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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 INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2011

The board of directors (the “Board”) of China New Town Development Company Limited (the “Company”) is pleased to announce the unaudited interim consolidated financial statements of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2011 as set out below:

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011

(Amount expressed in thousands of Renminbi unless otherwise stated)

		Six months ended 30 June	
	Notes	2011	2010
Revenue	5	314,833	176,203
Cost of sales		<u>(135,801)</u>	<u>(142,703)</u>
Gross profit		179,032	33,500
Other income	6	8,938	5,556
Selling and distribution costs		(38,226)	(23,277)
Administrative expenses		(76,284)	(86,625)
Other expenses	7	(1,066)	(10,632)
Fair value loss on completed investment properties		(12,518)	(613)
Fair value loss on investment properties under construction		<u>(4,856)</u>	<u>(146)</u>
Operating profit/(loss)		55,020	(82,237)
Finance costs	8	<u>(28,717)</u>	<u>(47,663)</u>
Profit/(loss) before tax		26,303	(129,900)
Income tax	9	<u>(8,985)</u>	<u>12,251</u>
Profit/(loss) after tax		17,318	(117,649)
Other comprehensive income		<u>—</u>	<u>—</u>
Total comprehensive income		<u>17,318</u>	<u>(117,649)</u>
Profit attributable to:			
Owners of the parent		5,120	(92,281)
Non-controlling interests		<u>12,198</u>	<u>(25,368)</u>
		<u>17,318</u>	<u>(117,649)</u>
Total comprehensive income attributable to:			
Owners of the parent		5,120	(92,281)
Non-controlling interests		<u>12,198</u>	<u>(25,368)</u>
		<u>17,318</u>	<u>(117,649)</u>
Earnings/(loss) per share attributable to ordinary equity holders of the parent:			
Basic earnings/(loss) per share	11	0.0013	(0.0272)
Diluted earnings/(loss) per share	11	<u>0.0013</u>	<u>(0.0272)</u>

STATEMENT OF FINANCIAL POSITION

As at 30 June 2011

(Amounts expressed in thousands of Renminbi unless otherwise stated)

		Group		Company	
		30 June	31 December	30 June	31 December
	Notes	2011	2010	2011	2010
Non-current assets					
Investments in subsidiaries		–	–	2,764,398	2,617,549
Investments in associates 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	13	78,007	93,257	–	–
Deferred tax assets		119,542	120,010	–	–
Other assets		47,464	48,476	–	–
Total non-current assets		2,485,802	2,447,550	2,764,562	2,617,747
Current assets					
Land development for sale	12	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	13	161,235	485,890	–	26
Cash and bank balances		1,111,626	1,381,049	20,895	102,730
Total current assets		6,880,454	6,484,300	522,622	599,072
Total assets		9,366,256	8,931,850	3,287,184	3,216,819

		Group		Company	
		30 June	31 December	30 June	31 December
	Notes	2011	2010	2011	2010
Equity					
Equity attributable to 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)
		2,691,952	2,746,007	2,971,097	3,041,692
Non-controlling interests		579,976	551,519	–	–
Total equity		3,271,928	3,297,526	2,971,097	3,041,692
Non-current liabilities					
Interest-bearing bank borrowings	15	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	–	–
Total non-current liabilities		2,451,977	2,256,101	–	–
Current liabilities					
Interest-bearing bank borrowings	15	616,426	470,289	166,436	170,299
Trade payables	14	864,305	917,806	–	–
Other payables and accruals		598,585	569,771	1,210	4,828
Amounts due to related parties	16	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	–	–
Total current liabilities		3,642,351	3,378,223	316,087	175,127
Total liabilities		6,094,328	5,634,324	316,087	175,127
Total equity and liabilities		9,366,256	8,931,850	3,287,184	3,216,819
Net current assets		3,238,103	3,106,077	206,535	423,945
Total assets less current liabilities		5,723,905	5,553,627	2,971,097	3,041,692

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2011

(Amounts expressed in thousands of Renminbi unless otherwise stated)

	Six months ended 30 June 2011	Six months ended 30 June 2010
Cash flows from operating activities		
Profit/(loss) before tax	26,303	(129,900)
Adjustments for:		
Depreciation of property, plant and equipment	28,799	31,383
Amortization of prepaid land lease payments	4,354	4,958
Loss/(gain) on disposal of property, plant and equipment	–	4,334
Fair value loss on completed investment properties	12,518	613
Fair value loss on investment properties under construction	4,856	146
Loss on disposal of investment property	–	636
Foreign exchange gain, net	(3,863)	(3)
Management share option expense	2,784	1,636
Interest income	(5,822)	(2,695)
Interest expense	28,717	47,663
	98,646	(41,229)
Increase in land development for sale	(293,764)	(106,539)
Increase in properties under development for sale	(319,755)	(4,658)
Increase in prepaid land lease payments	(473,159)	–
Increase in inventories	(306)	(135)
Decrease in amounts due from related parties	–	47,003
Decrease/(increase) in prepayments, other receivables and assets	124,645	(82,240)
Decrease in trade receivables	341,989	96,824
(Decrease)/increase in deferred income for sale of golf club membership and land development	(17,956)	46,044
Decrease in advances from customers	(1,975)	(135)
(Decrease)/increase in trade and other payables	16,142	(282,708)
Increase in amounts due to related parties	–	212
Net cash outflow from operating activities	(525,493)	(327,561)

	Six months ended 30 June 2011	Six months ended 30 June 2010
Cash flows from investing activities		
Purchase/construction of property, plant and equipment	(45,494)	(11,911)
Proceeds from disposal of property, plant and equipment	164	688
Investments in jointly-controlled companies	(40,000)	–
Payment for investment properties	(47,912)	(92,420)
Disposal of a subsidiary	–	(3,376)
Interest received	3,738	2,695
Net cash outflow from investing activities	(129,504)	(104,324)
Cash flows from financing activities		
Proceeds of borrowings from a related party	148,441	–
Capital contributions from non-controlling shareholders of subsidiaries	16,259	–
Proceeds from bank borrowings	371,000	–
Repayment of bank borrowings	(20,000)	(100,000)
Interest paid	(64,323)	(72,871)
Dividend paid	(61,960)	(52,281)
Payments of expenses incurred for the listing of existing shares	(3,843)	–
Net cash inflow/(outflow) from financing activities	385,574	(225,152)
Net decrease in cash and cash equivalents	(269,423)	(657,037)
Cash and cash equivalents at beginning of year	1,167,049	1,465,612
Cash and cash equivalents at end of year	897,626	808,575

STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2011

(Amounts expressed in thousands of Renminbi unless otherwise stated)

Group

Six 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>

Six 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>

Company

Six months ended 30 June 2010

<i>RMB'000</i>	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>

Six months ended 30 June 2011

<i>RMB'000</i>	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>

Notes to Financial Statements

(All amounts expressed in thousand of Renminbi unless otherwise stated)

1. GENERAL INFORMATION

Corporate information

The Company was incorporated on 4 January 2006 in the British Virgin Islands (“BVI”) by one shareholder. After a series of reorganisations, on 14 November 2007, the Company was listed on the Main Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”). On 22 October 2010, the Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (“HKEx”) by way of introduction. As a result, the Company is dual listed on the Main Board of both the SGX-ST and the HKEx.

The Group is a new town developer in the Mainland China and is principally engaged in planning and developing large-scale new towns in China’s largest cities of which the activities include designing the master plan, relocating and resettling incumbent residents and businesses, clearing and preparing the land and installing infrastructure. Land use rights to the residential parcels in the new towns developed by the Group are then sold by the relevant land authorities to real estate property developers, the proceeds of which are apportioned to the Group on specified bases. The Group also develops and manages commercial properties in those new towns.

In the opinion of the directors of the Company (the “Directors”), the Company’s ultimate holding company is SRE Group Limited (“SRE”), a company incorporated in Bermuda. As the Company has become a subsidiary of SRE since September 2009 after a series of share placement and convertible bond issuance, the Company ceased to be an associate of SRE since then.

2. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on a historical cost basis, except for investment properties under construction, certain financial instruments and completed investment properties that have been measured at fair value. The financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand (’000) unless otherwise indicated.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2011. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Non-controlling interests represent the portion of profit or loss and net assets of subsidiaries attributable to equity interests that are not held by the Group are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from the parent shareholders’ equity. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance. On acquisition of non-controlling interests, the difference between the consideration and book value of the share of the net assets acquired is reflected as being a transaction between owners and recognised directly in equity.

Operating cycle

The operating cycle of the Group is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Due to the nature of the Group’s business, the Group’s normal operating cycle is longer than twelve months. The Group’s current assets include assets (such as land development for sale) that are sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within twelve months after the end of the reporting period, in accordance with IFRS.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2010, except for the adoption of new and revised standards and interpretations as of 1 January 2011, as described below:

IAS 24 (Revised): Related Party Transactions

The revised IAS 24 clarifies and simplifies the definition of a related party. The revised standard also provides some relief for government-related entities to disclose details of all transactions with other government-related entities (as well as with the government itself). Currently, the revision did not have significant impact on the Group's financial statements.

IAS 32 Amendment: Classification of Rights Issues

The amendment provides relief to entities that issue rights in a currency other than their functional currency, from treating the rights as derivatives with fair value changes recorded in profit or loss. Such rights will now be classified as equity instruments when certain conditions are met. Currently, the amendment did not have significant impact on the Group's financial statements.

IFRS 1 Amendment: Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters

IFRS 1 Amendment relieves first-time adopters of IFRSs from providing the additional disclosures introduced in 2009 by Improving Disclosures about Financial Instruments (Amendments to IFRS 7). It thereby ensures that first-time adopters benefit from the same transition provisions that Amendments to IFRS 7 provide to current IFRS preparers. The amendment did not have significant impact on the Group's financial statements.

IFRIC- 14 Amendment: Prepayments of a Minimum Funding Requirement

The amendments remove an unintended consequence arising from the treatment of prepayments of future contributions in certain circumstances when there is a minimum funding requirement. The amendments require an entity to treat the benefit of an early payment as a pension asset. The economic benefit available as a reduction in the future contributions is thus equal to the sum of (i) the prepayment of future services and (ii) the estimated future services costs less the estimated minimum funding requirement contributions that would be required as if there were no prepayments. Currently, the amendments did not have significant impact on the Group's financial statements.

IFRIC-19: Extinguishing Financial Liabilities with Equity Instruments

IFRIC 19 addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability. The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability are consideration paid in accordance with IAS 39 Financial Instruments: Recognition and Measurement and the difference between the carrying amount of the financial liability extinguished, and the consideration paid, shall be recognized in profit or loss. The consideration paid should be measured based on the fair value of the equity instrument issued or, if the fair value of the equity instrument cannot be reliably measured, the fair value of the financial liability extinguished. Currently, the interpretation did not have significant impact on the Group's financial statements.

Improvements to IFRSs (issued May 2010)

In May 2010, IASB issued an omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the amendments resulted in certain changes to accounting policies, but did not have significant impact on the financial statements of the Group.

The Group has not early adopted any other standard, interpretation or amendment that was issued but is not yet effective.

4. OPERATING SEGMENT INFORMATION

For management purpose, the Group is organised into business units based on their products and services and has the following operating segments. The Group's operational assets and operations are located in Mainland China.

- Land development segment provides land infrastructure development and construction of ancillary public facilities;
- Property leasing segment provides property leasing services of investment properties;
- Hotel operations segment provides room, restaurants and conference hall services;
- Golf operations segment provides golf course management services; and
- Others segment provides investment and property management services.

Management monitors the operating results of the Group's business units separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on operating profit and loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the prevailing market prices.

An analysis by operating segment is as follow:

	For the six months ended 30 June 2011						
	Land development	Property leasing	Hotel operations	Golf operations	Others	Adjustments and eliminations	Total
Segment results							
External sales	269,489	3,204	20,092	21,491	557	-	314,833
Intersegment sales	-	-	-	-	750	(750)	-
Total segment sales	269,489	3,204	20,092	21,491	1,307	(750)	314,833
Segment profit/(loss)	113,576	(14,184)	(16,540)	(16,449)	(11,383)		55,020
Finance cost						(28,717)	(28,717)
Profit before income tax							26,303

For the six months ended 30 June 2010

	Land development	Property leasing	Hotel operations	Golf operations	Others	Adjustments and eliminations	Total
Segment results							
External sales	129,376	2,107	24,399	18,291	2,030	–	176,203
Intersegment sales	–	–	–	–	4,718	(4,718)	–
Total segment sales	129,376	2,107	24,399	18,291	6,748	(4,718)	176,203
Segment profit/(loss)	(39,010)	(1,680)	(18,655)	(9,493)	(13,399)		(82,237)
Finance cost						(47,663)	(47,663)
Profit before income tax							(129,900)

5. REVENUE

	Six months ended 30 June 2011	Six months ended 30 June 2010
Land development	284,757	136,363
Hotel operations	21,296	25,696
Golf operations	26,912	30,379
Investment property leasing	3,397	2,219
Others	628	2,437
Less: Business tax and surcharges	(22,157)	(20,891)
	314,833	176,203

6. OTHER INCOME

	Six months ended 30 June 2011	Six months ended 30 June 2010
Foreign exchange gain, net	3,014	612
Interest income	5,822	2,695
Tax refund	–	1,863
Others	102	386
	8,938	5,556

7. OTHER EXPENSES

	Six months ended 30 June 2011	Six months ended 30 June 2010
Bank charges	838	478
Donation	–	5,000
Loss on disposal of property, plant and equipment	–	4,334
Loss on disposal of a subsidiary	–	636
Others	228	184
	<u>1,066</u>	<u>10,632</u>

8. FINANCE COSTS

	Six months ended 30 June 2011	Six months ended 30 June 2010
Interest on bank and borrowings wholly repayable within 5 years	35,764	2,468
Interest on bank and borrowings not wholly repayable within 5 years	29,159	58,395
Interest on Senior Notes	–	9,598
Interest on CB3	–	5,560
Less: Interest capitalised	(36,206)	(28,358)
	<u>28,717</u>	<u>47,663</u>

The borrowing costs have been capitalised at weighted average rates of 5.84% and 6.12% per annum for the first half of 2011 and first half of 2010, respectively.

9. INCOME TAX

The Group is subject to income tax on an entity basis on profit arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate.

The Company is a tax-exempted company incorporated in the British Virgin Islands.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the period.

The principal operating subsidiaries of the Company were subject to income tax at the rate of 25% on their taxable income according to the Income Tax Law of the PRC.

The major components of income tax are:

	Six months ended 30 June 2011	Six months ended 30 June 2010
Income tax charge:		
Current income tax	5,714	8,151
Deferred tax	468	(20,402)
Withholding tax	2,803	–
	<u>8,985</u>	<u>(12,251)</u>

10. DIVIDEND

The Board had resolved not to declare any interim dividend for the six months ended 30 June 2011 (2010: Nil). The Company had declared the final 2010 dividends in February 2011 and distributed the dividends of RMB61,960,000 in May 2011.

11. EARNINGS PER SHARE

The calculation of the basic earnings per share amount is based on the profit/(loss) attributable to ordinary equity holders of the parent for six months ended 30 June 2010 and six months ended 30 June 2011.

The diluted earnings per share amounts are calculated by dividing the profit/(loss) attributable to ordinary equity holders of the parent (after adjusting profit or loss effects of dilutive convertible bonds or employee share options, if any) by the weighted average number of ordinary shares outstanding during the year 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 for six months ended 30 June 2010 and six months ended 30 June 2011.

The following reflects the profit and share data used in the basic and diluted earnings per share calculations:

	6 months ended 30 June 2011	6 months ended 30 June 2010
Profit/(loss) attributable to ordinary equity holders of the parent	5,120	(92,281)
Add: Net effect of the dilutive convertible bond	<u>—</u>	<u>—</u>
Profit/(loss) attributable to ordinary equity holders of the parent adjusted for effect of the dilutive convertible bond	<u>5,120</u>	<u>(92,281)</u>
Weighted average number of ordinary shares outstanding	3,897,135,552	3,386,821,812
Add: Net effect of dilutive potential ordinary shares of Management Grant	<u>4,118,903</u>	<u>—</u>
Number of ordinary shares used to calculate the diluted earnings per share	<u>3,901,254,455</u>	<u>3,386,821,812</u>
Basic earnings/(loss) per share (<i>RMB</i>)	<u>0.0013</u>	<u>(0.0272)</u>
Diluted earnings/(loss) per share (<i>RMB</i>)	<u>0.0013</u>	<u>(0.0272)</u>

12. LAND DEVELOPMENT FOR SALE

Group	30 June 2011	30 June 2010
At cost:		
Mainland China	3,900,961	3,764,434

13. TRADE RECEIVABLE

Group	30 June 2011	31 December 2010
Receivables from land development for sale	228,461	566,131
Receivables from the sale of golf club membership	5,310	7,688
Others	5,471	5,328
	239,242	579,147

An aged analysis of the trade receivables is as follows:

	30 June 2011	31 December 2010
Within 6 months	104,188	29,940
6 months to 1 year	49,912	320,790
1 year to 2 years	36,552	44,381
2 years to 3 years	45,502	112,305
Over 3 years	3,088	71,731
	239,242	579,147

The above balances are unsecured and interest-free. The fair values of the trade receivables at the end of each reporting period approximate to their carrying amounts. No trade receivables were written off as of 30 June 2011 (31 December 2010: Nil).

14. ACCOUNT PAYABLE

Group	30 June 2011	31 December 2010
Trade payables	864,305	917,806
	864,305	917,806

Trade payables are non-interest-bearing and are normally settled within one year.

An aged analysis of the Group's trade payables as at the reporting dates is as follows:

	30 June 2011	31 December 2010
Within one year	561,585	556,085
1 to 2 years	82,398	226,411
Over 2 years	220,322	135,310
	864,305	917,806

15. INTEREST-BEARING BANK BORROWINGS

The interest-bearing bank borrowings which were all denominated in RMB (except a HK\$200,140 thousand loan) are as follows:

	Group		Company	
	30 June 2011	31 December 2010	30 June 2011	31 December 2010
Bank loans – secured	2,516,326	2,168,589	166,436	170,299

The bank borrowings are repayable as follows:

	Group		Company	
	30 June 2011	31 December 2010	30 June 2011	31 December 2010
Within 6 months	571,426	190,299	166,436	170,299
6 months to 9 months	25,000	49,990	–	–
9 months to 12 months	20,000	230,000	–	–
1 year to 2 years	435,000	325,000	–	–
2 years to 5 years	913,000	802,000	–	–
Over 5 years	551,900	571,300	–	–
	2,516,326	2,168,589	166,436	170,299

The Group's bank loans bore interest at floating rates ranging from 6.12% to 8.96% and 5.76% to 6.73% per annum for 30 June 2011 and the year ended 31 December 2010, respectively.

Long-term and short-term bank borrowings

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 RMB492 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 (31 December 2010: RMB50 million).

16. RELATED PARTY BALANCE AND TRANSACTION

Group	30 June 2011	31 December 2010
Amounts due to related parties:		
SRE Group Limited	148,441	—
	<u>148,441</u>	<u>—</u>

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.

Balances as at 30 June 2011 represented a loan from SRE, which was interest-free, unsecured and repayable on demand. The Company had repaid the loan of RMB100 million to SRE on 10 August 2011.

17. CAPITAL COMMITMENTS AND COMMITMENTS IN RESPECT OF LAND OR PROPERTY DEVELOPMENT FOR SALE AND INVESTMENT

At the end of each reporting period, the Group had capital commitments and commitments in respect of land development or properties under development for sale as follows:

Group	30 June 2011	31 December 2010
Commitments in respect of land development for sale:		
Contracted but not provided for	1,707,495	2,062,227
Authorised but not contracted for	4,738,165	4,780,887
Commitments in respect of properties under development for sale:		
Contracted but not provided for	353,664	356,383
Authorised but not contracted for	184,348	192,676
Investment properties under construction:		
Contracted but not provided for	17,519	3,900
Authorised but not contracted for	145,559	144,895
Property, plant and equipment and leasehold land:		
Contracted but not provided for	397,645	312,219
Authorised but not contracted for	2,404,822	2,506,806
Commitments in respect of investment in a jointly-controlled company:		
Contracted but not provided for	120,000	—
Authorised but not contracted for	—	—
Total	<u>10,069,217</u>	<u>10,359,993</u>

The Group had significant commitments as it had entered into three township development projects in Shanghai, Wuxi and Shenyang and such commitments are quantified based on contracts, feasibility studies and detailed plans for the respective projects. As a result, the Group prepares cash flow budgets for major project companies annually and updates the cash flow budgets regularly.

18. FINANCIAL REVIEW/HIGHLIGHTS

- a) Fair review of development of business of the Group during financial period and of their financial position at the end of the period.

Operating Results

In the first half of 2011, revenue and operating profit of the Company have increased 44% and 249% respectively compared to the same period of 2010 mainly due to higher unit price per mu in terms of site area sold in the first quarter of 2011.

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 RMB538 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 (sqm.)	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 the first half of 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 RMB285 million and gross profit of RMB114 million to the Company's financial results in the first half of 2011.

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 RMB21 million in the first half of 2011 compared to RMB25 million over the same period of 2010. The renovation is scheduled to be completed by the third quarter of 2011.

As discussed above, as a result of the renovation, the operating result of golf courses recorded of revenue of RMB27 million in the first half of 2011 compared to RMB30 million over the same period of 2010.

Other income which are mainly derived from foreign exchange gain of RMB3 million and interest income of RMB6 million compared to tax refund of RMB2 million and interest income of RMB3 million in the first half of 2010. The increase in interest income primarily resulted from increased cash balance and improved interest rate.

Operating Expenses

In the first half of 2011, selling and distributing costs increased by RMB15 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 RMB10 million compared to the first half year of 2010. The decrease was mainly attributable to a one-off listing fee of RMB17 million incurred in the first half of 2010, netting off by the finance consulting fee of RMB6 million incurred in Luodian project in the first half of 2011.

Non-operating Activities

In the first half 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 of 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 the first half of 2011.

In the first half of 2011, the Company recorded fair value losses of completed investment properties of RMB13 million and investment properties under construction of RMB5 million, which is mainly attributable to the Wuxi retail street Phase I&II, Shanghai shopping mall 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 first half of 2011, the Group have recorded total net financing costs of RMB29 million, which comprised RMB65 million interest expenses, partially offset by interests capitalized of RMB36 million. This compares with net financing costs of RMB48 million for the same period of 2010.

Taxation

The Company recorded the income tax of RMB9 million in the first half of 2011, which comprised income tax of RMB6 million and withholding tax of RMB3 million due to the retained profits during the past three years since 2008 in Shanghai and Wuxi projects.

Statement of Financial Position

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 first 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 Dec 2010 to 30% as at 30 June 2011.

Business Analysis and Outlook

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.

- b) Details of important events affecting the Group which have occurred since the end of the financial period

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.

- c) An indication of likely future development in the business of the Group for the financial period

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.

19. APPRECIATION STATEMENT

It is the Board’s privilege to express our gratitude to our strategic investors and shareholders for their trust and support and to offer my heartfelt thanks to all Directors, executives and staff members in the Group for their team spirit and loyalty.

20. PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2011.

21. MOVEMENTS IN SECURITIES

On 6 April 2011, the Company had allotted and issued 4,905,000 new ordinary shares to entitled persons who exercised the third tranche share options vested under the Management Grant adopted on 5 July 2007. The total number of issued shares of the Company as at the end of the period was 3,899,709,926 shares.

For further details about the Management Grant, please refer to the Company’s listing document dated 18 October 2010.

22. CORPORATE GOVERNANCE

The Company subscribes to best practice on corporate governance, and has complied with the principles and guidelines of the Code of Corporate Governance 2005 issued by the Corporate Governance Committee in Singapore and has subsequently complied with the code provisions of the Code on Corporate Governance Practices (the “HK Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on the HKEx (“Listing Rules”) throughout the period except for the Code provision E1.2 of the HK Code, that the Chairman of the Board did not attend the annual general meeting for the year 2011 due to other business commitment. The Vice-chairman of the Board had attended in chairman’s absence.

23. EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2011, there were 1,190 (2010: 1,182) employees in the Group. Staff remuneration packages are determined in consideration of market conditions and the performance of the individuals concerned, and are subject to review from time to time. The Group also provides other staff benefits including medical insurance, and grants discretionary incentive bonuses and share options to eligible staff based on their performance and contributions to the Group.

24. CONTINGENT LIABILITIES

As at 30 June 2011, the Group had no contingent liabilities (2010: Nil) in respect of guarantees to assist home buyers to obtain mortgage loans from banks and complete mortgage procedures.

25. DIRECTORS' COMPLIANCE WITH THE CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code"). Specific enquiry has been made of all Directors, who have confirmed that they complied with required standard set out in the Model Code.

26. AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") has reviewed the accounting principles and standards adopted by the Group, and has discussed and reviewed the internal control and reporting matters. The Group's unaudited consolidated financial statements for the six months ended 30 June 2011 have been reviewed by the Audit Committee.

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

Hong Kong, 14 August, 2011

As at the date of this announcement, the executive directors are Mr. Shi Jian (Chairman), Mr. Li Yao Min, Mr. Yue Wai Leung Stan, Mr. Shi Janson Bing, Ms. Gu Biya, Ms. Song Yiqing, Mr. Mao Yiping and Mr. Yang Yonggang 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.