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China New Town Development Company Limited

中國新城鎮發展有限公司

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

(Hong Kong Stock Code: 1278)

(Singapore Stock Code: D4N)

UNAUDITED 2011 FIRST QUARTER RESULTS

This announcement is made by China New Town Development Company Limited (the “**Company**”) pursuant to the disclosure obligation under Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**HKE**x”). This announcement is originally prepared in English. In case of any inconsistency between the English version and the Chinese version, the English version shall prevail.

This announcement is prepared in accordance with relevant regulations of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). The Financial information set out in this report has been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) and has not been audited nor reviewed by auditors. Shareholders of the Company and public investors should exercise caution when trading in the shares of the Company.

This presentation contains projections and forward-looking statements regarding the Group’s objectives and expectations with respect to land development and 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.

Unaudited First Quarter Financial Statements for the Financial Period Ended 31 March 2011

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

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

1(a)(i) Statement of comprehensive income for the first quarter ended 31 March 2011

RMB'000	1Q 2011 31 March 2011	1Q 2010 31 March 2010	Increase (Decrease) (%)
Group			
Revenue	288,405	117,009	146
Cost of sales	(115,608)	(98,902)	(17)
Gross profit	172,797	18,107	854
Other income	2,801	1,876	49
Selling and distribution costs	(9,685)	(13,121)	(26)
Administrative expenses	(35,538)	(30,377)	17
Other expenses	(172)	(198)	13
Fair value gain/(loss) on completed investment properties	(4,955)	-	100
Fair value gain/(loss) on investment properties under construction	(2,455)	-	100
Operating profit	122,793	(23,713)	618
Finance costs	(15,704)	(21,358)	26
Profit / (loss) before tax	107,089	(45,071)	338
Income tax	(32,505)	10,567	(408)
Profit / (loss) after tax	74,584	(34,504)	316
Group			
Attributable to:			
Equity holders of the Company	50,197	(25,293)	298
Non-controlling interests	24,387	(9,211)	365
	74,584	(34,504)	316

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

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

Revenue RMB'000	1Q 2011 31 March 2011	1Q 2010 31 March 2010	Increase (Decrease) (%)
Land development	280,432	99,833	181
Hotel operations	13,488	11,216	20
Golf operations	9,650	12,774	(24)
Investment property leasing	1,373	810	70
Others	546	1,127	(52)
Less: Business tax and surcharges	(17,084)	(8,751)	95
	288,405	117,009	146

Other income RMB'000	1Q 2011 31 March 2011	1Q 2010 31 March 2010	Increase (Decrease) (%)
Foreign exchange gain, net	799	-	100
Interest income	1,942	1,594	22
Others	60	282	(79)
	2,801	1,876	49

Other expenses			
RMB'000	1Q 2011	1Q 2010	Increase
	31 March 2011	31 March 2010	(Decrease)
			(%)
Foreign exchange loss, net	-	(57)	100
Bank charges	72	175	(59)
Others	100	80	25
	<u>172</u>	<u>198</u>	<u>(13)</u>

b) Cost of sales by business units

RMB'000	1Q 2011	1Q 2010	Increase
	31 March 2011	31 March 2010	(Decrease)
			(%)
Land development	97,083	78,218	24
Hotel operations	9,528	10,299	(7)
Golf operations	8,842	8,137	9
Others	155	2,248	(93)
	<u>115,608</u>	<u>98,902</u>	<u>17</u>

c) Finance costs

RMB'000	1Q 2011	1Q 2010	Increase
	31 March 2011	31 March 2010	(Decrease)
			(%)
Interest on bank and borrowings	32,129	30,767	4
Interest on Senior Notes	-	4,811	(100)
Interest on convertible bonds	-	4,546	(100)
Less: Interest capitalised	(16,425)	(18,766)	(12)
	<u>15,704</u>	<u>21,358</u>	<u>(26)</u>

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

Statement of Financial Position as at 31 March 2010

RMB'000	Group		Company	
	31 March 2011	31 December 2010	31 March 2011	31 December 2010
Non-current assets				
Investments in subsidiaries	-	-	2,617,549	2,617,549
Investment in an associate	200	200	-	-
Property, plant and equipment	1,170,682	1,175,322	181	198
Completed Investment properties	679,000	679,000	-	-
Investment Properties under construction	95,000	95,000	-	-
Prepaid land lease payments	236,471	236,285	-	-
Non-current trade receivables	100,137	93,257	-	-
Deferred tax assets	118,891	120,010	-	-
Other assets	48,169	48,476	-	-
Total non-current assets	2,448,550	2,447,550	2,617,730	2,617,747
Current assets				
Land development for sale	3,811,827	3,590,414	-	-
Properties under development for sale	220,244	74,094	-	-
Prepaid land lease payments	327,142	326,232	-	-
Inventories	6,966	4,032	-	-
Amounts due from subsidiaries	-	-	501,651	496,312
Prepayments	501,732	254,155	-	-
Other receivables	319,972	368,434	4	4
Trade receivables	383,150	485,890	-	26
Cash and bank balances	1,003,414	1,381,049	90,203	102,730
Total current assets	6,574,447	6,484,300	591,858	599,072
Total assets	9,022,997	8,931,850	3,209,588	3,216,819
Equity				
Owners of the parent:				
Share capital	2,778,853	2,778,853	2,778,853	2,778,853
Other reserves	610,194	608,807	1,943,607	1,942,220
Beginning retained earnings	(641,653)	(836,166)	(1,679,381)	(1,580,229)
Current period profit/ (losses)	50,197	194,513	(5,696)	(99,152)
	2,797,591	2,746,007	3,037,383	3,041,692
Non-controlling interests	575,906	551,519	-	-
Total equity	3,373,497	3,297,526	3,037,383	3,041,692
Non-current liabilities				
Interest bearing bank borrowings	1,698,300	1,698,300	-	-
Deferred income from sale of golf club membership	534,881	538,176	-	-
Deferred tax liabilities	26,060	19,625	-	-
Total non-current liabilities	2,259,241	2,256,101	-	-
Current liabilities				
Interest-bearing bank borrowings	468,568	470,289	168,578	170,299
Trade payables	910,284	917,806	-	-
Other payables and accruals	569,584	569,771	3,627	4,828
Advances from customers	3,521	5,523	-	-
Deferred income arising from land development	891,949	895,670	-	-
Current income tax liabilities	546,353	519,164	-	-
Total current liabilities	3,390,259	3,378,223	172,205	175,127
Total liabilities	5,649,500	5,634,324	172,205	175,127

RMB'000	Group		Company	
	31 March 2011	31 December 2010	31 March 2011	31 December 2010
Total equity and liabilities	9,022,997	8,931,850	3,209,588	3,216,819
Net current assets	3,184,188	3,106,077	419,653	423,945
Total assets less current liabilities	5,632,738	5,553,627	3,037,383	3,041,692

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

i) Borrowings

RMB'000	31 March 2011	31 December 2010
Bank loans – secured	2,166,868	2,168,589

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

RMB'000	31 March 2011	31 December 2010
Bank loan - secured	468,568	470,289

b) Amount repayable after one year

RMB'000	31 March 2011	31 December 2010
Bank loan - secured	1,698,300	1,698,300

c) Whether the amounts are secured or unsecured

See table above.

d) Details of any collateral

As of 31 March 2011, bank borrowings of RMB2,166,868,000 were collateralised by pledges of the Group's property, plant and equipment, completed investment properties and investment properties under construction, prepaid land lease payments and restricted cash, with net carrying amounts as of 31 March 2011 at RMB508,924,000, RMB610,000,000, RMB387,704,000, and RMB178,000,000 respectively. Also, a long term loan with principal of RMB149,990,000 were guaranteed by Mr. Shi Jian, the Chairman of the Company.

ii) Senior notes

RMB'000	31 March 2011	31 December 2010
At the beginning of the period	-	84,363
Interest expense (recognised used effective interest rate of 25.75% per annum)	-	17,287
Interest paid	-	(15,495)
Repurchase	-	(86,155)
Carrying amount at end of period	-	-

On 12 September 2008, the Company issued a 17.75% senior secured guaranteed notes in aggregate principal amount of RMB593,300,000 due 2011 and settled in US Dollar.

The Company repurchased principal amount of RMB123.13 million, RMB382.81 million and RMB87.36 million of same Senior Notes in July 2009, September 2009 and November 2010 respectively.

iii) **Convertible bonds**

RMB'000	31 March 2011	31 December 2010
Carrying amount of host debt on initial recognition upon issuance (fair value upon issuance)	-	-
Carrying amount of host debt at beginning of period	-	144,115
Interest expense recognized using the effective interest rate	-	5,560
Interest paid	-	(3,394)
Conversion	-	(146,281)
Carrying amount of host debt at end of year	-	-

In September 2009, the Company issued principal amount of RMB275,994,230 convertible bonds to Sinopower Investment Limited (“Sinopower”) (“CB3”) (See Company circular dated 13 August 2009). The CB3 bearing annual coupon of 2% due 2016 has been converted into 754,145,894 new ordinary shares at conversion price of SGD0.07872 per share (equivalent to RMB0.3660 per share).

On 20 April 2010, the Company allotted and issued 754,145,894 shares to Sinopower in relation to the conversion of CB3. The carrying amount of liability and equity components of CB3 was transferred to share capital from liability and other reserves respectively.

1(c) **A Statement of Cash Flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Consolidated Statement of Cash Flow

RMB'000	1Q 2011 31 March 2011	1Q 2010 31 March 2010
Cash flows from operating activities		
Profit/(Loss) before tax	107,089	(45,071)
Adjustments for:		
Depreciation of property, plant and equipment	14,062	13,955
Amortization of prepaid land lease payments	2,177	2,137
Fair value loss on completed investment properties	4,955	-
Fair value loss on investment properties under construction	2,455	-
Management share option expense	1,387	-
Interest income	(1,942)	(1,593)
Interest expense	15,704	22,307
Exchange gain	(1,721)	-
	144,166	(8,265)
Increase in land development for sale	(216,236)	(37,179)
Increase in properties under development for sale	(142,268)	-
(Increase)/decrease in inventories	(2,934)	9
Decrease in amounts due from related parties	-	8,787
Increase in prepayments and other current assets	(247,577)	(51,374)
Decrease in other receivables	48,659	9,898
Decrease/(increase) in trade receivables	95,860	(106,226)
(Decrease)/increase in deferred income	(7,016)	92,818
Decrease in advances from customers	(2,002)	-
Increase/ (Decrease) in trade and other payables	39,622	(242,307)
Net cash outflow from operating activities	(289,726)	(333,839)

RMB'000	1Q 2011 31 March 2011	1Q 2010 31 March 2010
Cash flows from investing activities		
Purchase/construction of property, plant and equipment	(22,807)	(52,740)
Payment for investment properties and investment properties under construction	(33,325)	(89,070)
Interest received	1,942	1,257
Net cash outflow from investing activities	(54,190)	(140,553)
Cash flows from financing activities		
Restricted cash for senior notes coupon	-	(3)
Interest paid	(32,129)	(38,091)
Payments of expenses incurred for the listing of existing shares	(1,590)	-
Net cash outflow from financing activities	(33,719)	(38,094)
Net decrease in cash and cash equivalents	(377,635)	(512,486)
Cash and cash equivalents at beginning of year	1,167,049	1,465,612
Cash and cash equivalents at end of year	789,414	953,126

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

1Q ended 31 March 2010

RMB'000	Equity attributable to Owners of the parent						
	Share Capital	Treasury shares	Other reserves	Accumulated losses	Total	Non-controlling interests	Total equity
Balance as at 1 January 2010	2,497,385	(37,294)	749,001	(836,166)	2,372,926	436,231	2,809,157
Loss for the period	-	-	-	(25,293)	(25,293)	(9,211)	(34, 504)
Balance as at 31 March 2010	2,497,385	(37,294)	749,001	(861,459)	2,347,633	427,020	2,774,653

1Q ended 31 March 2011

RMB'000	Equity attributable to Owners of the parent						
	Share Capital	Treasury shares	Other reserves	Accumulated losses	Total	Non-controlling interests	Total equity
Balance as at 1 January 2011	2,778,853	-	608,807	(641,653)	2,746,007	551,519	3,297,526
Total comprehensive income	-	-	-	50,197	50,197	24,387	74,584
Equity-settled share options to management	-	-	1,387	-	1,387	-	1,387
Balance as at 31 March 2011	2,778,853	-	610,194	(591,456)	2,797,591	575,906	3,373,497

The Company

1Q ended 31 March 2010

RMB'000	Share Capital	Treasury shares	Other reserves	Accumulated losses	Total
Balance as at 1 January 2010	2,497,385	(37,294)	2,082,414	(1,580,229)	2,962,276
Loss for the period	-	-	-	(4,540)	(4,540)
Balance as at 31 March 2010	2,497,385	(37,294)	2,082,414	(1,584,769)	2,957,736

1Q ended 31 March 2011

RMB'000	Share Capital	Treasury shares	Other reserves	Accumulated losses	Total
Balance as at 1 January 2011	2,778,853	-	1,942,220	(1,679,381)	3,041,692
Total comprehensive income	-	-	-	(5,696)	(5,696)
Equity-settled share options to management	-	-	1,387	-	1,387
Balance as at 31 March 2011	2,778,853	-	1,943,607	(1,685,077)	3,037,383

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.

The number of shares that may be issued on conversion of all the outstanding convertibles (including the number of shares held as treasury shares, if any) and against the total number of issued shares excluding treasury shares as at 31 March 2011 and as at 31 March 2010 are set out below:

	As at 31 March 2011	As at 31 March 2010
	No. of Shares	No. of Shares
Shares to be issued pursuant to the full conversion of the CB3	-	754,145,894
Shares to be issued pursuant to the release of all the awards granted under the Management Grant	18,393,750	22,522,500
Treasury Shares	-	55,768,000
Total number of issued shares excluding treasury shares as at the end of the period	3,894,804,926	3,084,891,032

For further details about Management Grant, please refer to the Company's prospectus dated 5 November 2007.

Except the management share options granted under the Management Grant, the Company has no other outstanding convertible instruments as at 31 March 2011.

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.

	3 months ended 31 March 2011	12 months ended 31 December 2010
	No. of Shares	No. of Shares
Total number of issued shares excluding treasury shares as at the beginning of the period	3,894,804,926	3,084,891,032
Issue of new shares	-	754,145,894
Exercise of Management Grant	-	4,128,750
Add/(Less) : Treasury shares	-	51,639,250
Total number of issued shares excluding treasury shares as at the end of the period	3,894,804,926	3,894,804,926

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.**

The Company had no treasury shares in issue as at the end of 1Q 2011.

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 annual financial statements for the financial year ended 31 December 2010, except that the Group has adopted all the new and amended IFRS and IFRIC interpretations effective in the 3 months ended as at 31 March 2011.

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	
	Earnings per ordinary share for the period based on profit attributable to shareholders after deducting any provision for preference dividends	1Q ended 31 March 2011	1Q ended 31 March 2010
(a)	Based on the weighted average number of ordinary shares on issue (RMB)	0.0129	(0.0121)
(b)	On a fully diluted basis (RMB)	0.0129	(0.0121)

The calculation of basic earnings per share amounts is based on the profit attributable to ordinary equity holders of the parent as at 31 March 2011 and 2010.

A diluted earnings per share amount is calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjusting income statement effects of dilutive potential ordinary shares, if any) by the weighted average number of ordinary shares outstanding during the period 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. Employee share options are treated as options and outstanding from the date of grant, since they are dilutive, they have been included in the dilutive earnings per share calculation as at 31 March 2011.

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

RMB'000

	1Q ended 31 March 2011
Profit attributable to ordinary equity holders of the Company	50,197
Weighted average number of ordinary shares outstanding	3,894,804,926
Add: net effect of dilutive potential ordinary shares of Management Grant	6,781,232
Number of ordinary shares used to calculate the diluted earnings per share	3,901,586,158

Since the company is reporting a net loss in the 3 months ended as at 31 March 2010, therefore the Convertible Bonds and Management Grant are not dilutive in the period.

The Company had on 23 April 2008 adopted the 2008 Share Option Scheme whereby eligible employees of our Group (including executive directors) may be granted options to subscribe for Shares. The 2008 Share Option Scheme had been terminated by shareholders at Extraordinary General Meeting held on 3 September 2010 and on the same date, the proposed New Share Option Scheme had been adopted by the Shareholders, whereby certain eligible persons (including but not limited to any directors, officers and employees of the Group (whether full-time or part-time) may be granted options to subscribe for Shares. No options had been granted under the 2008 Share Option Scheme nor New Share Option Scheme since its adoption.

The Company had on 23 April 2008 adopted the Performance Share Plan whereby eligible key management executives of our Group (including executive directors) may be awarded fully-paid new Shares without any monetary consideration. No awards had been granted since its adoption and the Performance Share Plan had been terminated by shareholders at Extraordinary General Meeting held on 3 September 2010.

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	
	31 March 2011	31 December 2010	31 March 2011	31 December 2010
	0.8662	0.8466	0.7799	0.7810

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

During Q1 2011, revenue and operating profit of the Company have increased 146% and 618% respectively compared to Q1 2010 mainly due to higher unit price per mu in terms of site area sold in the quarter.

On 21 January 2011, we handed over the land parcel A1-3 from our Luodian Project for public auction. The land parcel was sold at RMB 538 million, which is equivalent to approximately an average of RMB6,038 per square metre in terms of gross floor area.

The details of the contracted prices of land sales are summarized as follows:

Project	Site area (sqm.)	Plot ratio	Month	Gross floor area	Contract price (RMB'mil)	Average price by gross floor area (RMB per sqm.)
Luodian, Shanghai	35,642	2.5	January	89,105	538	6,038

On the cost side, the unit cost for land development (allocated based on budgeted cost of services over relevant area) of Q1 2011 was kept unchanged compared to 2010 in all of the 3 projects. As a result, the land sale contributed revenue (before business tax) of approximately RMB280 million and gross profit of RMB183 million to the Company's financial results in Q1 2011.

Revenue from our hotel operations increased to RMB13 million in Q1 2011 from RMB11 million in Q1 2010, primarily due to a moderate increase in popularity after the Shanghai World Expo.

Due to the scheduled golf course is under renovation for hosting international golf tournaments with IMG (IMG Sports Development (Shanghai) Limited, a sports, entertainment and media company), the golf operations recorded revenue of RMB10 million in this quarter compared to RMB13 million in Q1 2010. The renovation is scheduled to be completed in Q2 2011.

Operating expense

During Q1 2011, selling and distributing costs decreased by RMB3 million compared to Q1 2010, which is primarily due to less promotion expenditure on the golf course since it is still under renovation.

During Q1 2011, administrative expenses increased by RMB5 million compared to Q1 2010 mainly due to the property management fee of RMB3 million incurred in Q1 2011, while no such expenses in Q1 2010 since the property management company was still within the group.

Non-operating activities

During Q1 2011, the Company recorded fair value losses of completed investment properties and investment properties under construction of RMB7 million mainly attributable to the Wuxi retail street Phase 1&2 and Shanghai shopping mall. The losses were mainly due to the additional capital expenditure incurred in Q1 2011. The Company performs valuation on an annual basis.

Financing cost

As indicated in previous announcements, after the completion of the repurchase of the senior notes and convertible bonds, interest expenses have been reduced. During Q1 2011, we have recorded total net financing costs of RMB16 million, which comprised of RMB32 million interest expenses, partially offset by interests capitalized of RMB16 million. This compares with net finance costs of RMB21 million for Q1 2010.

Taxation

The Company recorded the income tax of RMB33 million in Q1 2011, which comprised of income tax of RMB27 million arising from net profit before tax of RMB107 million and withholding tax of RMB6 million due to the retained profits during past three years since 2008 in Shanghai and Wuxi project.

Liquidity

There is no major change in the borrowing of the group during the period. Overall, cash and bank balance is relatively unchanged over the year with a balance of RMB1 billion as at the end of Q1 2011.

Gearing ratio (as measured by net debt / total equity holders' capital and net debt) increased from 19% for the year ended 31 Dec 2010 to 26% as at the end of Q1 2011.

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.

The Central Government's curbing measures on the real estate sector firmly continued into 2011. On 26 January 2011, the Central Government introduced the "Eight New Measures of the State Council" (新國八條), a step up from the previous "Ten Measures of the State Council", introduced in April 2010. The Eight New Measures not only further raised the down-payment ratio for second house purchase and strictly limit the purchase of third houses, but also, on a political level, hold local governments politically accountable for the curbing of property prices. And in less than a day's time, it also announced that Shanghai and Chongqing would act as the pilot cities for imposing real estate tax. The People's Bank of China decisively continued monetary tightening measures, including raising benchmark interest rate twice (in February and in April respectively), and further hiking the required reserve ratio for commercial banks four times in 2011 (that is in addition to the six times hike in 2010), to a record level of 20.5% after the latest hike announced on 17 April 2011. We believe that, as long as the inflation in China does not come down substantially (currently hovering around 5% level, resulting in a negative real interest rate), the Central Government's tightening and curbing measures would likely to continue for a while. This undoubtedly poses strong challenges for the real estate sector, as the end user market would likely become more prudent and adopt a wait-and-see approach, while financing, which is crucial for the real estate sector, presents another challenge on the other hand.

Nevertheless, from a long-term perspective, these policies are constructive to the healthy development of the real estate sector. As the business model of the Company is significantly different from that of ordinary domestic real estate enterprises, we consider that the Company could fully utilize its strength in such circumstances. In particular, to control domestic property price, abundant supply of land resources to the market is of utmost importance, especially land from city peripheral area and within affordable price. The Company has a considerable amount of such land resources, and will continue to benefit from its demand.

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/recommended, a statement to that effect.

No dividend has been declared or recommended for the first quarter ended 31 March 2011.

13 Interest Persons Transactions (“IPT”)

RMB'000	3 months ended 31 March 2011	
Name of interested person	Aggregate value of all IPTs during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all IPTs conducted under shareholder's mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
SRE Group Limited	2,607	-

On July 7, 2010, Shanghai Golden Luodian Development Co., Ltd. (“SGLD”) and Shanghai Lake Malaren Property Management Co., Ltd. (“SLMPM”) entered into the Property Management Agreement pursuant to which SLMPM agreed to continue to provide property management services to SGLD in respect of the Luodian New Town for a term from July 1, 2010 to December 31, 2012 at a fixed management fee of RMB869,000 per month. Under the Property Management Agreement, SGLD provides premises with a GFA of 132.1 sq.m. to SLMPM for use as property management office free of charge. It is expected that the management fee payable by SGLD to SLMPM for the years ending December 31, 2011 and 2012 will not exceed RMB10.5 million each year.

14 Negative assurance confirmation by the Board of Directors pursuant to Rule 705 (5) 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 first quarter unaudited financial statements of China New Town Development Company Limited for the first quarter ended 31 March 2011 presented in this announcement to be false or misleading in any material aspect.

15 **Subsequent event**

- (a) To accelerate the relocation process of the Wuxi Hongshan New Town Project and its development, on 26 April 2011, Wuxi Hongshan New Town Development Co., Ltd. (the “**Hongshan Project Company**”), a non-wholly-owned project company of the Company, entered into a supplementary agreement (the “**Supplementary Agreement**” or the “**Agreement**”) with Relocation Management Office of Hongshan Sub-District of Wuxi New District (無錫新區鴻山街道辦事處) (“**Hongshan Relocation Management Office**”) relating to the relocation and resettlement commission agreement in Respect of the Relocation Work for a Acquired Land of 8.6km² in Wuxi Hongshan (無錫鴻山新城鎮8.6平方公里徵地動遷包干委託合同) dated 30 May 2007.

Pursuant to the Agreement, Hongshan Relocation Management Office is required to complete 90% of the aggregate relocation work in Hongshan New Town for an area of 8.6km² by 2011, and complete the relocation work for 11 major construction projects of Hongshan Project Company, including the land parcels for the construction of the hotel and the Ruijin Hospital. If the Hongshan Relocation Management Office could accomplish two missions by the assessment date, i.e. 20 December 2011, an additional incentive payment totaling RMB282million will be paid by Hongshan Project Company, representing 10% of the total lump sum payment provided in the original relocation and resettlement commission agreement. If the Hongshan Relocation Management Office could further complete all of the relocation work in Hongshan New Town entirely by December 2012, Hongshan Project Company will pay a further incentive payment of RMB141million, representing 5% of the total lump sum payment provided in the original relocation and resettlement commission agreement.

The Company believes that the agreement facilitates the development and construction of the Hongshan New Town and allows the Company to effectively control the land development cost of the project.

The Company will appropriately report such agreements in its financial statements according to actual progress of the relocation work.

- (b) On 6 April 2011, the Company had allotted and issued an aggregate number of 4,905,000 new ordinary shares to entitled persons who exercised the 3rd tranche share options vested pursuant to the Management Grant adopted on 5 July 2007. The total number of issued shares of the Company had been increased to 3,899,709,926 shares.

By order of the Board
China New Town Development Company Limited
Song YiQing
Chief Financial Officer / Executive Director

Singapore and Hong Kong, 12 May 2011

As at the date of this announcement, the executive Directors are Mr. Shi Jian (Chairman), Mr. Li Yao Min, Ms. Gu Biya, Ms. Song Yiqing, Mr. Mao Yiping, Mr. Yang Yonggang and Mr. Shi Janson Bing, the non-independent non-executive Director is Mr. Yue Wai Leung Stan, and the independent non-executive Directors are Mr. Henry Tan Song Kok, Mr. Loh Weng Whye, Mr. Lam Bing Lun Philip and Mr. Kong Siu Chee.