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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)

Unaudited Third Quarter and Nine Months Financial Statements for the Financial Period Ended 30 September 2008

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 third quarter and nine months ended 30 September 2008

Group	3Q 2008	3Q 2007	Increase (Decrease)	9 months	9 months	Increase (Decrease)
	1 Jul 2008 to 30 Sep 2008	1 Jul 2007 to 30 Sep 2007		ended 30 Sep 2008	ended 30 Sep 2007	
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	357,058	22,951	1,456	800,754	356,844	124
Cost of sales	(136,881)	(20,894)	555	(327,827)	(190,907)	72
Gross profit	220,177	2,057	10,604	472,927	165,937	185
Other income	3,699	5,178	(29)	15,052	68,096	(78)
Selling and distribution costs	(8,263)	(9,652)	(14)	(27,376)	(28,500)	(4)
Administrative expenses	(49,797)	(21,056)	136	(102,250)	(57,101)	79
Other expenses	(16,352)	(19,164)	(15)	(32,325)	(37,223)	(13)
Loss on convertible bonds other than interest cost, net	(287,343)	(129,543)	122	(287,343)	(106,189)	171
(Decrease)/Increase in fair values of investment properties	(400,000)	4,000	(10,100)	(400,000)	13,351	(3,096)
Operating profit/(loss)	(537,879)	(168,180)	220	(361,315)	18,371	(2,067)

Group	3Q 2008	3Q 2007	Increase (Decrease)	9 months	9 months	Increase (Decrease)
	1 Jul 2008 to 30 Sep 2008	1 Jul 2007 to 30 Sep 2007		ended	ended	
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Finance costs	(34,249)	(76,382)	(55)	(139,169)	(223,788)	(38)
Profit/(loss) before tax	(572,128)	(244,562)	134	(500,484)	(205,417)	144
Income tax	56,405	14,728	283	18,210	7,040	1,587
Profit/(loss) after tax	(515,723)	(229,834)	124	(482,274)	(198,377)	143
Attributable to:						
Equity holders of the Company	(467,332)	(220,252)	112	(459,458)	(218,972)	110
Minority interests	(48,391)	(9,582)	405	(22,816)	20,595	211
	(515,723)	(229,834)	124	(482,274)	(198,377)	143

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

a) Revenue, other income and other expenses

Revenue

	3Q 2008	3Q 2007	Increase (Decrease)	9 months	9 months	Increase (Decrease)
	1 Jul 2008 to 30 Sep 2008	1 Jul 2007 to 30 Sep 2007		ended	ended	
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Development of land infrastructure	359,205	1,570	22,779	789,995	308,504	156
Hotel operations	7,799	7,274	7	23,121	26,384	(12)
Golf course operations	14,468	13,736	5	38,488	38,655	(0)
Golf club membership fees	4,000	2,740	46	11,077	8,412	32
Investment property leasing	1,050	1,409	(25)	3,150	4,171	(24)
Others	1,295	527	146	3,307	1,471	125
Less: Business tax and surcharges	(30,759)	(4,305)	614	(68,384)	(30,753)	122
	357,058	22,951	1,456	800,754	356,844	124

Other income

	3Q 2008	3Q 2007	Increase (Decrease)	9 months	9 months	Increase (Decrease)
	1 Jul 2008 to 30 Sep 2008	1 Jul 2007 to 30 Sep 2007		ended	ended	
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Government grant - interest subsidy	-	-	-	-	46,486	(100)
Foreign exchange gain, net	-	(337)	(100)	-	-	-
Interest income	2,668	5,492	(51)	10,951	21,249	(48)
Others	1,031	23	4,383	4,101	361	1,036
	3,699	5,178	(29)	15,052	68,096	(78)

Other expenses

	3Q 2008 1 Jul 2008 to 30 Sep 2008	3Q 2007 1 Jul 2007 to 30 Sep 2007	Increase (Decrease)	9 months ended 30 Sep 2008	9 months ended 30 Sep 2007	Increase (Decrease)
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Foreign exchange loss, net	15,890	19,346	(18)	30,712	36,828	(17)
Bank charges	462	(182)	354	981	395	148
Others	-	-	-	632	-	N/A
	16,352	19,164	(15)	32,325	37,223	(13)

b) Expenses by business units

	3Q 2008 1 Jul 2008 to 30 Sep 2008	3Q 2007 1 Jul 2007 to 30 Sep 2007	Increase (Decrease)	9 months ended 30 Sep 2008	9 months ended 30 Sep 2007	Increase (Decrease)
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Development of land infrastructure	115,620	702	16,370	264,762	131,144	102
Hotel operations	9,327	9,339	(0)	28,087	28,342	(1)
Golf course operations	5,173	4,845	7	14,892	13,544	10
Golf club membership fees	5,194	5,096	2	15,518	15,222	2
Others	1,567	912	72	4,568	2,655	72
	136,881	20,894	555	327,827	190,907	72

c) Finance costs

	3Q 2008 1 Jul 2008 to 30 Sep 2008	3Q 2007 1 Jul 2007 to 30 Sep 2007	Increase (Decrease)	9 months ended 30 Sep 2008	9 months ended 30 Sep 2007	Increase (Decrease)
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Interest on bank and borrowings	31,647	29,115	9	95,932	85,674	12
Interest on convertible bonds	37,545	58,498	(36)	168,094	150,541	12
Interest on high yield notes	6,204	-	N/A	6,204	-	N/A
Less: Interest capitalised	(41,147)	(11,231)	266	(131,061)	(12,427)	955
	34,249	76,382	(55)	139,169	223,788	(38)

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 September 2008

(In RMB'000)	Group		Company	
	30 September 2008	31 December 2007	30 September 2008	31 December 2007
Non-current assets				
Investments in subsidiaries	-	-	3,755,445	3,386,846
Investments in associated companies	200	200	-	-
Property, plant and equipment	1,305,616	1,276,038	340	164
Investment properties	445,000	845,000	-	-
Property under development for long-term investment	129,512	85,336	-	-
Prepaid land lease payments	478,419	326,070	-	-
Non-current trade receivables	111,515	78,043	-	-
Deferred tax assets	2,141	3,157	-	-
Other assets	32,640	40,768	-	-
	<u>2,505,043</u>	<u>2,654,612</u>	<u>3,755,785</u>	<u>3,387,010</u>
Current assets				
Land infrastructure under development for sale	3,148,023	2,633,604	-	-
Inventories	4,224	3,781	-	-
Amounts due from subsidiaries	-	-	181,316	48,494
Amounts due from related parties	1,767	1,755	-	-
Prepayments and other receivables	34,362	27,193	200	166
Trade receivables	1,277,535	553,017	-	-
Cash and bank balances	274,875	1,750,256	49,283	1,037,563
Total current assets	<u>4,740,786</u>	<u>4,969,606</u>	<u>230,799</u>	<u>1,086,223</u>
Total assets	<u>7,245,829</u>	<u>7,624,218</u>	<u>3,986,584</u>	<u>4,473,233</u>
Equity				
Equity attributable to equity holders of the Company:				
Share capital	2,115,240	1,891,080	2,115,240	1,891,080
Treasury shares	(179)	-	(179)	-
Other reserves	587,786	435,976	1,921,199	1,769,389
Retained earnings/(Accumulated losses)	(616,711)	(157,253)	(706,888)	(308,962)
Minority interests	478,092	500,908	-	-
Total equity	<u>2,564,228</u>	<u>2,670,711</u>	<u>3,329,372</u>	<u>3,351,507</u>
Non-current liabilities				
High yield notes	520,282	-	520,282	-
Deferred income from sale of golf club membership	577,842	487,224	-	-
Deferred tax liabilities	3,788	103,788	-	-
	<u>1,101,912</u>	<u>591,012</u>	<u>520,282</u>	<u>-</u>

Balance Sheets as at 30 September 2008 (continued)

(In RMB'000)	Group		Company	
	30 September 2008	31 December 2007	30 September 2008	31 December 2007
Current liabilities				
Trade payables	1,033,302	832,167	-	-
Other payables and accruals	277,908	105,458	27,115	8,966
Amounts due to related parties	31	1,017	-	-
Advances from customers	114,126	2,571	109,815	-
Interest-bearing bank borrowings	1,588,000	1,640,000	-	-
Other borrowings	-	350,000	-	-
Deferred income arising from construction of ancillary public facilities	308,901	141,849	-	-
Convertible bonds - host debts	-	1,101,860	-	1,101,860
Convertible bonds - embedded derivatives	-	10,900	-	10,900
Current income tax liabilities	257,421	176,673	-	-
Total current liabilities	3,579,689	4,362,495	136,930	1,121,726
Total liabilities	4,681,601	4,953,507	657,212	1,121,726
Total equity and liabilities	7,245,829	7,624,218	3,986,584	4,473,233

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

i) Borrowings

Group	30 September 2008	31 December 2007
	RMB'000	RMB'000
Bank loans – collateralised	1,588,000	1,640,000
Bank loans – guaranteed	-	-
Bank loans – unsecured	-	-
	1,588,000	1,640,000

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

The bank borrowings are repayable as follows:

	30 September 2008	31 December 2007
	RMB'000	RMB'000
	1,588,000	1,640,000

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 RMB52,000 thousand of the outstanding bank borrowings was repaid during nine months 2008.

ii) Convertible bonds

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

Notes:

CB2 RMB1,239,600,000 aggregate principal amount 5.0% U.S.Dollar settled convertible bonds due on 13 February 2010 was fully repurchased on 12 September 2008.

The movements of the carrying amounts of host debts in CB2 in nine months 2008 are as follows:

(In RMB'000)	9 months ended 30 September 2008
	CB2
Carrying amount of host debt at beginning of year	1,101,860
Interest expense	168,094
Interest paid	<u>(61,049)</u>
Carrying amounts of host debts at end of 12 September 2008	1,208,905
Repurchase of CB2	<u>(1,208,905)</u>
Carrying amounts of host debts at end of 30 September 2008	<u>-</u>

The fair value movements for derivatives embedded in CB2 for the nine months 2008 are as follows:

(In RMB'000)	9 months ended 30 September 2008
	CB2
At beginning of year	10,900
Decrease in fair value	287,343
Repurchase of CB2	<u>(298,243)</u>
At end of 30 September 2008	<u>-</u>

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, a controlling 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. The repurchase of CB2 was completed on 12 September 2008.

iii) High yield notes

(In RMB'000)	As at 30 September 2008	As at 31 December 2007
High yield notes	520,282	-

On 12 September 2008, the Company issued a 17.75% senior secured guaranteed notes in aggregate principal amount of RMB 593,300,000 due 2011 and settled in US\$. An Interest Reserve Account of USD6.75million was set up. The interest reserve in the account will be maintained throughout the tenor of the Senior Notes.

The Company pledged all of its interest in the shares of its current and future non-PRC subsidiaries and created a charge over the Interest Reserve Account.

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

	3Q 2008 1 Jul 2008 to 30 Sep 2008	3Q 2007 1 Jul 2007 to 30 Sep 2007	9 months ended 30 Sep 2008	9 months ended 30 Sep 2007
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from operating activities				
Profit/(Loss) before tax	(572,128)	(244,562)	(500,484)	(205,417)
Adjustments for:				
Depreciation of property, plant and equipment	14,517	14,653	43,004	43,535
Amortisation of prepaid land lease payments	2,083	2,083	6,248	6,248
Gain on disposal of investment properties	-	-	-	(338)
Loss on disposal of property, plant and equipment		170		170
Fair value loss/(gain) on investment properties	400,000	(4,000)	400,000	(13,351)
Fair value loss on embedded derivatives within convertible bonds	287,343	129,543	287,343	106,189
Foreign exchange loss	15,890	19,346	30,712	36,828
Interest income	(2,668)	(5,492)	(10,951)	(21,249)
Interest expense	34,249	76,381	139,169	223,787
Share options granted	-	4,254	-	4,254
	179,286	(7,624)	395,041	180,656
Decrease/(Increase) in restricted bank deposits	-	165	-	(161)
Increase in land infrastructure under development for sale	(111,075)	(216,308)	(596,237)	(351,110)
(Increase)/Decrease in inventories	(540)	(376)	(443)	(1,540)
(Increase)/Decrease in amounts due from related parties	-	177	(12)	1,665
(Increase)/Decrease in prepayments and other current assets	25,172	(7,107)	1,975	(29,111)
(Increase)/Decrease in trade receivables	(295,545)	98,910	(757,990)	202,341
Increase in deferred income	45,257	77,873	257,670	139,616
Increase/(Decrease) in trade and other payables	118,787	(113,863)	565,888	(159,435)
Decrease in amounts due to related parties	-	(4,937)	(986)	(40,685)
Net cash inflow/(outflow) from operating activities	(38,658)	(173,090)	(135,094)	(57,764)
Cash flows from investing activities				
Purchases/constructions of property, plant and equipment	(11,386)	(50,017)	(78,831)	(79,538)
Proceeds from disposal of property, plant and equipment	-	6,759	-	6,759
Payment for properties under development for long-term investments/investment properties	(456)	(5,178)	(44,176)	(6,646)
Interest received	2,668	5,492	10,951	21,249
Net cash (outflow)/inflow from investing activities	(9,174)	(42,944)	(112,056)	(58,176)

Cash flows from financing activities

Issue of shares in subsidiaries to minority shareholders	-	29,693	-	86,926
Proceeds from issuance of convertible bonds	-	(28,253)		1,165,457
Repurchase of convertible bonds	(639,450)	-	(639,450)	-
Repurchase of shares	(179)	-	(179)	-
Repayment of borrowings	(31,000)	(100,000)	(52,000)	(450,000)
Repayment of loans to related parties	-	-	(350,000)	-
Restricted cash for high yield notes interest	(48,526)	-	(48,526)	-
Restricted cash for convertible bonds coupon	26,717	31,381	-	(32,373)
Interest paid	(61,744)	(9,585)	(154,841)	(67,738)
Net cash inflow/(outflow) from financing activities	(754,182)	(76,764)	(1,244,996)	702,272
Net increase/(decrease) in cash and cash equivalents	(802,014)	(292,798)	(1,492,146)	586,332
Net foreign exchange difference	-	(19,345)	-	(38,232)
Cash and cash equivalents at beginning of period	1,028,363	1,029,391	1,718,495	169,148
Cash and cash equivalents at end of period	226,349	717,248	226,349	717,248

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****9 months ended 30 September 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
Loss for the period	-	-	(218,972)	(218,972)	20,595	(198,377)
Employee Share option scheme: options granted	-	4,254	-	4,254	-	4,254
Convertible bonds-equity components	-	620,900	-	620,900	-	620,900
Issue of shares to minority shareholders	-	-	-	-	86,926	86,926
Balance as at 30 September 2007	78	849,186	(88,872)	760,392	417,204	1,177,596

Statements of changes in equity (continued)

The Group

9 months ended 30 September 2008

(In RMB'000)	Equity attributable to equity holders of the Company						Minority interests	Total equity
	Share Capital	Treasury shares	Other reserves	Retained earnings (accumulated losses)	Total			
Balance as at 1 January 2008	1,891,080	-	435,976	(157,253)	2,169,803	500,908	2,670,711	
Loss for the period	-	-	-	(459,458)	(459,458)	(22,816)	(482,274)	
Shares placement	201,811	-	-	-	201,811	-	201,811	
Embedded derivatives – top up arrangement granted by holding company	-	-	151,810	-	151,810	-	151,810	
Refund of excessive IPO expense	22,349	-	-	-	22,349	-	22,349	
Repurchase of shares	-	(179)	-	-	(179)	-	(179)	
Balance as at 30 September 2008	<u>2,115,240</u>	<u>(179)</u>	<u>587,786</u>	<u>(616,711)</u>	<u>2,086,136</u>	<u>478,092</u>	<u>2,564,228</u>	

The Company

9 months ended 30 September 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	-	-	(256,515)	(256,515)
Employee Share option scheme: options granted	-	4,254	-	4,254
Convertible bonds-equity components	-	620,900	-	620,900
Balance as at 30 September 2007	<u>78</u>	<u>2,182,599</u>	<u>(257,054)</u>	<u>1,925,623</u>

9 months ended 30 September 2008

	Share capital	Treasury shares	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	-	-	-	(397,926)	(397,926)
Shares placement	201,811	-	-	-	201,811
Embedded derivatives – top up arrangement granted by holding company	-	-	151,810	-	151,810
Refund of excessive IPO expense	22,349	-	-	-	22,349
Repurchase of shares	-	(179)	-	-	(179)
Balance as at 30 September 2008	<u>2,115,240</u>	<u>(179)</u>	<u>1,921,199</u>	<u>(706,888)</u>	<u>3,329,372</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.

On 12 September 2008, the Company has issued 525,000,000 shares and equity grant of 80,000,000 shares for the repurchase of CB2. For details, please refer to Note 1b(ii)(ii).

Besides, the Company repurchased 600,000 shares from the open market. These shares are held as treasury shares of the Company.

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 September 2008 and as at 30 September 2007 are as follows:

	As at	As at
	30 September 2008	30 September 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)	-	681,075,000
Shares to be issued pursuant to the release of all the awards granted under the management grant	27,750,000	27,750,000
Total	27,750,000	973,950,000

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. On 12 September 2008, the Company has fully repurchased the CB2. Please see note 1(b)(ii)(ii) for details.

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 the management grant, the Company has no other outstanding convertibles as at 30 September 2008.

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 September 2008	As at 31 December 2007
	No. of Shares	No. of Shares
Total number of issued shares excluding treasury shares as at the beginning of the period	1,401,025,000	1,401,025,000
Issue of new shares	605,000,000	-
No. of treasury shares	(600,000)	-
Total number of issued shares excluding treasury shares as at the end of the period	2,005,425,000	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.

In September 2008, the Company has repurchased 600,000 shares from open market and these shares are held as treasury shares.

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			
Earning per ordinary share for the year based on profit attributable to shareholders after deducting any provision for preference dividends		3Q from 1 Jul 2008 to 30 Sep 2008	3Q from 1 Jul 2007 to 30 Sep 2007	9 months ended 30 Sep 2008	9 months ended 30 Sep 2007
(i)	Based on the weighted average number of ordinary shares on issue (RMB)	(0.3112)	(0.2937)	(0.3203)	(0.2920)
(ii)	On a fully diluted basis (RMB)	(0.3112)	(0.2937)	(0.3203)	(0.2920)

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 September 2007 and the period ended 30 September 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:

	3Q from 1 Jul 2008 to 30 Sep 2008	3Q from 1 Jul 2007 to 30 Sep 2007	9 months ended 30 Sep 2008	9 months ended 30 Sep 2007
	RMB'000	RMB'000	RMB'000	RMB'000
Loss attributable to				
ordinary equity holders of the Company	(467,332)	(220,252)	(459,458)	(218,972)
Add/(Less): Exchange gain and change in fair value of the embedded derivative, net of interest expenses of the dilutive convertible bond	-	-	-	-
Loss attributable to ordinary equity holders of the parent adjusted for effect of dilutive convertible bond	(467,332)	(220,252)	(459,458)	(218,972)
Weighted average number of ordinary shares outstanding	1,501,758,333	750,000,000	1,434,602,778	750,000,000
Add: Weighted average number of ordinary shares resulting from conversion of the dilutive convertible bond(3Q2007)/stock option(3Q2008)	-	-	-	-
Number of ordinary shares used to calculate the diluted earnings per share	1,501,758,333	750,000,000	1,434,602,778	750,000,000

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.

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.

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)	Group		Company	
	30 September 2008	31 December 2007	30 September 2008	31 December 2007
	1.2786	1.9063	1.6602	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.

During the period concerned, we have handed over one residential plot from our Shanghai project in January 2008, two residential plots from our Shenyang project in March 2008 and two residential plots from our Shanghai project in June and August 2008 for public listing. These five plots together with some brought forward revenue from one residential plot from Wuxi project delivered in November 2007 contributed RMB790million of revenue to the Group. In addition, we have also handed over two additional residential-cum-commercial plots from our Shenyang project in October 2008. The sale is expected to complete within November and to contribute over RMB148million to our 4Q 2008 revenue assuming selling prices comparable to the last average achieved price of RMB730 per square meter.

During the same period concerned, the net finance costs were reduced by 55% from the 3Q and 38% from the first 9 months as a result of increasing capitalization of interest expenses in line with increasing construction. The extent of capitalization will rise further over time as more funds are put to construction works.

In addition, base on the management assessment, the Group has provided a revaluation loss for the investment properties of Rmb400 million in 3Q in light of the worsening retail rental market in which we operate. Should the rental market turn out to be stronger than expected for the balance of the year, we would have to reverse the overprovision; and, vice versa. The valuation of the investment properties will be re-assessed by the independent valuer as at 31 December 2008.

Liquidity

During the period, we have repaid Rmb52 million of the Shanghai project loan and made arrangement 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.

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

As mentioned in Q2 results announcement and circular of repurchase of convertible bond dated 25 August 2008, the Company estimated a loss of RMB220.7 million (which comprise of RMB227.8 million loss from the mark-to-market valuation of the early redemption option before the repurchase net off with a RMB7.1million gain arising from the mark to market valuation of the cancellation of the host debt potion of the convertible bonds) to be recongised in Q3. However, due to the weakening stock market condition, the share price dropped from S\$0.09 to S\$0.07 throughout the period from the date of the circular (25 August 2008) to the date of EGM (10 September 2008) when this transaction was approved by shareholders. As a result, the mark to market valuation loss increased to RMB287.3million.

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.

The PRC government has introduced various stimulating measures in recent months to maintain the stability of economy. In October 2008, the PRC government further relaxed various austerity measures including reduction of transaction costs to home buyers, temporary exemption of land appreciation tax, etc. specific to the property development sector. The long-awaited relaxation is expected to lead to more significant policy changes. However, it will likely take some time for the economic benefits to feed through especially to the first tier land development sector. The business environment the Group is operating in will continue to remain uncertain and difficult.

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 third quarter ended 30 September 2008.

13 Proceeds from initial public listing (“IPO”)

In Q3 2008, the Company has paid the cash consideration of Rmb639,450,000 for the repurchase of the CB2 out of the proceeds from the IPO 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 third quarter ended 30 September 2008 presented in this announcement to be false or misleading in any material aspect.

15 Subsequent event

Two residential-cum-commercial plots from the Shenyang Project were listed on 22 October 2008. The site area of these land parcels are approximately 58,901 and 185,418 square meters. The bidding is expected to close by November 2008. Based on the last achieved price of RMB731psm and RMB728psm in March 2008, the sale will contribute revenue of Rmb148 million or gross profit over Rmb71million in the Q4.

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

12 November 2008