



For Immediate Release

China New Town Development achieves revenue of RMB 363 million for FY2007

- Financial performance hurt by one-off non-cash accounting loss and delay in revenue recognition;
- Company expects profitability to recover significantly in FY2008.

27 February 2008, Singapore - China New Town Development Company Limited ("CNTD", or the "Company"), a leading new town developer in the People's Republic of China ("PRC"), today announced that for the financial year ended 31 December ("FY") 2007, the Company achieved revenue of RMB 363 million (S\$71 million). However due to a one-off non-cash accounting loss of RMB 194 million (S\$38 million) resulting from the revaluation of pre-IPO convertible bonds ("CBs") that was partly compensated by a diminution in value of the attached put option, as well as a significant delay in revenue recognition from land sales, CNTD registered a net loss of RMB 287 million (S\$56.3 million) (or 34.3 RMB cents (6.7 Singapore cents) per share) for FY2007.

Delay in revenue recognition from land sales

In 2007, CNTD delivered five residential land plots to the respective land reserve centres for public listing. Of the five land plots, one land plot was delivered in January 2007 and the related revenue recognised in FY2007, whilst the remaining four land plots were delivered in November and December 2007. Two of the remaining four land plots were sold in December 2007, but as the transactions were not completed as at year end, revenue for these two sales were not recognised. The public listing for the balance two land plots that were delivered in 2007 was delayed because of a slow-down in land auction schedules across the PRC, which is in line with the PRC government's austerity measures in the past year. These two land plots, together with three additional land plots, are scheduled for public listing in March 2008.

Commenting on the financial results, Mr Ben Cheng, Chief Financial Officer of the Company, said, "In each of the new town projects we develop, we work closely with PRC government authorities and their related entities throughout the development and operation of the new town project. For our efforts in the development of new town projects, we are entitled to receive a significant proportion of proceeds from sale of residential land use rights. Our financial performance is a function of the frequency and achieved selling prices of the public auction of these land use rights. In FY2007, the Company sold three residential land plots and one commercial land plot (which did not generate revenue as it was purchased by the project company itself for commercial



development), but due to the delay in revenue recognition of the sale of two of the residential land plots, as well as the deferred public listing of two residential land plots that were delivered in 2007, CNTD's financial performance in FY2007 was negatively impacted.”

Revaluation of pre-IPO CBs

Mr Cheng continued, “In addition to the slow-down in land sales, our financial performance in FY2007 was also adversely impacted by a one-off non-cash accounting loss due to the revaluation of the CBs. As disclosed in our prospectus dated 5 November 2007 (“Prospectus”), the revaluation was necessitated by an agreement with the holders of the CBs, in preparation for CNTD's listing, to modify the terms and conditions such that the modified equity conversion options of the instruments would be classified as equity of the Company. Previously we treated the CBs as liability and recognised changes in the fair value in our profit and loss statement for the relevant period. The amendments were made so that fair value changes of the conversion options no longer need to be accounted for in the income statement after the date when the terms are amended. As a result, the Company incurred a one-off non-cash accounting loss of RMB 194 million (S\$38 million) on the date of amendment, as compared to the estimation of RMB 200 million (S\$39 million) that was disclosed in our Prospectus.”

Looking Ahead

Of the two residential land plots delivered (but unsold) in FY2007, the sale of one of the land plots from Shanghai was completed in January 2008, whilst the sale of the other land plot from Wuxi is expected to complete in the first quarter of FY2008. CNTD has five land plots scheduled for public listing in March 2008 and based on the resilient general demand for developable land parcels, as evidenced by recent achieved land prices of RMB 3500 per square meter (“psm”) based on gross floor area for a land plot in Shanghai sold in December 2007 (as compared to RMB 2980 psm achieved for a land plot in Shanghai sold in January 2007), the Company expects profitability to recover significantly in FY2008 upon successful completion of sales.

On the Company's outlook for FY2008, Mr Cheng added, “We expect that the reported finance cost will decrease significantly going forward as the finance cost incurred on the Wuxi and Shenyang projects will be increasingly capitalised as planned construction works intensify. In addition, the put option attached to the CBs will expire on 15 October 2008. We believe that it is highly unlikely for the holders of the CBs to exercise the put option based on the valuation of the put option and with the expiry of the put option, the effective cost of borrowing will be significantly decreased from 23 per cent to five per cent. These possible reductions to the reported finance cost are likely to have a positive impact on our financial performance in FY2008.”

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About China New Town Development Company Limited

China New Town Development Company Limited (“CNTD” or the “Company”) is a leading new town developer in the PRC. By working closely with local governments, CNTD is principally engaged in the planning and development of large-scale new town projects of at least 5 million square metres. The Company mainly focuses on developing new towns that are located in the suburban areas of China’s major cities.

The Company also develops, manages and operates commercial properties such as hotels, convention centres; and public amenities such as recreational parks and museums within the new town developments.

At listing, the Company had three new town projects: Shanghai Luodian New Town Project, Wuxi Hongshan New Town Project and Shenyang Lixiang New Town Project. More recently, it has invested into its fourth new town project in November 2007 when it signed a letter of intent to undertake the development of Changchun Automobile New Town.

CNTD launched its Initial Public Offering (“IPO”) in Singapore in November 2007 and is the first China-based new town developer that is listed on the Singapore Exchange. The IPO of the Company’s shares was jointly sponsored by Citigroup Global Markets Singapore Pte. Ltd. and Deutsche Bank AG, Singapore Branch.

For more information about CNTD, please visit the Company’s website (<http://www.china-newtown.com>).

Issued for and on behalf of China New Town Development Company Limited

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Note

CNTD’s financial statements are denominated in RMB. Singapore dollar equivalents provided for the purposes of this release were converted based on a currency exchange rate of S\$1 to RMB 5.0974.