



CHINA NEW TOWN DEVELOPMENT COMPANY LIMITED

中国新城镇发展有限公司

(Incorporated as a company limited by shares under the laws of the British Virgin Islands)
(Company Registration Number: 1003373)

RESPONSES TO SGX QUERIES FOR UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS FOR PERIOD ENDED 31 JUNE 2010

In response to The Singapore Exchange Limited's email dated 18 August 2010, the Directors of China New Town Development Company Limited (the "Company") wish to provide the following additional information in relation to the unaudited second quarter financial statements of the Company for period ended 30 June 2010 released on 13 August 2010.

Question 1

We note that other receivables increased by 21% to RMB430.8 million as at 30 June 2010. Please provide a breakdown of the major items contributing to the increase and the reasons for the significant increase.

Company's Reply

See breakdown below

RMB' million	30/06/2010	31/12/2009	Note
Receivable of Changchun cessation of project	294	323	1>
Deposit for land auction	74	-	2>
Receivable from third party contractors	41	-	3>
Others	22	32	
Total	431	355	

Note

- 1> The decrease mainly due to the cash collection in the 1st half of 2010.
- 2> It represents the temporary deposit paid to the Land Resources Administration Bureau for land auction purpose, which has been collected in August 2010.
- 3> It represents the receivable from third party contractors related to Shenyang administrative fine and related losses. See company announcement on July 8th, 2010 for details.

Question 2

On page 5 of the results announcement, it is stated that the Group has classified the Senior Notes as current liability because the Company has breached certain covenants stated in the contract during 2009 and the 1st half of 2010. In this respect, please provide the following information:

- i. Details of the specific breaches committed during 2009 and 1st half of 2010; and
- ii. Reasons for not disclosing the breaches as and when they occurred.

Company's Reply

- i. The relevant covenants restrict us from, amongst others, entering into additional indebtedness, making restricted payments, entering into, renewing or extending any transaction or arrangement with any 10% or greater shareholder or any affiliate. The covenants also require us to obtain and maintain all government approvals, preserve and Maintain good title to property and assets, and comply with all laws and regulations. We breached above covenants due to business necessities not foreseen at the time of the Senior Notes were issued.

- ii. We have disclosed the breaches in 2009 annual report note 22 and in 2010 Q1 announcement note II. The Company had engaged in discussion and during the process, the note holders had not taken any legal action against us, and no immediate payment or additional penalty was required due to our non-compliance with these covenants. Therefore, the breach of the senior notes covenants did not have material impact on the Company.

Question 3

On page 13 of the results announcement, it is stated that the holder of the Senior Notes, Forum Asian Realty Income II, L.P. (the "Holder"), has provided a one-time waiver to the issuer for the breaches. As a result, the Holder would not require immediate repayment of the outstanding principal and accrued and unpaid interest. In this respect, please provide the following information:

- i. When would the repayment of the outstanding principal fall due?
- ii. Are there any conditions attached to the waiver granted by the Holder?
- iii. What are the consequences and impact on the Company's financials if the Company fails to meet these conditions?

Company's Reply

- i. The repayment of the outstanding principal will be due in September 2011.
- ii. There are no conditions attached to the waiver granted by the Holder.
- iii. Not applicable.

By order of the Board

Song YiQing

Chief Financial Officer / Executive Director

18 August 2010