatives.

Nanjing Yuhua Project

- Total site area of 21.4 sq. km.
- Two Bridge 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
- 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
- Yangtze River Delta region is one of the regions in China, which has the greatest potential and vitality in the economic development, is 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 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 and currently it has more than 20 domestic large and medium-sized cities air routes and several international routes, including South Korea, Taiwan, Hong Kong and various regions in the southeast Asia.
- The region has a planning control area of 77 sq. km., which is located in the middle of Jiangsu Province, an important geographical location, is 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 centre and the creation of a model for the development of industry linked with city.

Project List

Shenyang Lixiang Project (90% — owned)

- 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

Group Financial Highlights

FINANCIAL HIGHLIGHTS

	Six months ended 30 June 2017 (Unaudited)
Operating income (RMB'000)	396,709
Operating expenses (RMB'000)	(214,670)
Profit attributable to equity holders of the Company (RMB'000)	116,662
Basic earnings per share (RMB)	0.0120

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 2017 (the "**Reporting Period**") together with comparative figures of the previous corresponding period in 2016. The unaudited interim financial statements for the Reporting Period have been reviewed by the Company's audit committee (the "**Audit Committee**").

Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2017

(Amount expressed in thousands of Renminbi ("RMB") unless otherwise stated)

		Six months ended 30 June	
	Notes	**2017**	2016
		(Unaudited)	(Unaudited)
Continuing operations			
Operating income		**396,709**	108,014
Revenue	5	**357,108**	82,297
Other income	6	**39,601**	25,717
Operating expenses		**(214,670)**	(95,340)
Cost of sales		**(117,292)**	—
Selling and administrative expense		**(41,577)**	(44,028)
Finance costs	8	**(49,268)**	(50,024)
Other expenses	7	**(6,533)**	(1,288)
Operating profit		**182,039**	12,674
Gain on disposal of subsidiaries and a joint venture		**—**	99,534
Share of (loss)/profit from joint ventures		**(860)**	4
Profit before tax from continuing operations		**181,179**	112,212
Income tax	9	**(47,586)**	(11,903)
Profit after tax from continuing operations		**133,593**	100,309
Discontinued operations			
Loss after tax for the period from discontinued operation		**—**	(24,648)
Gain after tax on disposal of assets and liabilities relating to discontinued operations		**—**	25,306
Profit for the period		**133,593**	100,967
Other comprehensive income/(loss)			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods (net of tax):			
Net loss on available-for-sale financial assets		**(62)**	—
Other comprehensive loss for the period, net of tax		**(62)**	—
Total comprehensive income for the period, net of tax		**133,531**	100,967

Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2017

(Amount expressed in thousands of Renminbi ("RMB") unless otherwise stated)

		Six months ended 30 June	
	Notes	**2017**	2016
		(Unaudited)	(Unaudited)
Profit/(loss) attributable to:			
Equity holders of the parent		**116,662**	111,827
Non-controlling interests		**16,931**	(10,860)
		133,593	100,967
Total comprehensive profit/(loss) attributable to:			
Equity holders of the parent		**116,600**	111,827
Non-controlling interests		**16,931**	(10,860)
		133,531	100,967
Profit per share attributable to ordinary equity holders of the parent:			
Basic earnings per share (RMB)	11	**0.0120**	0.0114
Diluted earnings per share (RMB)	11	**0.0120**	0.0114

Interim Consolidated Statement of Financial Position

As at 30 June 2017

(Amounts expressed in thousands of RMB unless otherwise stated)

		Group	
	Notes	**30 June 2017 (Unaudited)**	31 December 2016 (Audited)
Assets			
Non-current assets			
Investment in a joint venture		**48,437**	49,297
Loans and receivables	12	**1,145,290**	1,067,277
Available-for-sale financial assets		**31,917**	32,000
Financial assets at fair value through profit or loss	13	**825,365**	818,673
Property, plant and equipment		**9,311**	9,232
Prepaid land lease payments		**2,474**	2,552
Deferred tax assets		**37,437**	70,023
Other assets		**10,037**	9,085
Total non-current assets		**2,110,268**	2,058,139
Current assets			
Land development for sale	14	**1,514,096**	1,562,429
Prepayments		**4,091**	3,068
Other current assets		**6,547**	6,285
Other receivables	15	**1,178,038**	1,070,245
Trade receivables	16	**55,288**	62,408
Loans and receivables	12	**1,300,000**	1,000,000
Cash and bank balances		**1,293,121**	2,349,397
Total current assets		**5,351,181**	6,053,832
Total assets		**7,461,449**	8,111,971

Interim Consolidated Statement of Financial Position

As at 30 June 2017

(Amounts expressed in thousands of RMB unless otherwise stated)

	Notes	Group 30 June 2017 (Unaudited)	31 December 2016 (Audited)
Equity			
Equity holders of the parent:			
Share capital		**4,070,201**	4,110,841
Reserves		**579,208**	579,270
Accumulated losses		**(659,838)**	(776,500)
		3,989,571	3,913,611
Non-controlling interests		**381,187**	364,256
Total Equity		**4,370,758**	4,277,867
Non-current liabilities			
Senior guaranteed notes	18	**1,296,025**	1,294,201
Interest-bearing bank and other borrowings	18	**275,273**	275,528
Deferred tax liabilities		**23,710**	23,710
Total non-current liabilities		**1,595,008**	1,593,439
Current liabilities			
Interest-bearing bank and other borrowings	18	**50,000**	520,950
Trade payables	17	**118,709**	114,466
Other payables and accruals		**164,136**	211,189
Advances received for the settlement of the Disposal Assets		**538,975**	538,975
Deferred revenue arising from land development		**121,147**	352,794
Current income tax liabilities		**384,352**	383,740
Financial liabilities at fair value through profit or loss		**118,364**	118,551
Total current liabilities		**1,495,683**	2,240,665
Total liabilities		**3,090,691**	3,834,104
Total equity and liabilities		**7,461,449**	8,111,971
Net current assets		**3,855,498**	3,813,167
Total assets less current liabilities		**5,965,766**	5,871,306

Interim Consolidated Statement of Cash Flows

For the six months ended 30 June 2017
(Amounts expressed in thousands of RMB unless otherwise stated)

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

Interim Consolidated Statement of Cash Flows

For the six months ended 30 June 2017
(Amounts expressed in thousands of RMB unless otherwise stated)

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

Interim Consolidated Statement of Changes in Equity

For the six months ended 30 June 2017
(Amounts expressed in thousands of RMB unless otherwise stated)

GROUP

Six months ended 30 June 2017

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

Six months ended 30 June 2016

	Attributable to equity holders of the parent						
	Share capital	Other reserves	Available-for-sale reserve	Accumulated losses	Total	Non-controlling interests	Total equity
As at 1 January 2016	4,110,841	579,270	—	(1,099,154)	3,590,957	293,465	3,884,422
Total comprehensive income/(loss)	—	—	—	111,827	111,827	(10,860)	100,967
Acquisition of a subsidiary	—	—	—	—	—	17,377	17,377
As at 30 June 2016	4,110,841	579,270	—	(987,327)	3,702,784	299,982	4,002,766

1. CORPORATE INFORMATION

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

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

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

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

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

2. BASIS OF PREPARATION

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

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

(a) Basis of consolidation

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

(a) Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);

(b) Exposure, or rights, to variable returns from its involvement with the investee; and

(c) The ability to use its power over the investee to affect its returns.

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

(a) The contractual arrangement(s) with the other vote holders of the investee;

(b) Rights arising from other contractual arrangements; and

(c) The Group's voting rights and potential voting rights.

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

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

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

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

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

(b) Operating cycle

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

3. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

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

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

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

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

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

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

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

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

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

Annual Improvements to IFRSs: 2014–2016

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

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

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

4. OPERATING SEGMENT INFORMATION

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

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

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

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

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

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

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

RMB'000	**For the six months ended 30 June 2017 (Unaudited)**				
	Land development	**Urbanization development**	**Others**	**Adjustments and eliminations**	**Total**
Segment results					
External sales	**231,647**	**125,461**	**—**	**—**	**357,108**
Intersegment sales	**—**	**—**	**—**	**—**	**—**
Total segment sales	**231,647**	**125,461**	**—**	**—**	**357,108**
Segment profit	**110,641**	**108,574**	**11,232**	**—**	**230,447**
Finance cost				**(49,268)**[1]	**(49,268)**
Profit before income tax					**181,179**

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

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

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

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

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

RMB'000	Land development	Urbanization development	Others	Adjustments and eliminations	Total
Assets					
30 June 2017 (Unaudited)	**1,978,678**	**3,273,653**	**2,171,681**	**37,437[1]**	**7,461,449**
31 December 2016 (Audited)	2,027,080	3,544,264	2,470,604	70,023[1]	8,111,971
Liabilities					
30 June 2017 (Unaudited)	**852,616**	**164,009**	**44,706**	**2,029,360[2]**	**3,090,691**
31 December 2016 (Audited)	1,080,585	178,964	76,426	2,498,129[2]	3,834,104

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

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

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

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

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

5. REVENUE

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

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

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

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

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

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

6. OTHER INCOME

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

7. OTHER EXPENSES

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

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

8. FINANCE COSTS

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

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

9. INCOME TAX

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

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

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

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

Mainland China Withholding Tax

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

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

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

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

The major components of income tax are:

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

10. DIVIDEND

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

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

11. EARNINGS PER SHARE

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

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

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

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

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

12. LOANS AND RECEIVABLES

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

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

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

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

Notes:

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

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

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

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

14. LAND DEVELOPMENT FOR SALE

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

15. OTHER RECEIVABLES

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

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

16. TRADE RECEIVABLES

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

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

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

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

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

17. TRADE PAYABLES

RMB'000	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Trade payables	**118,709**	114,466

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 2017 (Unaudited)	31 December 2016 (Audited)
Within one year	**15,021**	31,728
1 to 2 years	**23,213**	136
Over 2 years	**80,475**	82,602
	118,709	114,466

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

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

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

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

The bank and other borrowings are repayable as follows:

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

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

Bank and other borrowings — guaranteed

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

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

Bank and other borrowings — unsecured and unguaranteed

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

Senior guaranteed notes

Senior guaranteed notes of RMB1.296 billion were RMB senior guaranteed notes issued by the Company in 2015, with the issuer being a wholly-owned subsidiary of the Company — China New Town Finance I Limited. The notes were guaranteed by the Company with credit enhancement measures such as the keepwell deed, liquidity support and deed of equity interest purchase undertaking from CDB Capital. The Company announced on 28 April 2015 with issue amount of RMB1.3 billion, tenor of three years, coupon rate of 5.5%, and issue costs of RMB11.94 million measured at amortized cost.

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

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

FINANCIAL REVIEW/HIGHLIGHTS

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

Operating Results

Revenue

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

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

Other income

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

Selling and administrative expense

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

Other expenses

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

Finance costs

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

Gain on disposal of subsidiaries and a joint venture

In the first half of 2017, no subsidiaries or joint ventures had been disposed. In the first half of 2016, the Group, Changchun Kaida Development Company Limited and Changchun New Town Automobile Industry Construct Company Limited ("**CCJV**") signed a cooperation agreement about CCJV (the "**Cooperation Agreement**"). Pursuant to the Cooperation Agreement, the Group has changed investment pattern of CCJV. The Group's original 50% equity interest in the equity investment of CCJV has been changed to a fixed-income debt investment with a principal amount of RMB110.13 million. The equity carrying amount has been written down in previous financial years. Accordingly, the Group recorded an investment income of RMB99.53 million in the first half of 2016 representing the write back.

Share of loss/profit from a joint venture

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

Income tax

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

Profit after tax from continuing operation

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

Statements of Financial Position

Loans and receivables (Non-current assets)

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

Financial assets at fair value through profit or loss

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

Land development for sale

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

Prepayments

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

Other receivables

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

Trade receivables

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

Loans and receivables (Current assets)

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

Interest-bearing bank and other borrowings (current liabilities)

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

Trade payables

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

Cash and bank balances

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

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

Discontinued Operations

On 10 October 2013, the Company, CDBIH and SREI (the then controlling shareholder) entered into the Subscription Agreement. Pursuant to the terms and conditions thereof, CDBIH agreed to the Subscription. The Subscription had been completed on 28 March 2014 and the relevant ordinary shares of the Company were issued.

As a schedule of the Subscription Agreement, the Company and SREI entered into the Disposal Master Agreement, pursuant to the terms and conditions of which the Company agreed to dispose of the Disposal Assets, and SREI agreed to purchase the Disposal Assets, at a total consideration of RMB2,069,832,594, the relevant consideration of which shall be paid in several cash instalments (the "**Assets Disposal**"). Assets Disposal had been expected to be completed within 24 months from 28 March 2014.

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

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

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

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

Business prospects and outlook

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

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

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

As a key business segment, urbanization projects within our fixed-income investment portfolio will generate noticeably stable cash flow. By capitalizing on the networks, brands, resources and other advantages of the China Development Bank system, the Group managed to maintain comparatively stable investment returns, and focused on enhancing the management of investment risks. As at 30 June 2017, the Group had a portfolio of

RMB2.445 billion fixed income investments in aggregate, securing a total contractually guaranteed annual return before tax of approximately RMB290 million, representing an average annualized pre-tax return of approximately 12%.

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

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

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

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

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

The MOU is an agreement of intention. Both parties will negotiate and liaise on detailed terms of the Fund. Legally binding agreements will be entered into after two parties reach accord. The Company will make further announcement in accordance with the Rules Governing the Listing of Securities on the HKEx (the "**Listing Rules**").

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

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

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

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

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

SECURITIES INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at 30 June 2017, 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, chapter 571 of the laws of Hong Kong (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 Listing Rules were as follows:

Long Position in ordinary shares of the Company

	Number of ordinary shares				
Name of Directors	**Personal interest**	**Family interest**	**Corporate interest**	**Total**	**Approximate percentage of the issued share capital**
Li Yao Min	8,352,672	—	—	8,352,672	0.086%
Henry Tan Song Kok	600,000	—	—	600,000	0.006%

Supplementary Information

Save as disclosed above, as at 30 June 2017, 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 2017, to the best of the Directors' knowledge, the following persons or organizations (other than a Director 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 of the Company, which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO:

Long Position in the ordinary shares of the Company

	Number of ordinary shares				
Name of substantial shareholders	**Beneficial interest**	**Corporate interest**	**Other/ Family interests**	**Total**	**Approximate percentage of the issued share capital**
CDBIH[(1)(2)]	5,347,921,071	—	1,468,356,862	6,816,277,933	70.08%
CDB Capital[(1)(2)]	—	5,347,921,071	1,468,356,862	6,816,277,933	70.08%
CDB[(1)(2)]	—	5,347,921,071	1,468,356,862	6,816,277,933	70.08%
SREI[(3)]	1,468,356,862	—	5,347,921,071	6,816,277,933	70.08%
Shi Jian ("**Mr. Shi**")[(4)]	6,104,938	6,816,277,933	1,090	6,822,383,961	70.14%

Notes:

(1) Pursuant to the conditional subscription agreement (the "**Subscription Agreement**") dated 10 October 2013 and entered into between the Company, CDBIH and SREI, CDBIH is deemed under sections 317 and 318 of the SFO to be interested in the 1,468,356,862 ordinary shares of the Company 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 ordinary shares of the Company held by CDBIH and pursuant to the SFO, both CDB and CDB Capital are deemed to be interested in the 1,468,356,862 ordinary shares of the Company in which CDBIH is deemed to be interested.

(3) Pursuant to the Subscription Agreement mentioned in (1), SREI is deemed under sections 317 and 318 of the SFO to be interested in the 5,347,921,071 ordinary shares of the Company held by CDBIH.

(4) Pursuant to Part XV of the SFO, Mr. Shi is deemed interested in a total of 6,816,279,023 ordinary shares of the Company for the following reasons: (i) Mr. Shi is deemed interested in 1,468,356,862 ordinary shares of the Company 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) pursuant to the Subscription Agreement mentioned in (1), SREI is deemed under sections 317 and 318 of the SFO to be interested in 5,347,921,071 ordinary shares of the Company held by CDBIH, and accordingly Mr. Shi is also deemed interested in such Shares which SREI is deemed to be interested; and (iii) Mr. Shi is deemed to be interested in 1,090 ordinary shares of the Company 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 a Director or the chief executive of the Company) who, as at 30 June 2017, had any interest or short position in the shares or underlying shares of the Company, 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 2017.

MOVEMENTS IN SECURITIES

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

Supplementary Information

CORPORATE GOVERNANCE

Corporate governance is the collective responsibility of members of the Board and the Board firmly believes that good corporate governance is fundamental in ensuring proper management of the Company and is in the interests of all of its stakeholders. The Board seeks to identify and formalize the best practices for adoption by the Company on a continuous basis.

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

Board and Board Committee Meetings

Regular Board Meetings

The Board held two regular meetings during the Reporting Period. At these regular meetings, the Board reviewed and discussed matters relating to the different business and financial performance of the Company. In addition, other key matters discussed at these Board meetings included:

- Re-election of the Directors at the 2017 AGM;

- Annual review of the size, structure and composition of the Board;

- Annual review of the corporate governance functions;

- Effectiveness of the risk management and internal control systems for 2016;

- Update on the disposal assets and various investment projects;

- 2016 Annual Report and Financial Statements with recommendation of the same for Shareholders' approval at the 2017 AGM;

- Amendments to the terms of reference of the Audit Committee, remuneration committee and nomination committee of the Board (the "**Remuneration Committee**" and the "**Nomination Committee**", respectively) after delisting from the SGX-ST;

- Amendments to the List of Matters Requiring the Board's Approval; and
- Adjustment of three executive Directors' remunerations.

Board Committee Meetings

A meeting of the Audit Committee was held on 31 March 2017 to consider and review the following:

(i) the 2016 Annual Report and Financial Statements;

(ii) the preliminary announcement of the final results for the year ended 31 December 2016; and

(iii) the amendment of the terms of reference of the Audit Committee.

Two meetings of the Remuneration Committee were held on 31 March 2017 and 23 June 2017, respectively to consider and review the following:

(i) the remuneration packages of the Directors and senior management;

(ii) the adjustment made to three executive Directors' remunerations; and

(iii) the amendment of the terms of reference of the Remuneration Committee.

A meeting of the Nomination Committee was held on 31 March 2017 to consider and review the following:

(i) the independence of the independent non-executive Directors; and

(ii) the amendment of the terms of reference of the Nomination Committee.

Supplementary Information

Pursuant to Rule 13.51(B)(1) of the Listing Rules, the changes in information of Directors subsequent to the date of the 2016 annual report of the Company are set out below:

The Adjustment to the Remunerations of Three Executive Directors

In accordance with the internal policy of CDBC, employees' remunerations are subject to review and adjustment once every two years. After serious review and appraisal, CDBC proposed to adjust the remuneration packages of the three executive Directors appointed by CDBC as follows (the "**Proposed Adjustment**"):

	Adjustment (in RMB)					
	Basic Annual Salary			Bonus		
Name of Directors	**Before**	**After**	**Change**	**Before**	**After**	**Change**
Liu Heqiang	528,315.00	542,784.00	14,469.00	402,910.00	402,910.00	—
Ren Xiaowei	409,800.00	423,840.00	14,040.00	258,732.00	258,732.00	—
Yang Meiyu	409,800.00	420,960.00	11,160.00	258,732.00	258,732.00	—

The remuneration packages of the three executive Directors after the adjustment are as follows:

	(in RMB)			
Name of Directors	**Basic Annual Salary**	**Bonus**	**Total**	**Effective Date**
Liu Heqiang	542,784.00	402,910.00	945,694.00	1 November 2016
Ren Xiaowei	423,840.00	258,732.00	682,572.00	1 April 2016
Yang Meiyu	420,960.00	258,732.00	679,692.00	1 April 2017

The remuneration adjustment proposal had been reviewed by the Remuneration Committee and was recommended to the Board for approval in the Board meeting held on 23 June 2017. The Board resolved to accept the Remuneration Committee's recommendation on the approval of CDBC's Proposed Adjustment with retrospective effect from the above effective dates with a complement to each of the three executive Directors.

Communication With Shareholders

2017 AGM

The 2017 AGM was held on 23 June 2017. The Chairman continued his practice of proposing separate resolutions for each substantially separate matter.

In addition to (i) consideration and adoption of the annual audited consolidated financial statements of the Group and the reports of the Directors and independent auditor of the Company (the "**Independent Auditor**") for the year ended 31 December 2016, (ii) re-appointment of Independent Auditor, and (iii) granting of general mandates for the issue and purchase of the Company's shares, the Shareholders also approved, with more than 99% of votes in favour of each of the following ordinary resolutions and a special resolution:

- re-election of Ms. Yang Meiyu, Mr. Li Yao Min, Mr. Kong Siu Chee, Mr. Zhang Hao, Mr. Wei Wei and Mr. Shi Janson Bing as members of the Board;

- authorisation for the Board to fix the remuneration of the Directors for the year ending 31 December 2017; and

- amendments to the memorandum of association and the articles of association of the Company (the "**M&A**").

All proposed resolutions at the 2017 AGM were passed by way of a poll, and the poll results were posted on the respective websites of the Company (www.china-newtown.com) and the HKEx.

Constitutional Document

Following the delisting of certain issued ordinary shares in the Company from the SGX-ST with effect from 17 February 2017, the Company is no longer required to comply with the Listing Manual of the SGX-ST. In view of such, the Company made amendments to its M&A by deleting relevant terms and contents in relation to the SGX-ST's requirements.

The amendments to the M&A were approved by the Shareholders with a special resolution in the 2017 AGM. The amended M&A (in both English and Chinese) are available on the HKEx's website.

EMPLOYEE AND REMUNERATION POLICY

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

Supplementary Information

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 Listing Rules as its code of conduct governing the Directors' securities transactions. Specific enquiries had been made by the Company with all Directors who have confirmed that they had complied with the required standard as set out in the Model Code during the Reporting Period.

Senior managers, other nominated managers and staff who, because of their office in the Company, are likely to be in possession of Inside Information (which term shall bear the same meaning as in the SFO) of the Company, have also been requested to comply with the provisions of 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 internal control 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 its gratitude to our strategic investors and Shareholders for their trust and support and to offer its heartfelt thanks to all Directors, executives and staff members in the Group for their team spirit and loyalty.

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

Hong Kong, 11 August 2017