

**CHINA NEW TOWN DEVELOPMENT COMPANY LIMITED**

(Company Registration No. 1003373)

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

---

**RESPONSES TO SGX QUERIES**

---

Further to the announcement of China New Town Development Company Limited ("Company") on the unaudited full year results for the financial year ended 31 December 2009 released on 26 February 2010, and in response to the queries raised by SGX-ST, the board of Directors of the Company is pleased to provide the following information:

Question 1:

We note that sales increased by 92.76%. On the other hand, selling and distribution costs increased by 233% to RMB119.7 million. As the selling and distribution costs are material when compared to the net profit of RMB243.5 million, please provide a breakdown of the major items comprising selling and distribution costs and explanation of the material variances.

Company's Response:

Selling and distribution costs mainly comprise of salary and welfare benefits, advertising fees and other expenses. The increase was mainly due to the agent fee of about RMB 78 million, paid for the services provided by a real estate agent, relating to market research and promotion for the particular piece of land sold in Shanghai Luodian at total price of approximately RMB 1.4 billion. A progressive rate in terms of land sale price per mu as agent fee was adopted for that piece of land sold.

Question 2:

We note that while sales increased by 92.76%, other receivables have increased by 1,483% to RMB355 million. In this respect, please provide the following information:

- i. Breakdown of major items contributing to the increase;
- ii. Reasons for the significant increase; and
- iii. Other receivables turnover days for the current period as compared to the previous corresponding period and elaborate on material variances, if any.

Company's Response:

Other receivables increased by RMB 332,565k mainly due to the pending payment from Changchun Joint Venture company of RMB 322,791k resulted from the recent cessation of agreement regarding Changchun Project with the local government.

For the agreement details, please refer to the Company's announcement of cessation of land infrastructure development for Changchun Automobile New Town released on 23 December 2009.

Another major item contributing to the increase was the prepaid investment to Shanghai Luodian Real Estate (a potential new subsidiary of the Group, not yet established at the end of 2009) of RMB 9,500k.

By order of the Board

Li Yao Min  
Executive Director/Chief Executive Officer

8 March 2010