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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.si**

### **UNAUDITED 2011 SECOND 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 (“**HKEx**”). 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 Second Quarter Financial Statements for the Financial Period Ended 30 June 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 second quarter and the first half year ended 30 June 2011**

RMB'000	From 1 April to 30 June		Increase (Decrease)	6 months ended 30 June		Increase (Decrease)
	2011	2010	(%)	2011	2010	(%)
Group						
<b>Revenue</b>	<b>26,428</b>	59,194	(55)	<b>314,833</b>	176,203	79
Cost of sales	<b>(20,193)</b>	(43,801)	(54)	<b>(135,801)</b>	(142,703)	(5)
<b>Gross profit</b>	<b>6,235</b>	15,393	(59)	<b>179,032</b>	33,500	434
Other income	<b>6,137</b>	3,680	67	<b>8,938</b>	5,556	61
Selling and distribution costs	<b>(28,541)</b>	(10,156)	181	<b>(38,226)</b>	(23,277)	64
Administrative expenses	<b>(40,746)</b>	(56,248)	(28)	<b>(76,284)</b>	(86,625)	(12)
Other expenses	<b>(894)</b>	(10,434)	(91)	<b>(1,066)</b>	(10,632)	(90)
Fair value loss on completed investment properties	<b>(7,563)</b>	(613)	1,134	<b>(12,518)</b>	(613)	1,942
Fair value loss on investment properties under construction	<b>(2,401)</b>	(146)	1,545	<b>(4,856)</b>	(146)	3,226
<b>Operating profit/(loss)</b>	<b>(67,773)</b>	(58,524)	16	<b>55,020</b>	(82,237)	(167)
Finance costs	<b>(13,013)</b>	(26,305)	(51)	<b>(28,717)</b>	(47,663)	(40)
<b>Profit/(loss) before tax</b>	<b>(80,786)</b>	(84,829)	(5)	<b>26,303</b>	(129,900)	(120)
Income tax	<b>23,520</b>	1,684	1,297	<b>(8,985)</b>	12,251	(173)
<b>Profit/(loss) after tax</b>	<b>(57,266)</b>	(83,145)	(31)	<b>17,318</b>	(117,649)	(115)
Other comprehensive income	—	—	—	—	—	—
<b>Total comprehensive income</b>	<b>(57,266)</b>	(83,145)	(31)	<b>17,318</b>	(117,649)	(115)

RMB'000	From 1 April to 30 June		Increase (Decrease) (%)	6 months ended 30 June		Increase (Decrease) (%)
	2011	2010		2011	2010	
Profit attributable to:						
Owners of the parent	(45,077)	(66,988)	(33)	5,120	(92,281)	(106)
Non-controlling interests	(12,189)	(16,157)	(25)	12,198	(25,368)	(148)
	<u>(57,266)</u>	<u>(83,145)</u>	<u>(31)</u>	<u>17,318</u>	<u>(117,649)</u>	<u>(115)</u>
Total comprehensive income attributable to:						
Owners of the parent	(45,077)	(66,988)	(33)	5,120	(92,281)	(106)
Non-controlling interests	(12,189)	(16,157)	(25)	12,198	(25,368)	(148)
	<u>(57,266)</u>	<u>(83,145)</u>	<u>(31)</u>	<u>17,318</u>	<u>(117,649)</u>	<u>(115)</u>

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

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

**Revenue**

RMB'000	From 1 April to 30 June		Increase (Decrease) (%)	6 months ended 30 June		Increase (Decrease) (%)
	2011	2010		2011	2010	
Land development	4,325	36,530	(88)	284,757	136,363	109
Hotel operations	7,808	14,480	(46)	21,296	25,696	(17)
Golf operations	17,262	17,605	(2)	26,912	30,379	(11)
Investment property leasing	2,024	1,409	44	3,397	2,219	53
Others	82	1,310	(94)	628	2,437	(74)
Less: Business tax and surcharges	(5,073)	(12,140)	(58)	(22,157)	(20,891)	6
	<u>26,428</u>	<u>59,194</u>	<u>(55)</u>	<u>314,833</u>	<u>176,203</u>	<u>79</u>

## Other income

RMB'000	From 1 April to 30 June		Increase (Decrease) (%)	6 months ended 30 June		Increase (Decrease) (%)
	2011	2010		2011	2010	
Foreign exchange gain, net	2,215	612	262	3,014	612	392
Interest income	3,880	1,101	252	5,822	2,695	116
Tax refund	–	1,863	(100)	–	1,863	(100)
Others	42	104	(60)	102	386	(74)
	<b>6,137</b>	<b>3,680</b>	<b>67</b>	<b>8,938</b>	<b>5,556</b>	<b>61</b>

## Other expenses

RMB'000	From 1 April to 30 June		Increase (Decrease) (%)	6 months ended 30 June		Increase (Decrease) (%)
	2011	2010		2011	2010	
Bank charges	766	303	153	838	478	75
Donations	–	5,000	(100)	–	5,000	(100)
Loss on disposals of property, plant and equipment	–	4,334	(100)	–	4,334	(100)
Loss on disposal of a subsidiary	–	636	(100)	–	636	(100)
Others	128	161	(20)	228	184	24
	<b>894</b>	<b>10,434</b>	<b>(91)</b>	<b>1,066</b>	<b>10,632</b>	<b>(90)</b>

## b) Cost of sales by business units

RMB'000	From 1 April to 30 June		Increase (Decrease) (%)	6 months ended 30 June		Increase (Decrease) (%)
	2011	2010		2011	2010	
Land development	4,598	21,949	(79)	101,681	100,167	2
Hotel operations	9,693	10,778	(10)	19,221	21,077	(9)
Golf operations	5,591	8,512	(34)	14,433	16,649	(13)
Others	311	2,562	(88)	466	4,810	(90)
	<b>20,193</b>	<b>43,801</b>	<b>(54)</b>	<b>135,801</b>	<b>142,703</b>	<b>(5)</b>

c) Finance costs

RMB'000	From 1 April to 30 June		Increase (Decrease) (%)	6 months ended 30 June		Increase (Decrease) (%)
	2011	2010		2011	2010	
Interest on bank and borrowings	32,794	30,096	9	64,923	60,863	7
Interest on Senior Notes	–	4,787	(100)	–	9,598	(100)
Interest on convertible bonds	–	1,014	(100)	–	5,560	(100)
Less: Interest capitalised	(19,781)	(9,592)	106	(36,206)	(28,358)	28
	<b>13,013</b>	<b>26,305</b>	<b>(51)</b>	<b>28,717</b>	<b>47,663</b>	<b>(40)</b>

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 30 June 2011

RMB'000	Group		Company	
	30 June 2011	31 December 2010	30 June 2011	31 December 2010
<b>Non-current assets</b>				
Investments in subsidiaries	–	–	2,764,398	2,617,549
Investment in associated and jointly-controlled companies	40,200	200	–	–
Property, plant and equipment	1,191,762	1,175,322	164	198
Completed investment properties	679,000	679,000	–	–
Investment properties under construction	95,000	95,000	–	–
Prepaid land lease payments	234,827	236,285	–	–
Non-current trade receivables	78,007	93,257	–	–
Deferred tax assets	119,542	120,010	–	–
Other assets	47,464	48,476	–	–
<b>Total non-current assets</b>	<b>2,485,802</b>	<b>2,447,550</b>	<b>2,764,562</b>	<b>2,617,747</b>
<b>Current assets</b>				
Land development for sale	3,900,961	3,590,414	–	–
Properties under development for sale	407,772	74,094	–	–
Prepaid land lease payments	795,566	326,232	–	–
Inventories	4,338	4,032	–	–
Amounts due from subsidiaries	–	–	501,712	496,312
Prepayments	135,878	254,155	–	–
Other receivables	363,078	368,434	15	4
Trade receivables	161,235	485,890	–	26
Cash and bank balances	1,111,626	1,381,049	20,895	102,730
<b>Total current assets</b>	<b>6,880,454</b>	<b>6,484,300</b>	<b>522,622</b>	<b>599,072</b>
<b>Total assets</b>	<b>9,366,256</b>	<b>8,931,850</b>	<b>3,287,184</b>	<b>3,216,819</b>

RMB'000	Group		Company	
	30 June 2011	31 December 2010	30 June 2011	31 December 2010
<b>Equity</b>				
Owners of the parent:				
Share capital	2,788,776	2,778,853	2,788,776	2,778,853
Other reserves	601,669	608,807	1,935,082	1,942,220
Accumulated losses	(698,493)	(641,653)	(1,752,761)	(1,679,381)
	<b>2,691,952</b>	2,746,007	<b>2,971,097</b>	3,041,692
Non-controlling interests	<b>579,976</b>	551,519	–	–
<b>Total equity</b>	<b>3,271,928</b>	3,297,526	<b>2,971,097</b>	3,041,692
<b>Non-current liabilities</b>				
Interest bearing bank borrowings	1,899,900	1,698,300	–	–
Deferred income from sale of golf club membership	529,649	538,176	–	–
Deferred tax liabilities	22,428	19,625	–	–
<b>Total non-current liabilities</b>	<b>2,451,977</b>	2,256,101	–	–
<b>Current liabilities</b>				
Interest-bearing bank borrowings	616,426	470,289	166,436	170,299
Trade payables	864,305	917,806	–	–
Other payables and accruals	598,585	569,771	1,210	4,828
Amounts due to related parties	148,441	–	148,441	–
Advances from customers	3,548	5,523	–	–
Deferred income arising from land development	886,241	895,670	–	–
Current income tax liabilities	524,805	519,164	–	–
<b>Total current liabilities</b>	<b>3,642,351</b>	3,378,223	<b>316,087</b>	175,127
<b>Total liabilities</b>	<b>6,094,328</b>	5,634,324	<b>316,087</b>	175,127
<b>Total equity and liabilities</b>	<b>9,366,256</b>	8,931,850	<b>3,287,184</b>	3,216,819
<b>Net current assets</b>	<b>3,238,103</b>	3,106,077	<b>206,535</b>	423,945
<b>Total assets less current     liabilities</b>	<b>5,723,905</b>	5,553,627	<b>2,971,097</b>	3,041,692

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

**i) Borrowings**

<b>RMB'000</b>	<b>30 June 2011</b>	31 December 2010
Bank loans – secured	<b>2,516,326</b>	2,168,589

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

<b>RMB'000</b>	<b>30 June 2011</b>	31 December 2010
Bank loan – secured	<b>616,426</b>	470,289

**b) Amount repayable after one year**

<b>RMB'000</b>	<b>30 June 2011</b>	31 December 2010
Bank loan – secured	<b>1,899,900</b>	1,698,300

**c) Whether the amounts are secured or unsecured**

See table above.

**d) Details of any collateral**

As of 30 June 2011, bank borrowings of RMB2,516,326 thousand were collateralised by pledges of the Group's property, plant and equipment, completed investment properties, and prepaid land lease payments, properties under development for sale, cash and bank, with net carrying amounts as of 30 June 2011 at RMB491 million, RMB610 million RMB384 million, RMB395 million and RMB178 million respectively. Also, a long term loan with principal of RMB150 million were guaranteed by Mr. Shi Jian, the Chairman of the Company.

The Group had a undrawn credit facilities of RMB529 million as at 30 June 2011 (2010: RMB50 million).

**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**

<b>RMB'000</b>	<b>2Q 2011 1 Apr 2011 to 30 Jun 2011</b>	<b>2Q 2010 1 Apr 2010 to 30 Jun 2010</b>	<b>6 months ended 30 June 2011</b>	<b>6 months ended 30 June 2010</b>
<b>Cash flows from operating activities</b>				
Profit/(Loss) before tax	(80,786)	(84,829)	26,303	(129,900)
Adjustments for:				
Depreciation of property, plant and equipment	14,737	17,428	28,799	31,383
Amortization of prepaid land lease payments	2,177	2,821	4,354	4,958
Loss on disposal of property, plant and equipment	–	4,334	–	4,334
Fair value loss on completed investment properties	7,563	613	12,518	613
Fair value loss on investment properties under construction	2,401	146	4,856	146
Loss on disposal investment property	–	636	–	636
Management share option expense	1,397	1,636	2,784	1,636
Interest income	(3,880)	(1,102)	(5,822)	(2,695)
Interest expense	13,013	25,356	28,717	47,663
Foreign exchange gain, net	(2,142)	(3)	(3,863)	(3)
	<b>(45,520)</b>	<b>(32,964)</b>	<b>98,646</b>	<b>(41,229)</b>
(Increase)/decrease in land development for sale	(77,528)	(69,360)	(293,764)	(106,539)
Increase in properties under development for sale	(177,487)	(4,658)	(319,755)	(4,658)
Increase in prepaid land lease payments	(473,159)	–	(473,159)	–
(Increase)/decrease in inventories	2,628	(144)	(306)	(135)
Decrease in amounts due from related parties	–	38,216	–	47,003
Decrease/(increase) in prepayments other receivables and assets	323,563	(40,764)	124,645	(82,240)
Decrease in trade receivables	246,129	203,050	341,989	96,824
(Decrease)/increase in deferred income for sale of golf club membership and land development	(10,940)	(46,774)	(17,956)	46,044
(Decrease)/increase in advances from customers	27	(135)	(1,975)	(135)
(Decrease)/increase in trade and other payables	(23,480)	5,049	16,142	(282,708)
Increase in amounts due to related parties	–	212	–	212
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(235,767)</b>	<b>51,728</b>	<b>(525,493)</b>	<b>(327,561)</b>

<b>RMB'000</b>	<b>2Q 2011</b> <b>1 Apr 2011 to</b> <b>30 Jun 2011</b>	<b>2Q 2010</b> <b>1 Apr 2010 to</b> <b>30 Jun 2010</b>	<b>6 months</b> <b>ended</b> <b>30 June 2011</b>	<b>6 months</b> <b>ended</b> <b>30 June 2010</b>
<b>Cash flows from investing activities</b>				
Purchase/construction of property, plant and equipment	(22,687)	(4,621)	(45,494)	(11,911)
Proceeds from disposal of property, plant and equipment	164	688	164	688
Investments in jointly-controlled companies	(40,000)	–	(40,000)	–
Payment for investment properties	(14,587)	(3,350)	(47,912)	(92,420)
Disposal of a subsidiary	–	(3,376)	–	(3,376)
Interest received	1,796	1,438	3,738	2,695
<b>Net cash inflow/(outflow) from investing activities</b>	<b>(75,314)</b>	<b>(9,221)</b>	<b>(129,504)</b>	<b>(104,324)</b>
<b>Cash flows from financing activities</b>				
Repayment of bank borrowings	(20,000)	(100,000)	(20,000)	(100,000)
Proceeds of borrowings from a related party	148,441	–	148,441	–
Capital contributions from non-controlling shareholders of subsidiaries	16,259	–	16,259	–
Proceeds from bank borrowings	371,000	–	371,000	–
Interest paid	(32,194)	(34,780)	(64,323)	(72,871)
Dividends paid	(61,960)	(52,281)	(61,960)	(52,281)
Payments of expenses incurred for the listing of existing shares	(2,253)	–	(3,843)	–
Restricted cash for senior notes coupon	–	3	–	–
<b>Net cash inflow/(outflow) from financing activities</b>	<b>419,293</b>	<b>(187,058)</b>	<b>385,574</b>	<b>(225,152)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>108,212</b>	<b>(144,551)</b>	<b>(269,423)</b>	<b>(657,037)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>789,414</b>	<b>953,126</b>	<b>1,167,049</b>	<b>1,465,612</b>
<b>Cash and cash equivalents at end of the period</b>	<b>897,626</b>	<b>808,575</b>	<b>897,626</b>	<b>808,575</b>

**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**

**6 months ended 30 June 2011**

RMB'000	Equity attributable to Owners of the parent				Total	Non-controlling interests	Total equity
	Share Capital	Treasury shares	Other reserves	Accumulated losses			
Balance as at 1 January 2011	2,778,853	-	608,807	(641,653)	2,746,007	551,519	3,297,526
Total comprehensive income	-	-	-	5,120	5,120	12,198	17,318
Equity-settled share options to management	-	-	2,784	-	2,784	-	2,784
Shares issued used upon exercise of management share options granted under Management Grant	9,923	-	(9,922)	-	1	-	1
Dividends	-	-	-	(61,960)	(61,960)	-	(61,960)
Capital contribution from non-controlling interests of a subsidiary	-	-	-	-	-	16,259	16,259
Balance as at 30 June 2011	<u>2,788,776</u>	<u>-</u>	<u>601,669</u>	<u>(698,493)</u>	<u>2,691,952</u>	<u>579,976</u>	<u>3,271,928</u>

**6 months ended 30 June 2010**

RMB'000	Equity attributable to Owners of the parent				Total	Non-controlling interests	Total equity
	Share Capital	Treasury shares	Other reserves	Accumulated losses			
Balance as at 1 January 2010	2,497,385	(37,294)	749,001	(836,166)	2,372,926	436,231	2,809,157
Total comprehensive income for the period	-	-	-	(92,281)	(92,281)	(25,368)	(117,649)
Equity-settled share options to management	-	-	1,636	-	1,636	-	1,636
Shares issued and treasury shares used upon exercise of management share options granted under the MSOP	5,592	2,761	(8,353)	-	-	-	-
Change in capital contribution of non-controlling interests due to disposal of a subsidiary	-	-	-	-	-	500	500
Imputed equity contribution upon CB3 conversion	283,696	-	(137,415)	-	146,281	-	146,281
Dividends	-	-	-	(52,281)	(52,281)	-	(52,281)
Balance as at 30 June 2010	<u>2,786,673</u>	<u>(34,533)</u>	<u>604,869</u>	<u>(980,728)</u>	<u>2,376,281</u>	<u>411,363</u>	<u>2,787,644</u>

## The Company

### 6 months ended 30 June 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	–	–	–	(11,420)	(11,420)
Equity-settled share options to management	–	–	2,784	–	2,784
Shares issued upon exercise of management share options granted under Management Grant	9,923	–	(9,922)	–	1
Dividends	–	–	–	(61,960)	(61,960)
Balance as at 30 June 2011	<u>2,788,776</u>	<u>–</u>	<u>1,935,082</u>	<u>(1,752,761)</u>	<u>2,971,097</u>

### 6 months ended 30 June 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
Total comprehensive income for the period	–	–	–	(11,997)	(11,997)
Equity-settled share options to management	–	–	1,636	–	1,636
Shares issued and treasury shares used upon exercise of management share options granted under the MSOP	5,592	2,761	(8,353)	–	–
Imputed equity contribution upon CB3 conversion	283,696	–	(137,415)	–	146,281
Dividends	–	–	–	(52,281)	(52,281)
Balance as at 30 June 2010	<u>2,786,673</u>	<u>(34,533)</u>	<u>1,938,282</u>	<u>(1,644,507)</u>	<u>3,045,915</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.**

## **Exercise of share options**

On 6 April 2011, the Company had allotted and issued 4,905,000 new ordinary shares to entitled persons who exercised the 3rd tranche share options vested under the Management Grant adopted on 5 July 2007. For further details about Management Grant, please refer to the Company's prospectus dated 5 November 2007.

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 30 June 2011 and as at 30 June 2010 are set out below:

	As at	As at
	30 June 2011	30 June 2010
	No. of Shares	No. of Shares
Shares to be issued pursuant to the release of all the awards granted under the Management Grant	13,488,750	18,393,750
Treasury Shares	–	51,639,250
Total number of issued shares excluding treasury shares as at the end of the period	3,899,709,926	3,843,165,676

Except the management share options granted under the Management Grant, the Company has no other outstanding convertible instruments as at 30 June 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.**

	6 months ended	12 months ended
	30 June 2011	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 pursuant to CB3	–	754,145,894
Issue of new shares in respect of exercise of Management Grant	4,905,000	–
Transfer of treasury shares in respect of exercise of Management Grant	–	4,128,750
Add: Sale of treasury shares	–	51,639,250
Total number of issued shares excluding treasury shares as at the end of the period	3,899,709,926	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 30 June 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 6 months ended as at 30 June 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.**

		<b>Group</b>			
	Earnings per ordinary share for the year based on profit attributable to shareholders after deducting any provision for preference dividends	<b>2Q from 1 Apr 2010 to 30 June 2011</b>	2Q from 1 Apr 2010 to 30 June 2010	<b>6 months ended 30 June 2011</b>	6 months ended 30 June 2010
(i)	Based on the weighted average number of ordinary shares on issue (RMB)	<b>(0.0116)</b>	(0.0182)	<b>0.0013</b>	(0.0272)
(ii)	On a fully diluted basis (RMB)	<b>(0.0116)</b>	(0.0182)	<b>0.0013</b>	(0.0272)

The calculation of basic earnings per share amounts is based on the profit attributable to ordinary equity holders of the parent for the period ended 30 June 2011 and the period ended 30 June 2010.

Since the company is reporting a net loss, therefore the Convertible Bonds and Stock Options are not dilutive for the second quarter of 2010, the second quarter of 2011 and first half of 2010.

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

	<b>2Q from 1 Apr 2011 to 30 June 2011 RMB'000</b>	2Q from 1 Apr 2010 to 30 June 2010 RMB'000	<b>6 months ended 30 June 2011 RMB'000</b>	6 months ended 30 June 2010 RMB'000
Profit/(Loss) attributable to ordinary equity holders of the Company	(45,077)	(66,988)	5,120	(92,281)
Add: Exchange gain and change in fair value of the embedded derivative, net of interest expenses of the dilutive convertible bond	—	—	—	—
Profit/(Loss) attributable to ordinary equity holders of the parent adjusted for effect of dilutive convertible bond	<u>(45,077)</u>	<u>(66,988)</u>	<u>5,120</u>	<u>(92,281)</u>
Weighted average number of ordinary shares outstanding	3,895,128,407	3,685,434,418	3,897,135,552	3,386,821,812
Add: Weighted average number of ordinary shares resulting from conversion of the dilutive stock option(2Q2011)	—	—	4,118,903	—
Number of ordinary shares used to calculate the diluted earnings per share	<u>3,895,128,407</u>	<u>3,685,434,418</u>	<u>3,901,254,455</u>	<u>3,386,821,812</u>

In April 2008, the Company has resolved to adopt CNTD Share Option Scheme (“Scheme”) and CNTD Performance Share Plan (“Plan”). The Scheme and Plan are to provide an opportunity for the eligible employees to participate the Company’s financial success. The vesting of shares is contingent upon certain performance targets and conditions, which are so determined to ensure alignment of interests with shareholders.

- 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.**

	Group		Company	
	30 June 2011	31 December 2010	30 June 2011	31 December 2010
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)	<b>0.8390</b>	0.8466	<b>0.7619</b>	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**

Our results of operations are primarily driven by the frequency and achieved selling prices of public auction of land use rights. In the second quarter of 2011, owing to lack of sale of land use rights, we recorded a net loss of RMB57 million.

Due to the scheduled renovation for hosting international golf tournaments with IMG (IMG Sports Development (Shanghai) Limited, a sports, entertainment and media company), the hotel operations recorded revenue of RMB8 million in this quarter compared to RMB14 million over the same period of 2010. The renovation is scheduled to be completed by the third quarter of 2011.

The operating result of golf courses was in line with last year. The Group does not expect any significant changes in the near future.

Other income which are mainly derived from foreign exchange gain of RMB2 million and interest income of RMB4 million compared to interest income of RMB1 million in the second quarter of 2010. The increase in interest income primarily resulted from increased cash balance and improved interest rate.

### **Operating expenses**

In the second quarter of 2011, selling and distributing costs increased by RMB18 million compared to the same period of 2010 as a result of the expenditure for hosting international golf tournaments of RMB11 million and the RMB3 million brand royalty fees for International Peace Maternity & Child Health Hospital to be built in our Shanghai Luodian project.

Administrative expense decreased by RMB16 million compared to the second quarter of 2010 mainly due to the listing fee of RMB15 million incurred in the second quarter of 2010, while no such expense was incurred in the second quarter of 2011.

## **Non-operating activities**

In the second quarter of 2011, other expenses decreased by RMB10 million compared to the same period of 2010 mainly due to the RMB4 million write-off of property, plant and equipment in the second quarter 2010, and the RMB5 million incurred in relation to confiscation of property from Liaoning Department of Land and Resources and the donation for Yushu earthquake in the same period of 2010, while no such expense was incurred in this quarter.

In the same quarter of 2011, the Company recorded fair value losses of completed investment properties of RMB8 million and investment properties under construction of RMB2 million, which is mainly attributable to the Wuxi retail street Phase I&II and Shanghai retail street. The losses were due to additional capital expenditure incurred in this quarter. 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. In the second quarter of 2011, we have recorded total net financing costs of RMB13 million, which comprised of RMB33 million interest expenses, partially offset by interests capitalized of RMB20 million. This compares with net financing costs of RMB26 million for the same period of 2010.

## **Taxation**

The Company recorded the income tax benefit of RMB24 million in this quarter, which comprised of income tax benefit of RMB20 million arising from loss before tax of RMB81 million and withholding tax benefit of RMB4 million due to the retained profits during past three years since 2008 in Shanghai and Wuxi project.

## **Balance sheet**

### *Construction in progress*

The balance as at 30 June 2011 mainly represents the golf renovation by RMB49 million; the construction cost of International Peace Maternity & Child Health Hospital by RMB26 million and the hotel renovation by RMB11 million.

### *Properties under development for sale*

The balance as at 30 June 2011 mainly represents the construction cost of Lake Malaren Silicon Valley Project by RMB285 million and the construction cost of Lake Malaren Soho Project by RMB110 million. The increase was mainly due to the increased construction progress.

### *Prepaid land lease payments*

The balance as at 30 June 2011 increased by RMB469 million as compared with the balance at the end of 2010, which was mainly due to the land use rights of the Chengdu project obtained by the Group in the amount of RMB470 million in May 2011. The amount was classified from prepayments to prepaid land lease payments when the land use rights were received by the Group after paying the entire land purchasing cost.

### ***Prepayments***

The balance as at 30 June 2011 mainly represents the prepayment of Lake Malaren Silicon Valley Project by RMB83 million. While the balance as the end of 2010 mainly represents the prepayment of partial land cost of the Chengdu project by RMB215 million, which was classified from prepayments to Prepaid land lease payments as stated above.

### ***Trade receivables (including current and non-current)***

The balance as at 30 June 2011 decreased by RMB340 million as compared with the balance as at the end of 2010, which was mainly due to the cash collection in the 1st half of 2011 of RMB615 million from past land sales net off the additional receivable from land sale proceeds by RMB263 million as at 31 March 2011.

### **Liquidity**

As of 30 June 2011, the Group has entered into two construction loan agreements with China Minsheng Banking Corp., Ltd. (Shanghai Branch). The details of the Loan are set out below:

- a> For the development of Lake Malaren Silicon Valley Project in our Shanghai Luodian New Town Project:
- Term: 5 years
  - Maturity Date: 26 May 2016
  - Principal: RMB600 million (As at the date of this announcement, the Group has withdrawn RMB311 million from this loan facility.)
  - Interest rate: currently at 7.98% per annum (20% premium over the People's Bank of China 5-year benchmark rate)
- b> For the development of SOHO Project in our Shanghai Luodian New Town Project:
- Term: 30 months
  - Maturity Date: 11 October 2013
  - Principal: RMB250 million (As at the date of this announcement, the Group has withdrawn RMB60 million from this loan facility.)
  - Interest rate: currently at 8.96% per annum (40% premium over the People's Bank of China 3-year benchmark rate)

Overall, cash and bank balance is relatively stable over the year with a balance of RMB1.1 billion as at 30 June 2011.

Gearing ratio (as measured by net debt/total equity holders' capital and net debt) increased from 19% for the year ended 31 December 2010 to 30% as at 30 June 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.**

In the first half of 2011, as the unprecedented fiscal and monetary stimulus in major economies during the financial tsunami came to cessation, the global economy headed into a period of substantial uncertainty and volatility. On one hand, the developed economies, represented by the United States and European countries, had hard time solving the structural problems of high unemployment rates and weak consumer confidence. Moreover, these countries got stuck into enormous overhanging debt caused by their fiscal over-expansion, and investor lost confidence in their sovereign credit quality. It is expected that the sovereign debt crisis will continue to plague the developed world in the second half of the year, thus creating more uncertainty for global economic recovery. On the other hand, the emerging economies, led by China and India, were forced to take harsh actions to tighten credit and money supply in a hope to suppress the soaring inflationary pressure primarily caused by the loose monetary policies adopted by the U.S. and Europe.

The China economy, as witnessed by its GDP growth, Industrial Production and Purchase Manager Index (PMI), maintained its stable growth momentum in spite of stringent credit and monetary tightening. However, the Government demonstrated its absolute determination to control and curb the real estate industry. Following the “Ten Rules by State Council” promulgated last year and the “New Eight Rules by State Council” promulgated in January this year, on 12 July 2011, the State Council further announced its intention to impose purchase restrictions on tier two and tier three cities where house price has been rising too fast, and reiterated that local governments will held politically accountable for curbing housing prices. This shows the strength and determination of the State Council in restraining the property industry will remain tough in the foreseeable future. Meanwhile, the Government’s curbing policies are showing prominent effects: the turnover of residential properties across the country decreased significantly as buyers become more prudent; while some property developers are also lowering prices to promote project sales in response to their tight capital chains. Meanwhile, in the first half of this year, different regions across the country generally delayed or slowed down decision making on land sale quotas, causing a deceleration in land sales by local governments. Although prices of land sold by tender in China have therefore become more rational, yet some real estate enterprises with strong capital capability are actively building their land bank for future expansion.

Although the real estate industry is now undergoing a difficult period caused by the policy environment and the near term operating environment remains tough, yet we believe such policy will be helpful to the long term health of the real estate industry. As the business model adopted by the Company is different from other real estate enterprises in China, the Company is uniquely positioned to leverage on its competitive advantages as a leading new town developer. The acceleration of urbanization around China is an irresistible macro trend. Especially, for the purpose of controlling the nation's housing price, it is very important to provide sufficient land to the market and, in particular, to build affordable houses in suburban area of cities. The Company holds a large land bank in the suburban new towns around major cities. We will continue to make good use of our unique business model and our unrivaled role in the process of the urbanization, and will prudently manage our cash flows, to maintain high level of capital agility and soundness, so as to best position ourselves for future opportunities.

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 second quarter ended 30 June 2011.

13 **Interest Persons Transactions (“IPT”)**

<b>RMB’000</b>	<b>6 months ended 30 June 2011</b>	
<b>Name of interested person</b>	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	153,655	–

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 thousand 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. The management fee of first half of 2011 is RMB5,214 thousand.

On 30 June, 2011, SRE provided a loan of RMB148 million to the Company, which was interest-free, unsecured and repayable on demand.

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 interim unaudited financial statements of China New Town Development Company Limited for the second quarter and first half year ended 30 June 2011 presented in this announcement to be false or misleading in any material aspect.

15 **Subsequent event**

Not applicable

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

Singapore and Hong Kong, 14 August 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.*