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*This presentation contains projections and forward-looking statements regarding the Group's objectives and expectations with respect to property development plans, and its opportunities and business prospects. Such forward-looking statements are not guarantees of future performance of the Group and are subject to factors that could cause actual results and company plans and objectives to differ materially from those expressed in the forward-looking statements. These factors include, but are not limited to, timing and price of sales of land in public bidding process; adverse changes in the Chinese economy and property market; fluctuations in the availability and pricing of residential and commercial properties; performance of construction and other contractors; and competition. The Group undertakes no obligation to update or revise any forward-looking statements to reflect subsequent events or circumstances.*

## **CHINA NEW TOWN DEVELOPMENT COMPANY LIMITED**

(Incorporated as a business company limited by shares under the laws of the British Virgin Islands)

(Company Registration Number: 1003373)

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Unaudited Second Quarter and First Half Year Financial Statements for the Financial Period Ended 30 June 2008

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### **PART I – INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS**

**1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**1(a)(i) Income Statement for second quarter and first half year ended 30 June 2008**

Group	2Q 2008	2Q 2007	Increase (Decrease)	6 months	6 months	Increase (Decrease)
	1 Apr 2008 to 30 June 2008	1 Apr 2007 to 30 June 2007		ended 30 June 2008	ended 30 June 2007	
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	60,564	24,791	144	443,696	333,893	33
Cost of sales	(45,270)	(21,052)	115	(190,946)	(170,013)	12
<b>Gross profit</b>	15,294	3,739	309	252,750	163,880	54
Other income	4,131	13,860	(70)	11,353	62,918	(82)
Selling and distribution costs	(9,116)	(9,542)	(4)	(19,113)	(18,848)	1
Administrative expenses	(28,204)	(19,181)	47	(52,453)	(36,045)	46
Other expenses	(12,674)	(8,704)	46	(15,973)	(18,059)	(12)
Decrease in fair values of convertible bonds	-	23,354	(100)	-	23,354	(100)
Increase in fair values of investment properties	-	-	-	-	9,351	(100)
<b>Operating profit/(loss)</b>	<b>(30,569)</b>	<b>3,526</b>	<b>(967)</b>	<b>176,564</b>	<b>186,551</b>	<b>(5)</b>

Group	2Q 2008	2Q 2007	Increase (Decrease)	6 months	6 months	Increase (Decrease)
	1 Apr 2008 to 30 June 2008	1 Apr 2007 to 30 June 2007		ended	ended	
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Finance costs	(39,532)	(87,150)	(55)	(104,920)	(147,406)	(29)
<b>Profit/(loss) before tax</b>	<b>(70,101)</b>	<b>(83,624)</b>	<b>(16)</b>	<b>71,644</b>	<b>39,145</b>	<b>83</b>
Income tax	2,564	17,279	(85)	(38,195)	(7,688)	397
<b>Profit/(loss) after tax</b>	<b>(67,537)</b>	<b>(66,345)</b>	<b>2</b>	<b>33,449</b>	<b>31,457</b>	<b>6</b>
Attributable to:						
Equity holders of the Company	(55,513)	(56,878)	(2)	7,874	1,280	515
Minority interests	(12,024)	(9,467)	27	25,575	30,177	(15)
	<b>(67,537)</b>	<b>(66,345)</b>	<b>2</b>	<b>33,449</b>	<b>31,457</b>	<b>6</b>

Note: The results do not include mark-to-market valuation loss of the put option (associated with the CB2), which will be recorded in the 3<sup>rd</sup> quarter of 2008 (see Note 15).

#### 1(a)(ii) Notes to the income statement

##### a) Revenue, other income and other expenses

###### Revenue

	2Q 2008	2Q 2007	Increase (Decrease)	6 months	6 months	Increase (Decrease)
	1 Apr 2008 to 30 June 2008	1 Apr 2007 to 30 June 2007		ended	ended	
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Development of land infrastructure	37,966	2,196	1,629	430,789	306,934	40
Hotel operations	7,573	8,115	(7)	15,322	19,110	(20)
Golf course operations	15,507	14,155	10	24,020	24,919	(4)
Golf club membership fees	3,630	2,974	22	7,077	5,672	25
Investment property leasing	1,050	1,346	(22)	2,100	2,762	(24)
Others	948	627	51	2,012	944	113
Less: Business tax and surcharges	(6,110)	(4,622)	32	(37,624)	(26,448)	42
	<b>60,564</b>	<b>24,791</b>	<b>144</b>	<b>443,696</b>	<b>333,893</b>	<b>33</b>

###### Other income

	2Q 2008	2Q 2007	Increase (Decrease)	6 months	6 months	Increase (Decrease)
	1 Apr 2008 to 30 June 2008	1 Apr 2007 to 30 June 2007		ended	ended	
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Government grant - interest subsidy	-	-	-	-	46,486	(100)
Foreign exchange gain, net	-	337	(100)	-	337	(100)
Interest income	3,386	13,524	(75)	8,283	15,757	(47)
Others	745	(1)	746	3,070	338	808
	<b>4,131</b>	<b>13,860</b>	<b>(70)</b>	<b>11,353</b>	<b>62,918</b>	<b>(82)</b>

## Other expenses

	2Q 2008 1 Apr 2008 to 30 June 2008	2Q 2007 1 Apr 2007 to 30 June 2007	Increase (Decrease)	6 months ended 30 June 2008	6 months ended 30 June 2007	Increase (Decrease)
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Foreign exchange loss, net	12,360	8,368	48	14,822	17,482	(15)
Bank charges	305	400	(24)	519	577	(10)
Others	9	(64)	114	632	-	N/A
	12,674	8,704	46	15,973	18,059	(12)

## b) Expenses by business units

	2Q 2008 1 Apr 2008 to 30 June 2008	2Q 2007 1 Apr 2007 to 30 June 2007	Increase (Decrease)	6 months ended 30 June 2008	6 months ended 30 June 2007	Increase (Decrease)
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Development of land infrastructure:	24,243	1,007	2,307	149,142	130,442	14
Hotel operations	9,336	9,311	0	18,761	19,003	(1)
Golf course operations	5,141	4,861	6	9,719	8,699	12
Golf club membership fees	5,167	5,073	2	10,323	10,126	2
Others	1,383	800	73	3,001	1,743	72
	45,270	21,052	115	190,946	170,013	12

## c) Finance costs

	2Q 2008 1 Apr 2008 to 30 June 2008	2Q 2007 1 Apr 2007 to 30 June 2007	Increase (Decrease)	6 months ended 30 June 2008	6 months ended 30 June 2007	Increase (Decrease)
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Interest on bank and borrowings	32,942	27,927	18	64,286	56,559	14
Interest on convertible bonds	65,888	60,419	9	130,549	92,043	42
Less: Interest capitalised	(59,298)	(1,196)	4,858	(89,915)	(1,196)	7,418
	39,532	87,150	(55)	104,920	147,406	(29)

**1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of immediately preceding financial year.**

**Balance Sheets as at 30 June 2008**

(In RMB'000)	Group		Company	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
<b>Non-current assets</b>				
Investments in subsidiaries	-	-	3,755,445	3,386,846
Investments in associated companies	200	200	-	-
Property, plant and equipment	1,265,042	1,276,038	272	164
Investment properties	845,000	845,000	-	-
Property under development for long-term investment	123,510	85,336	-	-
Prepaid land lease payments	480,502	326,070	-	-
Non-current trade receivables	78,043	78,043	-	-
Deferred tax assets	2,141	3,157	-	-
Other assets	41,437	40,768	-	-
	<u>2,835,875</u>	<u>2,654,612</u>	<u>3,755,717</u>	<u>3,387,010</u>
<b>Current assets</b>				
Land infrastructure under development for sale	3,049,010	2,633,604	-	-
Inventories	3,684	3,781	-	-
Amounts due from subsidiaries	-	-	209,681	48,494
Amounts due from related parties	1,767	1,755	-	-
Prepayments and other receivables	50,737	27,193	406	166
Trade receivables	1,015,462	553,017	-	-
Cash and bank balances	1,055,080	1,750,256	564,177	1,037,563
<b>Total current assets</b>	<u>5,175,740</u>	<u>4,969,606</u>	<u>774,264</u>	<u>1,086,223</u>
<b>Total assets</b>	<u>8,011,615</u>	<u>7,624,218</u>	<u>4,529,981</u>	<u>4,473,233</u>
<b>Equity</b>				
Equity attributable to equity holders of the Company:				
Share capital	1,891,080	1,891,080	1,891,080	1,891,080
Other reserves	435,976	435,976	1,769,389	1,769,389
Retained earnings(Accumulated losses)	(149,379)	(157,253)	(368,565)	(308,962)
Minority interests	526,483	500,908	-	-
<b>Total equity</b>	<u>2,704,160</u>	<u>2,670,711</u>	<u>3,291,904</u>	<u>3,351,507</u>
<b>Non-current liabilities</b>				
Interest-bearing bank borrowings	-	-	-	-
Convertible bonds - host debts	-	-	-	-
Convertible bonds - embedded derivatives	-	-	-	-
Deferred income from sale of golf club membership	536,275	487,224	-	-
Deferred tax liabilities	103,788	103,788	-	-
Other non-current liabilities	-	-	-	-
	<u>640,063</u>	<u>591,012</u>	<u>-</u>	<u>-</u>

**Balance Sheets as at 30 June 2008 (continued)**

(In RMB'000)	Group		Company	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
<b>Current liabilities</b>				
Trade payables	1,100,010	832,167	-	-
Other payables and accruals	221,750	105,458	25,777	8,966
Amounts due to related parties	31	1,017	-	-
Advances from customers	3,388	2,571	-	-
Interest-bearing bank borrowings	1,619,000	1,640,000	-	-
Other borrowings	-	350,000	-	-
Deferred income arising from construction of ancillary public facilities	305,211	141,849	-	-
Convertible bonds - host debts	1,201,400	1,101,860	1,201,400	1,101,860
Convertible bonds - embedded derivatives	10,900	10,900	10,900	10,900
Current income tax liabilities	205,702	176,673	-	-
<b>Total current liabilities</b>	<b>4,667,392</b>	<b>4,362,495</b>	<b>1,238,077</b>	<b>1,121,726</b>
<b>Total liabilities</b>	<b>5,307,455</b>	<b>4,953,507</b>	<b>1,238,077</b>	<b>1,121,726</b>
<b>Total equity and liabilities</b>	<b>8,011,615</b>	<b>7,624,218</b>	<b>4,529,981</b>	<b>4,473,233</b>

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

**i) Borrowings**

Group	30 June 2008 RMB'000	31 December 2007 RMB'000
Bank loans – collateralised	1,619,000	1,640,000
Bank loans – guaranteed	-	-
Bank loans – unsecured	-	-
	<b>1,619,000</b>	<b>1,640,000</b>

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

The bank borrowings are repayable as follows:

	30 June 2008 RMB'000	31 December 2007 RMB'000
	<b>1,619,000</b>	<b>1,640,000</b>

**b) Amount repayable after one year**

Nil

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

See table above.

d) **Details of any collateral.**

As at 31 December 2007, bank borrowings of RMB1,640 million were collateralised by pledges of the Group's property, plant and equipment, investment properties and prepaid land lease payments, whose net carrying amounts at 31 December 2007 were RMB715,052 thousand, RMB845,000 thousand and RMB315,070 thousand, respectively.

Principal of RMB21,000 thousand of the outstanding bank borrowings was repaid during the first half year 2008.

ii) **Convertible bonds**

(In RMB'000)	As at 30 June 2008		
	CB1	CB2	Total
Embedded derivatives (at fair value through profit or loss)	-	10,900	10,900
Host debts (carried at amortised cost)	-	1,201,400	1,201,400
	<u>-</u>	<u>1,212,300</u>	<u>1,212,300</u>

**Notes:**

**CB1** U.S.\$12,173,833.93 zero coupon convertible note (or RMB94,712,427.28, as re-denominated by a supplemental agreement dated 1 July 2007), which has been fully converted upon IPO.

**CB2** RMB1,239,600,000 aggregate principal amount 5.0% U.S.Dollar settled convertible bonds due on 13 February 2010.

(In RMB'000)	As at 31 December 2007		
	CB1	CB2	Total
Embedded derivatives (at fair value through profit or loss)	-	10,900	10,900
Host debts (carried at amortised cost)	-	1,101,860	1,101,860
	<u>-</u>	<u>1,112,760</u>	<u>1,112,760</u>

The movements of the carrying amounts of host debts in CB1 and CB2 in the first half year 2008 are as follows:

(In RMB'000)	6 months ended 30 June 2008		
	CB1	CB2	Total
Carrying amount of host debt at beginning of year	-	1,101,860	1,101,860
Interest expense	-	130,549	130,549
Interest paid	-	(31,009)	(31,009)
Carrying amounts of host debts at end of 30 June 2008	<u>-</u>	<u>1,201,400</u>	<u>1,201,400</u>

The fair value movements for derivatives embedded in CB1 and CB2 for the first half year 2008 are as follows:

(In RMB'000)	6 months ended 30 June 2008		
	CB1	CB2	Total
At beginning of year	-	10,900	10,900
Fair value (decrease)/increase	-	-	-
At end of 30 June 2008	<u>-</u>	<u>10,900</u>	<u>10,900</u>

On 31 July 2008, we have entered into agreements with the bondholders of RMB1,239,600,000 5% USD settled convertible bonds to exchange all of the outstanding Convertible Bonds at 135% of principal by a combination of cash, new shares and newly issued senior notes. Please see Note 15.

**1(c)(i) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**Consolidated Cash Flow Statement**

	2Q 2008 1 Apr 2008 to 30 June 2008	2Q 2007 1 Apr 2007 to 30 June 2007	6 months ended 30 June 2008	6 months ended 30 June 2007
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Cash flows from operating activities</b>				
Profit/(Loss) before tax	(70,101)	(83,624)	71,644	39,145
Adjustments for:				
Depreciation of property, plant and equipment	16,284	14,555	28,487	28,882
Amortisation of prepaid land lease payments	2,082	2,083	4,165	4,165
Gain on disposal of investment properties	-	-	-	(338)
Fair value gain on investment properties	-	-	-	(9,351)
Fair value gains on embedded derivatives within convertible bonds	-	(23,354)	-	(23,354)
Foreign exchange loss	12,360	8,368	14,822	17,482
Interest income	(3,386)	(13,524)	(8,283)	(15,757)
Interest expense	62,732	87,150	128,120	147,406
	19,971	(8,346)	238,955	188,280
Increase in restricted bank deposits	-	(263)	-	(326)
Increase in land infrastructure under development for sale	(565,981)	(272,135)	(508,362)	(134,802)
(Increase)/Decrease in inventories	52	(720)	97	(1,164)
(Increase)/Decrease in amounts due from related parties	-	(81)	(12)	1,488
Increase in prepayments and other current assets	(42,949)	(14,176)	(23,197)	(22,004)
(Increase)/Decrease in trade receivables	(640,480)	131,644	(462,445)	103,431
Increase in deferred income	212,413	46,423	212,413	61,743
Increase/(Decrease) in trade and other payables	1,105,386	(24,384)	447,101	(45,572)
Decrease in amounts due to related parties	-	(25,614)	(986)	(35,748)
<b>Net cash inflow/(outflow) from operating activities</b>	<u>88,412</u>	<u>(167,652)</u>	<u>(96,436)</u>	<u>115,326</u>

## Consolidated Cash Flow Statement (continued)

	2Q 2008 1 Apr 2008 to 30 June 2008	2Q 2007 1 Apr 2007 to 30 June 2007	6 months ended 30 June 2008	6 months ended 30 June 2007
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Cash flows from investing activities</b>				
Purchases/constructions of property, plant and equipment	(66,142)	(1,144)	(67,445)	(29,521)
Receipt/ (payment) for properties under development for long-term investments/investment properties	600	(2,883)	(43,720)	(1,468)
Interest received	3,386	13,524	8,283	15,757
<b>Net cash (outflow)/inflow from investing activities</b>	<b>(62,156)</b>	<b>9,497</b>	<b>(102,882)</b>	<b>(15,232)</b>
<b>Cash flows from financing activities</b>				
Issue of shares in subsidiaries to minority shareholders	-	-	-	57,233
Proceeds from issuance of convertible bonds	-	-	-	1,193,710
Repayment of borrowings	(13,000)	-	(21,000)	(350,000)
Repayment of loans to related parties	-	-	(350,000)	-
Restricted cash for convertible bonds coupon	(26,717)	-	(26,717)	(63,754)
Interest paid	(31,666)	(28,013)	(93,097)	(58,153)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>(71,383)</b>	<b>(28,013)</b>	<b>(490,814)</b>	<b>779,036</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(45,127)</b>	<b>(186,168)</b>	<b>(690,132)</b>	<b>879,130</b>
<b>Net foreign exchange difference</b>	<b>2,462</b>	<b>(6,007)</b>	<b>-</b>	<b>(18,887)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>1,071,028</b>	<b>1,221,566</b>	<b>1,718,495</b>	<b>169,148</b>
<b>Cash and cash equivalents at end of period</b>	<b>1,028,363</b>	<b>1,029,391</b>	<b>1,028,363</b>	<b>1,029,391</b>

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**Statements of changes in equity**

**Group**

**6 months ended 30 June 2007**

(In RMB'000)

	Equity attributable to equity holders of the Company					Total equity
	Share Capital	Other reserves	Retained earnings (accumulated losses)	Total	Minority interests	
Balance as at 1 January 2007	78	224,032	130,100	354,210	309,683	663,893
Profit for the period	-	-	58,158	58,158	39,644	97,802
Issue of shares to minority shareholders	-	-	-	-	57,233	57,233
Balance as at 31 March 2007	78	224,032	188,258	412,368	406,560	818,928
Loss for the period	-	-	(56,878)	(56,878)	(9,467)	(66,345)
Balance as at 30 June 2007	78	224,032	131,380	355,490	397,093	752,583

**6 months ended 30 June 2008**

(In RMB'000)

	Equity attributable to equity holders of the Company					Total equity
	Share Capital	Other reserves	Retained earnings (accumulated losses)	Total	Minority interests	
Balance as at 1 January 2008	1,891,080	435,976	(157,253)	2,169,803	500,908	2,670,711
Profit for the period	-	-	63,387	63,387	37,599	100,986
Balance as at 31 March 2008	1,891,080	435,976	(93,866)	2,233,190	538,507	2,771,697
Loss for the period	-	-	(55,513)	(55,513)	(12,024)	(67,537)
Balance as at 30 June 2008	1,891,080	435,976	(149,379)	2,177,677	526,483	2,704,160

**The Company**

**6 months ended 30 June 2007**

	Share capital	Other reserves	Accumulated losses	Total
Balance as at 1 January 2007	78	1,557,445	(539)	1,556,984
Loss for the period	-	-	(47,461)	(47,461)
Balance as at 31 March 2007	78	1,557,445	(48,000)	1,509,523
Loss for the period	-	-	(24,151)	(24,151)
Balance as at 30 June 2007	78	1,557,445	(72,151)	1,485,372

## Statements of changes in equity (continued)

### The Company

#### 6 months ended 30 June 2008

	Share capital	Other reserves	Accumulated losses	Total
Balance as at 1 January 2008	1,891,080	1,769,389	(308,962)	3,351,507
Loss for the period	-	-	(36,377)	(36,377)
Balance as at 31 March 2008	1,891,080	1,769,389	(345,339)	3,315,130
Loss for the period	-	-	(23,226)	(23,226)
Balance as at 30 June 2008	<u>1,891,080</u>	<u>1,769,389</u>	<u>(368,565)</u>	<u>3,291,904</u>

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There has been no change in the Company's share capital since the end of the previous period reported on.

The numbers of shares (after adjusting for the sub-division of one existing share into 75,000 shares (the "Share Split") upon IPO) that may be issued on conversion of all the outstanding convertibles as at 30 June 2008 and as at 30 June 2007 are as follows:

	As at	As at
	30 June 2008	30 June 2007
	No. of Shares	No. of Shares
Shares issued pursuant to the full conversion of the CB1 (Note A)	--	265,125,000
Shares to be issued pursuant to the full conversion of the CB2 (Note B)	618,525,000	681,075,000
Shares to be issued pursuant to the release of all the awards granted under the management grant	27,750,000	--
<b>Total</b>	<b>646,275,000</b>	<b>946,200,000</b>

**Notes**

**A:** On 20 December 2006, the Company issued CB1 to Sinopower Investment Limited ("Sinopower"). On 13 November 2007, the Company had allotted and issued 265,125,000 shares (after adjusting for the Share Split) to Sinopower pursuant to the conversion of the CB1.

**B:** On 13 February 2007, the Company issued CB2 to various third-party investors. On 5 November 2007, the Company had allotted and issued 62,550,000 shares (after adjusting for the Share Split) to one of the investors pursuant to the partial conversion of the CB2. As at 30 June 2008, the unissued shares relating to the CB2 are 618,525,000 shares.

For further details on the CB1, CB2 and management grant, please refer to the Company's prospectus dated 5 November 2007 and Annual Report 2007.

Except as disclosed above, the Company had no other outstanding convertibles as at 30 June 2008 and 30 June 2007.

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	As at 30 June 2008	As at 31 December 2007
	No. of Shares	No. of Shares
Total number of issued shares excluding treasury shares	1,401,025,000	1,401,025,000

**1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

**2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited nor reviewed by the auditors.

**3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

**4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as compared with the most recently audited financial statements for the financial year ended 31 December 2007.

**5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group and the Company have adopted all the new and revised International Financial Reporting Standards ("IFRSs") that are relevant in the current financial period. The adoption of these new/revised IFRSs has no material effect on the financial statements.

**6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

		Group			
		2Q from 1 Apr 2008 to 30 June 2008	2Q from 1 Apr 2007 to 30 June 2007	6 months ended 30 June 2008	6 months ended 30 June 2007
	Earning per ordinary share for the year based on profit attributable to shareholders after deducting any provision for preference dividends				
(i)	Based on the weighted average number of ordinary shares on issue (RMB)	(0.0396)	(0.0758)	0.0056	0.0017
(ii)	On a fully diluted basis (RMB)	(0.0396)	(0.0758)	0.0056	(0.0031)

The calculation of basic earnings per share amounts is based on the profit attributable to ordinary equity holders of the Company for the period ended 30 June 2007 and the period ended 30 June 2008.

A diluted earnings per share amounts is calculated by dividing the profit attributable to ordinary equity holders of the Company (after adjusting income statement effects of dilutive convertible bonds) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

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

	2Q from 1 Apr 2008 to 30 June 2008	2Q from 1 Apr 2007 to 30 June 2007	6 months ended 30 June 2008	6 months ended 30 June 2007
	RMB'000	RMB'000	RMB'000	RMB'000
Profit/(Loss) attributable to	(55,513)	(56,878)	7,874	1,280
ordinary equity holders of the Company				
Add/(Less): Exchange gain and change in fair value of the embeded derivative, net of interest expenses of the dilutive convertible bond	6,590	(8,110)	40,634	(4,475)
Profit/ (Loss) attributable to ordinary equity holders of the parent adjusted for effect of dilutive convertible bond	(48,923)	(64,988)	48,508	(3,195)
Weighted average number of ordinary shares outstanding	1,401,025,000	750,000,000	1,401,025,000	750,000,000
Add: Weighted average number of ordinary shares resulting from conversion of the dilutive convertible bond(2Q2007)/stock option(2Q2008)	27,750,000	265,125,000	27,750,000	265,125,000
Number of ordinary shares used to calculate the diluted earnings per share	1,428,775,000	1,015,125,000	1,428,775,000	1,015,125,000

Management Stock Option Plan is treated as options and outstanding from the date of grant. Since it is anti-dilutive, then it has not been included in the dilutive EPS calculation.

The calculation of weighted average number of ordinary shares does not take into account the effect of the potential repurchase of the convertible bonds as stated in Note 15.

**7 Net asset value (for the issuer and the group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:- (a) current financial period reported on; and (b) immediately preceding financial year.**

	Group		Company	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
Net asset value per ordinary share based on the total number of issued shares excluding treasury shares of the issuer as at the end of the period reported on (RMB, after share split)	1.9301	1.9063	2.3496	2.3922

**8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

## Operating Results

Our results of operations are primarily driven by the frequency and achieved selling prices of public auction of land use rights. Owing to the strict implementation of austerity measures since early 2007, land auction schedule across the country has significantly slowed down. Despite the delay in land supply, demand for developable land parcels in our projects remained resilient.

During the period concerned, we have handed over one residential plot from our Shanghai project in January 2008 and two residential plots from our Shenyang project in March 2008 for public listing. These three plots together with some brought forward revenue from one residential plot from Wuxi project delivered in November 2007 contributed RMB430 million of revenue to the Group.

During the same period concerned, the net finance costs were reduced by 55% from the 2Q and 29% from the first 6 months as a result of increasing capitalization of interest expenses in line with increased construction work. The extent of capitalization will rise further over time as more funds are put to construction works.

## Liquidity

During the period, we have repaid Rmb21 million of the Shanghai project loan and reached agreements with the Agricultural Bank of China, sole lender of the Shanghai project loan, to renew the principal annually at the end of every calendar year.

See also Subsequent Events (Note 15).

**9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

**10 A commentary at the date of this announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

While the austerity measures remain in place, the physical property market across the nation continue to be challenging. Both volume and prices stay low. It is, however, noteworthy that the Shanghai City government has reinitiated the public land listings in June and five batches of various types of land parcels have been released for public bidding so far. Reasonable amount of enquiries has been received by the land reserve centers.

The financial markets and global economic environment continued to be fragile with the US sub prime crisis and continued uncertainties in US economy. Market sentiments in the property market in general will remain cautious until sustained recovery of financial and economic markets. This has an impact on valuation that can be achieved for any fund raising efforts.

On 31 July 2008, we have entered into agreements with the bondholders of RMB1,239,600,000 5% USD settled convertible bonds to exchange all of the outstanding Convertible Bonds at 135% of principal by a combination of cash, new shares and newly issued senior notes. Please see Note 15.

**11 Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on? **No**

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year?

**No**

**(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated)**

Not applicable

**(d) Date payable**

Not applicable

**(e) Books closure date**

Not applicable

**12 If no dividend has been declared/recommendeded, a statement to that effect.**

No dividend has been declared or recommended for the second quarter ended 30 June 2008.

**13 Proceeds from initial public listing ("IPO")**

As of 30 June 2008, the proceeds from the IPO had not been substantially utilized. Of the amount raised, RMB 315 million had been applied for the Wuxi project, mainly for the relocation of residents and the balance of the IPO proceeds are still placed as deposits with banks. The Group's other capital expenditures are funded from internal resources.

**14 Negative assurance confirmation by the Board of Directors pursuant to Rule 705 (4) of the Listing Manual of the Singapore Exchange Securities Trading Limited**

The Directors of the Company confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the interim unaudited financial statements of China New Town Development Company Limited for the second quarter ended 30 June 2008 presented in this announcement to be false or misleading in any material aspect.

**15 Subsequent events**

One residential plot from the Shanghai Luodian Project was listed on 30 June 2008. The site area of land parcel (a2-2) is approximately 62,859 square meters. The bidding is expected to close on 8 August 2008. Firm bids have been received. Based on the last achieved price of RMB3,700 psm in January 2008, the sale may contribute revenue of Rmb190 million or gross profit over Rmb100 million in the 3Q.

Another residential plot from the Shanghai Luodian Project was listed on 14 July 2008. The site area of this land parcel (a2-3) is approximately 29,966 square meters. The bidding is expected to close on 31 August 2008.

On 31 July 2008, the Company entered into agreements with the bondholders of RMB1,239,600,000 5% USD settled convertible bonds issued on 13 February 2007 (CB2), to exchange all the outstanding principal for a combination of: a) US Dollar equivalent of RMB639,495,000 in cash; b) a 17.75% high yield note with a principal amount of RMB 593,300,000 together with a grant of 80 million shares of the Company; and c) 525 million shares ("Exchange Shares") of the Company. In connection with such agreements, SRE Investment Holdings Limited ("SRE Investment"), controlling shareholder of SRE Group Limited, substantial shareholder of the Company, will issue to the bondholders a top-up arrangement, under which the bondholders may request SRE Investment or such related entity to purchase the Exchange Shares at Singapore Dollar 0.165 per share on the third anniversary of the issuance of the Exchange Shares.

Upon the effective date of the agreements, the Company will:

- i) derecognize the CB2 being extinguished under the agreements;
- ii) recognize new instruments issued by the Company, i.e. high yield note and shares considerations, at their fair values;
- iii) recognize a capital contribution from SRE Investment as a result of the top-up arrangement granted by SRE Investment to the bondholders in connection with the agreement;
- iv) allocate the aggregate fair values of all consideration paid by the Company and the top-up arrangement granted by SRE Investment to the bondholders to the liability (host debt and top-up arrangement embedded in CB2) and equity (conversion option of CB2) components of CB2; the difference between fair value allocated to liability components and their carrying amounts is recognized in profit and loss.

Upon completion of the transaction, the total financial impact to the 3<sup>rd</sup> quarter profit and loss account (arising from this transaction) is estimated to be loss of RMB220.7 million, which comprises RMB227.8 million loss (resulted from mark-to-market valuation of the put option associated with the CB2 before the repurchase) and RMB7.1 million gains (arising from extinguishment of the CB2).

The initial public offering of the Company's shares was jointly sponsored by Citigroup Global Markets Singapore Pte. Ltd. and Deutsche Bank AG, Singapore Branch.

By order of the Board

Cheng Wai Ho  
Chief Financial Officer/ Executive Director

1 August 2008