NEW TOWN

China New Town Development Company Limited
中國新城鎮發展有限公司

Hong Kong Stock Code: 1278
Singapore Stock Code: D4N.si

Interim Report 2013

創新驅動 轉型發展

推進新型城鎮化建設

Contents

Corporate Information

BOARD OF DIRECTORS

Executives

Mr Shi Jian *(Chairman)*
Mr Li Yao Min
(Co-Chairman, Chief Executive Officer)
Mr Shi Janson Bing
(Co-Chief Executive Officer)
Ms Gu Biya *(Chief Operating Officer)*
Mr Mao Yiping *(Vice President)*
Mr Qian Yifeng *(Executive Director)*

Non-Independent Non-Executive

Mr Yue Wai Leung Stan *(Vice Chairman)*

Non-Executives

Mr Henry Tan Song Kok
(Lead Independent Director)
Mr Zhang Hao
(Independent Director)
Mr Kong Siu Chee *(Independent Director)*
Mr E Hock Yap *(Independent Director)*

AUDIT COMMITTEE

Mr Henry Tan Song Kok *(Chairman)*
Mr Zhang Hao
Mr E Hock Yap

NOMINATING COMMITTEE

Mr E Hock Yap *(Chairman)*
Mr Henry Tan Song Kok
Mr Kong Siu Chee

REMUNERATION COMMITTEE

Mr Kong Siu Chee *(Chairman)*
Mr Henry Tan Song Kok
Mr E Hock Yap

INVESTMENT COMMITTEE

Mr Kong Siu Chee *(Chairman)*
Mr Henry Tan Song Kok
Mr Zhang Hao

COMPANY SECRETARIES

Ms Low Siew Tian
Ms Chan Sau Ling

BUSINESS ADDRESS

2503 Convention Plaza Office Tower
No 1 Harbour Road
Wanchai, Hong Kong SAR
Telephone: (852) 3965 9000
Facsimile: (852) 3965 9111
Website: www.china-newtown.com

REGISTERED OFFICE

2/F Palm Grove House
P.O. Box 3340
Road Town, Tortola
British Virgin Islands

BVI PRINCIPAL SHARE REGISTRAR

Tricor Services (BVI) Limited
P.O. Box 3340, Road Town
Tortola, British Virgin Islands

SINGAPORE SHARE TRANSFER AGENT

Tricor Barbinder Share Registration Services
80 Robinson Road
#02-00, Singapore 068898

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
26th Floor, Tesbury Centre
28 Queen's Road East, Wanchai, Hong Kong

LEGAL ADVISOR

WongPartnership LLP
Woo, Kwan, Lee & Lo
Jingtian & Gongcheng

AUDITOR

Ernst & Young
22/F, CITIC Tower, 1 Tim Mei Avenue,
Central,
Hong Kong SAR

STOCK EXCHANGE LISTED

ISIN Code: VGG2156N1006

Singapore Exchange Securities Trading Limited
Stock Name: ChinaNTown
Stock Code: D4n.si

The Stock Exchange of Hong Kong Limited
Stock Name: ChinaNewTown
Stock Code: 1278

PRINCIPAL BANKERS

CITIC Bank International Limited
The Agricultural Bank of China
United Overseas Bank Limited

LAND DEVELOPMENT PROJECTS

Shanghai Luodian New Town

- Total site area of 6.80 sq. km.
- Located at Baoshan District, connected to downtown Shanghai by metroline #7 (with two stops at Luodian), around 30 minutes ride to downtown Shanghai
- Selected as permanent site to co-host the National Urbanization Forum with the National Development and Reform Commission of the People's Republic of China (the "PRC")
- Also features a five-star Crowne Plaza Hotel, two 18-holes PGA standard golf courses (the site of Lake Malaren BMW Masters Tournament), an European-styled retail street with over 72,000 sq.m. of rental space, an international convention centre, and Lake Malaren Maternity Hospital (provisional name)
- Approximately 589,566 sq.m. of remaining land available for sale representing 25.3% of total, available for sale up to year 2015

Wuxi Hongshan New Town

Total site area of 8.68 sq. km.

- Located in Wuxi New District and adjacent to the high-tech industrial park (over 70 of Fortune 500 businesses operating there), close proximity to the Wuxi city centre and Wuxi Airport
- Features a five-star hot spring hotel, retail street & the Wuxi branch of Shanghai Ruijing Hospital
- Approximately 3.11 million sq.m. of remaining land inventory available for sale representing 81% of total, available for sale up to year 2020

Shenyang Lixiang New Town

Site area of 20.55 sq. km.

- Located at Dongling District, close proximity to Shenyang city centre and adjacent to Shenyang Taoxian International Airport
- In the Dahunnan area where is planned to be transformed into "New Centre, New Landmark, new Hub and new Energy" under the Government's strategic plan; host of the 2013 National Games
- Approximately 11.84 million sq.m. of remaining land inventory available for sale representing 96% of total, available for sale up to year 2038

LIST OF COMMERCIAL PROPERTIES CURRENTLY UNDER CNTD'S DEVELOPMENT AND/OR MANAGEMENT

Luodian

- Crowne Plaza Hotel
- Lake Malaren Golf Course, two 18-holes PGA standard golf courses
- International Convention Centre
- European-styled retail street
- Shanghai shopping mall
- Lake Malaren Maternity Hospital

Wuxi

- A five-star hot spring hotel
- Retail street
- Wuxi branch of Shanghai Ruijing Hospital

Note: CNTD's holding interests in Luodian, Wuxi and Shenyang joint-venture companies are 72.63%, 90% and 90% respectively.

REAL ESTATE DEVELOPMENT PROJECTS

Lake Malaren UHO Project[1]

Type:	Commercial
Location:	Within Luodian New Town, adjacent to the Metroline #7, Lake Malaren Station
Site area:	11,228 sq.m.
Total GFA:	39,317 sq.m.
Descriptions:	Located right on the top of the Luodian metro Transportation Hub, the Lake Malaren UHO project is to be developed into commercial use property. It benefits from convenient location, at the junction where the metroline #7 connects the new town with downtown Shanghai, as well as a shopping mall
Expected timing:	Pre-sale started in 2011, delivery through 2012-2013

Project List

Lake Malaren Silicon Valley Project[1]

Type:	Commercial
Location:	Adjacent to the Crowne Plaza Lake Malaren Hotel and Lake Malaren Golf Course (two 18-holes PGA standard golf courses to co-host an international golf tournament with the BMW ("BMW") in 2012-2014. BMW has the right to extend the cooperation agreement for a further period of four years. (i.e. 2015-2018)
Site area:	242,500 sq.m.
Total GFA:	97,000 sq.m.
Descriptions:	To be developed into low-density commercial office units and sold for use as corporate headquarters, enjoying full view of the Lake Malaren Golf Courses. The project will have approximately 240 units, with a standard unit ranging from 360 sq.m. to 460 sq.m.
Expected timing:	Pre-sale started in 2011, delivery through 2012-2015

Jiangnan Richgate II (formerly known as Wuxi Hongqing Project)[2]

Type:	Residential
Location:	Within Wuxi Hongshan New Town of CNTD
Site area:	69,212 sq.m.
Total GFA:	83,055 sq.m.
Descriptions:	To be developed into residential property
Expected timing:	Pre-sale to start in 2014, delivery through 2015-2016

Chengdu Albany Oasis Garden (formerly known as Chengdu Project in Pi County)[1]

Type:	Residential
Location:	Sanguan Village, Hongguang Town, Pi County, Chengdu, PRC
Site area:	90,982 sq.m.
Total GFA:	215,202 sq.m.
Descriptions:	Located in one of the six major city ancillary blocks of Chengdu with good location, convenient transportations and excellent development prospects. This project represents the first ever CNTD real estate project outside its own new towns
Expected timing:	Pre-sale started in 2012, delivery through 2013-2015

Note 1: CNTD has 72.63% effective interest in these projects.

Note 2: CNTD has 90% effective interest in this project.

	Six months ended 30 June 2013 (Unaudited)
Revenue *(RMB'000)*	898,525
Gross Profit *(RMB'000)*	320,692
Gross Profit Margin (%)	36%
Profit attributable to equity holders of the Company *(RMB'000)*	30,626
Basic earnings per share *(RMB)*	0.0068
Dividend per share – Interim *(RMB)*	–

INTERIM RESULTS

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 2013 (the "Reporting period") together with comparative figures for the previous corresponding period in 2012. The unaudited interim financial statements for the six months ended 30 June 2013 have been reviewed by the Company's audit committee (the "Audit Committee").

Interim Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2013
(Amount expressed in thousands of Renminbi unless otherwise stated)

	Notes	Six months ended 30 June 2013	2012
Revenue	5	**898,525**	124,280
Cost of sales		**(577,833)**	(92,510)
Gross profit		**320,692**	31,770
Other income	6	**10,273**	4,453
Selling and distribution costs		**(39,311)**	(38,796)
Administrative expenses		**(71,344)**	(60,855)
Other expenses	7	**(9,378)**	(2,676)
Fair value gain/(loss) on completed investment properties		**–**	62,198
Operating profit		**210,932**	(3,906)
Finance costs	8	**(107,711)**	(35,276)
Share of gain from jointly-controlled entities		**–**	285
Profit/(Loss) before tax		**103,221**	(38,897)
Income tax	9	**(45,549)**	6,274
Profit/(Loss) after tax		**57,672**	(32,623)
Other comprehensive income		**–**	–
Total comprehensive income		**57,672**	(32,623)

Interim Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2013
(Amount expressed in thousands of Renminbi unless otherwise stated)

	Notes	Six months ended 30 June **2013**	2012
Profit attributable to:			
Owners of the parent		**30,626**	(30,690)
Non-controlling interests		**27,046**	(1,933)
		57,672	(32,623)
Total comprehensive income attributable to:			
Owners of the parent		**30,626**	(30,690)
Non-controlling interests		**27,046**	(1,933)
		57,672	(32,623)
Earnings/(loss) per share attributable to ordinary equity holders of the parent:			
Basic earnings/(loss) per share	11	**0.0068**	(0.0079)
Diluted earnings/(loss) per share	11	**0.0068**	(0.0079)

Interim
Consolidated Statement of Financial Position

For the six months ended 30 June 2013
(Amounts expressed in thousands of Renminbi unless otherwise stated)

	Notes	Group 30 June 2013	Group 31 December 2012	Company 30 June 2013	Company 31 December 2012
Non-current assets					
Investment in subsidiaries		**–**	–	**2,591,259**	2,591,259
Investment in an associate		**200**	200	**–**	–
Investments in jointly-controlled entities		**49,703**	49,703	**–**	–
Property, plant and equipment		**1,558,403**	1,518,089	**64**	78
Completed investment properties		**739,900**	739,900	**–**	–
Investment properties under construction		**105,400**	105,400	**–**	–
Prepaid land lease payments		**248,044**	251,479	**–**	–
Non-current trade receivables	13	**76,680**	56,683	**–**	–
Deferred tax assets		**108,946**	117,622	**–**	–
Other assets		**45,438**	46,473	**–**	–
Total non-current assets		**2,932,714**	2,885,549	**2,591,323**	2,591,337
Current assets					
Land development for sale	12	**4,886,184**	5,177,168	**–**	–
Properties under development for sale		**1,563,538**	1,605,279	**–**	–
Prepaid land lease payments		**736,460**	782,990	**–**	–
Inventories		**5,240**	5,610	**–**	–
Amounts due from subsidiaries		**–**	–	**506,764**	502,036
Prepayments		**189,607**	179,469	**–**	–
Other receivables		**16,500**	239,058	**77**	–
Trade receivables	13	**764,344**	444,547	**1**	66
Prepaid income tax		**14,811**	7,150	**–**	–
Cash and bank balances		**337,366**	434,267	**4,193**	23,404
Total current assets		**8,514,050**	8,875,538	**511,035**	525,506
Total assets		**11,446,764**	11,761,087	**3,102,358**	3,116,843

Interim Consolidated Statement of Financial Position

For the six months ended 30 June 2013
(Amounts expressed in thousands of Renminbi unless otherwise stated)

	Notes	Group 30 June 2013	Group 31 December 2012	Company 30 June 2013	Company 31 December 2012
Equity					
Equity attributable to owners of the parent					
Share capital		**2,980,809**	2,980,809	**2,980,809**	2,980,809
Other reserves		**579,270**	579,270	**1,912,683**	1,912,683
Accumulated losses		**(859,273)**	(889,899)	**(1,981,977)**	(1,972,078)
		2,700,806	2,670,180	**2,911,515**	2,921,414
Non-controlling interests		**595,413**	570,367	**–**	–
Total equity		**3,296,219**	3,240,547	**2,911,515**	2,921,414
Non-current liabilities					
Interest-bearing bank and other borrowings	15	**1,764,373**	1,948,458	**–**	–
Deferred income from sale of golf club membership		**494,657**	503,388	**–**	–
Deferred tax liabilities		**30,240**	25,816	**–**	–
Total non-current liabilities		**2,289,270**	2,477,662	**–**	–
Current liabilities					
Interest-bearing bank and other borrowings	15	**1,369,070**	1,235,627	**188,670**	192,127
Trade payables	14	**2,160,733**	2,629,615	**–**	–
Other payables and accruals		**756,997**	695,231	**2,173**	3,302
Amounts due to related parties		**500**	1,369	**–**	–
Advances from customers		**385,497**	348,732	**–**	–
Deferred income arising from land development		**620,221**	595,783	**–**	–
Current income tax liabilities		**568,257**	536,521	**–**	–
Total current liabilities		**5,861,275**	6,042,878	**190,843**	195,429
Total liabilities		**8,150,545**	8,520,540	**190,843**	195,429
Total equity and liabilities		**11,446,764**	11,761,087	**3,102,358**	3,116,843
Net current assets		**2,652,775**	2,832,660	**320,192**	330,077
Total assets less current liabilities		**5,585,489**	5,718,209	**2,911,515**	2,921,414

Interim Consolidated Statement of Cash Flows

For the six months ended 30 June 2013
(Amounts expressed in thousands of Renminbi unless otherwise stated)

	Notes	Six months ended 30 June 2013	Six months ended 30 June 2012
Cash flows from operating activities			
Profit/(loss) before tax		**103,221**	(38,897)
Adjustments for:			
Depreciation of property, plant and equipment		**30,621**	23,681
Amortization of prepaid land lease payments		**2,079**	2,079
Share of gain from jointly-controlled entities		**–**	(285)
Fair value (gain)/loss on completed investment properties		**–**	(62,198)
Management share option expense		**–**	1,382
Interest income		**(4,441)**	(2,942)
Interest expense		**107,711**	35,276
Foreign Exchange (gain)/loss		**(3,457)**	–
		235,734	(41,904)
Decrease/(increase) in land development for sale	12	**290,984**	23,066
Decrease/(increase) in properties under development for sale		**46,794**	(267,652)
Decrease/(increase) in prepaid land lease payment		**46,529**	–
Decrease/(increase) in inventories		**370**	(416)
Decrease/(increase) in prepayments, other receivables and assets		**(9,086)**	(17,447)
Decrease/(increase) in trade receivables	13	**(339,794)**	2,576
Increase/(decrease) in deferred income for sale of golf club membership and land development		**(8,731)**	467
Increase/(decrease) in advances from customers		**36,765**	108,684
Increase/(decrease) in trade and other payables	14	**(330,113)**	42,328
Increase/(decrease) in amounts due to related parties		**(869)**	(1,121)
Decrease/(increase) in prepaid income tax		**(7,661)**	–
Increase/(decrease) in deferred income arising from land development		**24,438**	–
Net cash outflow from operating activities		**(14,640)**	(151,419)

(Amounts expressed in thousands of Renminbi unless otherwise stated)

	Notes	**Six months ended 30 June 2013**	Six months ended 30 June 2012
Cash flows from investing activities			
Purchase/construction of property, plant and equipment		**(163,580)**	(50,630)
Investments in jointly-controlled entities		**–**	(19,500)
Payment for investment properties		**(7,862)**	(863)
Payments for amounts paid for land use rights		**–**	(21,752)
Interest received		**4,441**	2,942
Refund of prepayments for property, plant and equipment		**222,542**	–
Net cash outflow from investing activities		**55,541**	(89,803)
Cash flows from financing activities			
Proceeds/(repayment) borrowings from related parties		**–**	(9,747)
Capital contributions from non-controlling shareholders of subsidiaries		**–**	2,000
Proceeds from bank borrowings		**165,315**	301,410
Repayment of bank borrowings	15	**(213,000)**	(20,200)
Interest paid		**(90,117)**	(127,746)
Cash released as restricted deposits in relation to interest payments for bank borrowings		**20,000**	(5,398)
Cash placed as restricted deposits in relation to other borrowings		**(19,471)**	–
Net cash inflow from financing activities		**(137,273)**	140,319
Net decrease in cash and cash equivalents		**(96,372)**	(100,903)
Cash and cash equivalents at beginning of period		**229,267**	347,387
Cash and cash equivalents at end of period		**132,895**	246,484

Interim Consolidated Statement of Changes in Equity

For the six months ended 30 June 2013
(Amounts expressed in thousands of Renminbi unless otherwise stated)

GROUP

Six months ended 30 June 2012

	Equity attributable to owners of the parent					
RMB'000	Share capital	Other reserves	Accumulated losses	Total	Non-controlling interests	Total equity
Balance as at 1 January 2012	2,801,180	591,731	(904,340)	2,488,571	537,075	3,025,646
Total comprehensive income for the period	–	–	(30,690)	(30,690)	(1,933)	(32,623)
Equity-settled share options to management	–	1,382	–	1,382	–	1,382
Capital contribution from non-controlling interests of a subsidiary	–	–	–	–	2,000	2,000
Balance as at 30 June 2012	2,801,180	593,113	(935,030)	2,459,263	537,142	2,996,405

Six months ended 30 June 2013

	Equity attributable to owners of the parent					
RMB'000	**Share capital**	**Other reserves**	**Accumulated losses**	**Total**	**Non-controlling interests**	**Total equity**
Balance as at 1 January 2013	**2,980,809**	**579,270**	**(889,899)**	**2,670,180**	**570,367**	**3,240,547**
Total comprehensive income for the period	**–**	**–**	**30,626**	**30,626**	**27,046**	**57,672**
Change in non-controlling interests due to dissolution of a subsidiary	**–**	**–**	**–**	**–**	**(2,000)**	**(2,000)**
Balance as at 30 June 2013	**2,980,809**	**579,270**	**(859,273)**	**2,700,806**	**595,413**	**3,296,219**

(Amounts expressed in thousands of Renminbi unless otherwise stated)

COMPANY

Six months ended 30 June 2012

RMB'000	Share capital	Other reserves	Accumulated losses	Total
Balance as at 1 January 2012	2,801,180	1,925,144	(1,937,702)	2,788,622
Total comprehensive income for the period	–	–	(13,170)	(13,170)
Equity-settled share options to management	–	1,382	–	1,382
Balance as at 30 June 2012	2,801,180	1,926,526	(1,950,872)	2,776,834

Six months ended 30 June 2013

RMB'000	**Share capital**	**Other reserves**	**Accumulated losses**	**Total**
Balance as at 1 January 2013	**2,980,809**	**1,912,683**	**(1,972,078)**	**2,921,414**
Total comprehensive income for the period	**–**	**–**	**(9,899)**	**(9,899)**
Balance as at 30 June 2013	**2,980,809**	**1,912,683**	**(1,981,977)**	**2,911,515**

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

1. GENERAL INFORMATION

Corporate information

The Company was incorporated on 4 January 2006 in the British Virgin Islands (the "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 (the "SGX-ST"). On 22 October 2010, the Company was listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "HKEx") by way of introduction. As a result, the Company is dual listed on the Main Boards of both the SGX-ST and the HKEx.

The Group is a new town developer in 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 from which are apportioned to the Group on specified bases. The Group also develops or manages some residential and commercial properties in those new towns.

The Company used to be a subsidiary of SRE Group Limited ("SRE"), a company listed on the HKEx since September 2009 after a series of share placements and convertible bond issuance.

During 2012, SRE, the former parent, disposed its entire holding of the majority shares in the Company to SRE's own shareholders via a special dividend in the form of a distribution in species. Upon completion of that distribution in October 2012, SRE no longer holds any shares in the Company, and hence, the Company ceased to be a subsidiary of SRE. As a result of that distribution, SRE Investment Holding Limited ("SREI"), the parent of SRE, became the largest shareholder of the Company.

In the opinion of the directors of the Company ("Directors"), as at 30 June 2013, the Company's ultimate holding company is SREI. It holds 32.64% of the issued share capital of the Company as at 30 June 2013. SRE (also as a subsidiary of SREI) became a fellow subsidiary of the Company since October 2012.

2. BASIS OF PREPARATION

The consolidated financial statements of the Group and the statements of financial position and statement of changes in equity of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board (the "IASB").

The consolidated financial statements have been prepared on a historical cost basis, except for investment properties and investment properties under construction 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.

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2013. 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.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance.

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 and properties under 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 IFRSs.

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 2012, except for the adoption of new and revised standards and interpretations as of 1 January 2013, as described below:

IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1

The amendments to IAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or "recycled") to profit or loss at a future point in time (for example, net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendments affect presentation only and are expected to have no significant impact on the Group's financial position or performance. The amendments become effective for annual periods beginning on or after 1 July 2012.

IAS 19 Employee Benefits (Revised)

IAS 19 (revised) includes a number of amendments that range from fundamental changes to simple clarifications and re-wording. The revised standard introduces significant changes in the accounting for defined benefit pension plans including removing the choice to defer the recognition of actuarial gains and losses. Other changes include modifications to the timing of recognition for termination benefits, the classification of short-term employee benefits and disclosures of defined benefit plans. It is expected that the amendments would have no significant impact on the Group's financial statements. The amended standard becomes effective for annual periods beginning on or after 1 January 2013.

IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)

As a consequence of the issuance of the new IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. It is expected that the revised standard would have no significant impact on the Group's financial statements. The revised standard becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 1 Government Loans – Amendments to IFRS 1

These amendments require first-time adopters to apply the requirements of IAS 20 Accounting for Government Grants and Disclosure of Government Assistance, prospectively to government loans existing at the date of transition to IFRS. Entities may choose to apply the requirements of IFRS 9 (or IAS 39, as applicable) and IAS 20 to government loans retrospectively if the information needed to do so had been obtained at the time of initially accounting for that loan. The exception would give first-time adopters relief from retrospective measurement of government loans with a below-market rate of interest. The amendments are effective for annual periods on or after 1 January 2013 and are expected to have no significant impact on the Group's financial statements.

IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities – Amendments to IFRS 7

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. These amendments are expected to have no significant impact on the Group's financial position or performance and become effective for annual periods beginning on or after 1 January 2013.

IFRS 10 Consolidated Financial Statements and IAS 27 (revised) Separate Financial Statements

These standards become effective for annual periods beginning on or after 1 January 2013.

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation – Special Purpose Entities.

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in the original IAS 27. Currently, it is expected that IFRS 10 would have no significant impact on the Group's financial statements.

IFRS 11 Joint Arrangements

This standard becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities – Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly-controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. Currently, it is expected that the new standard would have no significant impact on the Group's financial statements.

IFRS 12 Disclosure of Interests in Other Entities

This standard becomes effective for annual periods beginning on or after 1 January 2013. IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required, but it is currently expected that IFRS 12 would have no significant impact on the Group's financial position or performance.

IFRS 13 Fair Value Measurement

This standard becomes effective for annual periods beginning on or after 1 January 2013. IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. Currently, it is expected that the new standard would have no significant impact on the Group's financial position or performance.

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

IFRIC 20 becomes effective for annual periods beginning on or after 1 January 2013. This interpretation applies to waste removal (stripping) costs incurred in surface mining activity, during the production phase of a mine. The interpretation addresses the accounting for the benefit from the stripping activity. Currently, it is expected that the new interpretation would have no significant impact on the Group's financial statements.

Amendments to IFRS 10, IFRS 11 and IFRS 12 – Transition Guidance

These amendments become effective for annual periods beginning on or after 1 January 2013. These amendments clarify the transition guidance in IFRS 10 and provide further relief from full retrospective application of these standards, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. The amendments clarify that retrospective adjustments are only required if the consolidation conclusion as to which entities are controlled by the Group is different between IFRS 10 and IFRS 27 or SIC-12 at the beginning of the annual period in which IFRS 10 is applied for the first time. Furthermore, for disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied. Currently, it is expected that the amendments would have no significant impact on the Group's financial position or performance.

Annual Improvements 2009-2011 Cycle (issued in June 2012)

The Annual Improvements to IFRSs 2009-2011 Cycle sets out amendments to a number of IFRSs. The amendments become effective from 1 January 2013. There are separate transitional provisions for each amended standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments are currently expected to have a significant impact on the Group's financial position or performance.

4. OPERATING SEGMENT INFORMATION

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

- Land and property development segment, which provides land infrastructure development and construction of ancillary public facilities, as well as develops and sells residential and commercial properties;

- Property leasing segment, which provides property leasing services of investment properties;

- Hotel operations segment, which provides room, restaurant and conference hall services;

- Golf operations segment, which provides golf course management services; and

- Others segment, which includes investment and provision of other 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 the 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.

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

An analysis by operating segment is as follows:

	For the six months ended 30 June 2013						
	Land and property development	Property leasing	Hotel operations	Golf operations	Others	Adjustments and eliminations	Total
Segment results							
External sales	831,704	7,574	23,841	24,548	858	–	898,525
Intersegment sales	–	–	–	–	–	–[1]	–
Total segment sales	831,704	7,574	23,841	24,548	858	–	898,525
Segment profit/(loss)	238,360	7,574	(22,341)	(1,889)	(10,772)		210,932
Finance cost						(107,711)[2]	(107,711)
Share of profit from jointly-controlled entities						–	–
Profit before income tax							103,221

1 Intersegment sales are eliminated on consolidation.

2 Profit/(Loss) for each operating segment does not include finance costs (RMB107,771 thousand).

	For the six months ended 30 June 2012						
	Land development	Property leasing	Hotel operations	Golf operations	Others	Adjustments and eliminations	Total
Segment results							
External sales	55,798	5,264	29,241	32,789	1,188	–	124,280
Intersegment sales	–	–	763	–	20,086	(20,849)[1]	–
Total segment sales	55,798	5,264	30,004	32,789	21,274	(20,849)	124,280
Segment profit/(loss)	(58,509)	67,462	(11,512)	10,837	(12,184)		(3,906)
Finance cost						(35,276)[2]	(35,276)
Share of profit from jointly-controlled entities						285	285
Profit before income tax							(38,897)

1 Intersegment sales are eliminated on consolidation.

2 Profit/(Loss) for each operating segment does not include finance costs (RMB35,276 thousand) and share of profit from jointly-controlled entities (RMB285 thousand).

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

5. REVENUE

	Six months ended 30 June 2013	Six months ended 30 June 2012
Land development	**643,336**	58,926
Property development	**236,209**	–
Hotel operations	**25,186**	30,936
Golf operations	**41,068**	39,237
Investment property leasing	**7,973**	5,264
Others	**1,216**	1,225
Less: Business tax and surcharges	**(56,463)**	(11,308)
	898,525	124,280

6. OTHER INCOME

	Six months ended 30 June 2013	Six months ended 30 June 2012
Foreign exchange gain, net	**3,457**	151
Interest income	**4,441**	2,942
Government subsidies	**191**	810
Reversal of bad debt provision-other receivables	**2,000**	–
Others	**184**	550
	10,273	4,453

7. OTHER EXPENSES

	Six months ended 30 June 2013	Six months ended 30 June 2012
Bank charges	**1,152**	1,648
Impairment loss of property under development	**7,078**	–
Others	**1,148**	1,028
	9,378	2,676

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

8. FINANCE COSTS

	Six months ended 30 June 2013	Six months ended 30 June 2012
Interest on bank and borrowings	**124,225**	128,296
Less: Interest capitalised	**(16,514)**	(93,020)
	107,711	35,276

The borrowing costs have been capitalised at weighted average rates of 7.7% and 8.32% per annum for the first half of 2013 and first half of 2012, 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 Reporting period.

The principal operating subsidiaries of the Company were subject to income tax at the rate of 25% (2012: 25%) on their taxable income according to the Income Tax Law of the People's Republic of China (the "PRC")..

Mainland China land appreciation tax ("LAT")

LAT is incurred upon transfer of property and land ownership and is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including land costs, borrowing costs, business taxes and all property development expenditures.

For the pre-sale of properties under development, the tax authorities may impose LAT ahead of the completion of transactions and revenue recognition, generally based on 1% to 2% (2012: 1% to 2%) on proceeds of the sale and pre-sale of properties. Prepaid LAT had been recorded in "prepaid income tax" with an amount of approximately RMB15 million as at 30 June 2013 (2012: RMB7 million).

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

Mainland China Withholding Tax

Pursuant to the PRC Corporate Income Tax, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed and remitted out of PRC by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

The major components of income tax are:

	Six months ended 30 June 2013	Six months ended 30 June 2012
Income tax charge:		
Current income tax	**32,449**	13
Deferred tax	**8,676**	(6,287)
Withholding tax	**4,424**	–
Income tax charge as reported in profit or loss	**45,549**	(6,274)

10. DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2013 (2012: Nil).

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

11. EARNINGS PER SHARE

The calculation of the basic earnings/(loss) per share amount is based on the profit or loss attributable to ordinary equity holders of the parent for the six months ended 30 June 2012 and the six months ended 30 June 2013.

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

	Six months ended 30 June 2013	Six months ended 30 June 2012
Profit attributable to ordinary equity holders of the parent	**30,626**	(30,690)
Weighted average number of ordinary shares used to calculate the basic and diluted earnings per share	**4,498,198,676**	3,905,841,176
Basic earnings/(loss) per share (RMB)	**0.0068**	(0.0079)
Diluted earnings/(loss) per share (RMB)	**0.0068**	(0.0079)

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

12. LAND DEVELOPMENT FOR SALE

Group	**30 June 2013**	31 December 2012
At cost:		
Mainland China	**4,886,184**	5,177,168

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

13. TRADE RECEIVABLE

Group	30 June 2013	31 December 2012
Receivables from land development for sale	**819,845**	465,886
Receivables from the sale of properties	**14,500**	27,500
Receivables from the sale of golf club membership	**1,828**	2,928
Others	**4,851**	4,916
	841,024	501,230

An aged analysis of the trade receivables is as follows:

	30 June 2013	31 December 2012
Within 6 months	**690,665**	375,372
6 months to 1 year	**25,900**	110
1 year to 2 years	**37**	6,752
2 years to 3 years	**35,469**	43,531
Over 3 years	**88,953**	75,465
	841,024	501,230

The above balances are unsecured and interest-free. The fair values of the trade receivables as at the end of each reporting period approximate to their carrying amounts. No trade receivables were written off as of 30 June 2013 (31 December 2012: Nil).

14. ACCOUNT PAYABLE

Group	30 June 2013	31 December 2012
Trade payables	**2,160,733**	2,629,615
	2,160,733	2,629,615

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 2013	31 December 2012
Within one year	**701,741**	958,024
1 to 2 years	**793,302**	1,381,915
Over 2 years	**665,690**	289,676
	2,160,733	2,629,615

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

15. INTEREST-BEARING BANK LOANS AND OTHER BORROWINGS

The interest-bearing bank loans and other borrowings which were all denominated in RMB (except a HK$200,140 thousand loan and a US$4,750 thousand loan) are as follows:

	Group		Company	
	30 June 2013	31 December 2012	**30 June 2013**	31 December 2012
Bank loans and other borrowings – unsecured	**13,000**	20,000	**–**	–
Bank loans and other borrowings – secured	**3,120,443**	3,164,085	**188,670**	192,127
	3,133,443	3,184,085	**188,670**	192,127

The bank loans and other borrowings are repayable as follows:

	Group		Company	
	30 June 2013	31 December 2012	**30 June 2013**	31 December 2012
Within 6 months	**1,064,170**	469,227	**188,670**	192,127
6 months to 9 months	**25,000**	35,000	**–**	–
9 months to 12 months	**279,900**	731,400	**–**	–
1 year to 2 years	**611,591**	600,991	**–**	–
2 years to 5 years	**720,046**	895,231	**–**	–
Over 5 years	**432,736**	452,236	**–**	–
	3,133,443	3,184,085	**188,670**	192,127

The Group's bank loans and other borrowings bore interest at floating rates ranging from 5.90% to 12.65% and 6.12% to 8.61% per annum for 30 June 2013 and the years ended 31 December 2012 respectively.

Long-term and short-term bank loans and other borrowings

As at 30 June 2013, bank borrowings of RMB2,689 million (2012: RMB2,733 million) were pledged by the Group's certain properties: property, plant and equipment, completed investment properties, properties under development for sale, prepaid land lease payments as well as bank deposits, whose net carrying amounts at 30 June 2013 were RMB443 million (2012: RMB459 million), RMB689 million (2012: RMB632 million), RMB1,378 million (2012: RMB1,480 million), RMB549 million (2012: RMB595 million), and RMB204 million (2012: RMB185 million), respectively. Also, as at 30 June 2013, a long-term bank loan with principal of RMB100 million (2012: RMB100 million) was guaranteed by Mr. Shi Jian, the Executive Chairman of the Company. The unsecured short-term borrowing of RMB13 million was an entrusted loan of a subsidiary of the Group (2012: RMB20 million).

As at 30 June 2013, bank borrowings of RMB548 million were also secured by part of future property pre-sale proceeds. For each unit sold of Silicon Valley project, an amount of RMB8 million of the pre-sale proceeds, and for each square meter sold of UHO project, an amount of RMB14.2 thousand of the pre-sale proceeds, will also be transferred to restricted bank accounts, until the balance of such restricted bank accounts reached the outstanding balance of such loans.

As at 30 June 2013, other borrowing of RMB431 million is a loan from a third party trust fund which is secured by pledge of the Group's 72.63% equity interest in SGLD, and entitlement to certain economic benefits (right to dividends, if any, etc.) in the equity interest of SGLD, use rights of one piece of land and the title to the properties thereon (whose net carrying amounts at 30 June 2013 were RMB194 million (2012: RMB199 million)). The loan is also guaranteed by Mr. Shi Jian, the Executive Chairman of the Company. The Group has the right to repay the loan (the outstanding balance of principal and interest thereon) in full, at any time prior to expiry of the term of the loan.

The Group had undrawn credit facilities of RMB171.5 million as at 30 June 2013.

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

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

As 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 2013	31 December 2012
Commitments in respect of land development for sale:		
Contracted but not provided for	**865,588**	866,204
Authorised but not contracted for	**4,583,901**	4,600,897
Commitments in respect of properties under development for sale:		
Contracted but not provided for	**43,156**	99,769
Authorised but not contracted for	**–**	–
Investment properties under construction:		
Contracted but not provided for	**1,968**	2,576
Authorised but not contracted for	**153,578**	153,578
Property, plant and equipment and leasehold land:		
Contracted but not provided for	**391,848**	448,787
Authorised but not contracted for	**2,483,681**	2,500,415
Total	**8,523,720**	8,672,226

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.

17. SUBSEQUENT EVENT

Not applicable.

FINANCIAL REVIEW/HIGHLIGHTS

(a) Fair review of development of business of the Company and its subsidiaries during the Reporting period and of their financial position at the end of the Reporting period.

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 first half of 2013, the revenue and operating profit of the Group have substantially increased by 623% and 5,500% respectively compared with the same period of 2012, which was mainly attributable to the piece of land parcel F1-1 in our Shanghai Luodian project had been successfully auctioned and sold on 22 March 2013 and the completion and delivery to customers of our secondary property development projects since January of this year.

The land parcel was sold at RMB1,350 million to an independent third party real estate developer in the PRC. Accordingly, revenue of RMB643 million and cost of RMB309 million were recorded during the first half of 2013. The details of the contracted price of land sale 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	110,021.90	1.01	March	111,122.12	1,350	12,149

The last land parcel of Luodian auctioned in November 2012 was sold at average price by gross floor area of RMB9,802 per square meter.

On the cost side, the unit cost of land development (allocated based on budgeted cost of services over relevant area) for the first half year of 2013 kept unchanged at RMB2,848 per square meter for Shanghai Luodian project.

The performance of our land development operation was improved substantially in the first half of 2013 with a profit margin of 52%. The piece of land in Luodian project was sold at a higher price than that was sold in Wuxi project in the corresponding period of 2012 by virtue of it being a residential land and its location. In addition, the property market has witnessed an encouraging sign of recovering since 2013, which resulted in the rising price of land sold during this Reporting period.

On the other hand, Lake Malaren UHO Project, one of our secondary property development projects, had entered into the phase of completion and been delivered to customers since January 2013. Thus, revenue of RMB236 million and cost of RMB226 million were recorded. A total of 17,063 square meters which had been delivered in the first half of 2013. In the meanwhile, the Company recorded impairment loss of RMB7 million accordingly for the portion of pre-sold but undelivered property units. For details, please refer to the note of other expenses account. In terms of unsold property units, there exist no impairment indications because of the pre-sale price per square meter increased by 20% to 30% during eight months in 2013 as compared with that in 2012 financial year under the recovering real estate market.

In the first half of 2013, revenue from our hotel operation, golf operation and investment property leasing operation basically remain stable compared with the corresponding period of 2012.

Operating expense

Selling and distributing expenses

In the first half of 2013, selling and distributing costs remained stable and in line with that incurred in the corresponding period of 2012.

Administrative expenses

In the first half of 2013, administrative expenses increased by RMB10 million compared to the corresponding period of 2012. The increase was mainly attributable to i) an extra charge of RMB2 million for the hotel repair and maintenance in Shanghai Luodian project; ii) utility fee in relation to our secondary property development projects was increased by approximately RMB2 million along with the completion of UHO project and part of Lake Malaren Silicon Valley in Shanghai Luodian; and iii) the depreciation expense of RMB2 million was provided in relation to the Sports Park in our Shenyang Lixiang project, which was transferred to the account of property, plant and equipment since August 2012, hence no such expense was incurred during the second quarter of 2012.

Other income

In the first half of 2013, other income increased by RMB6 million or by 131% compared with the same period of 2012. Such increase mainly resulted from i) the foreign exchange gain increased by RMB3 million due to the fluctuation of exchange rate; ii) there existed a reversal of bad debt provision for account of other receivables amounted to RMB2 million, whereas no such circumstance in the corresponding period of 2012; and iii) the increase of interest income by RMB1 million, which was primarily derived from more monetary capitals saved in banks as fixed term deposits that were entitled to higher interest rate.

Other expenses

In the first half of 2013, other expense substantially arose by RMB7 million or by 250% compared with the corresponding period of 2012. The increase was primarily attributable to an impairment loss of RMB7 million incurred in our secondary property development project, the Lake Malaren UHO Project. The impairment loss is the amount by which the carrying amount exceeds the net realisable value (by reference to signed contracts) of the portion of undelivered property units.

Fair value gain/loss on completed investment properties and investment properties under construction

Pursuant to the valuation result as at 30 June 2013 provided by DTZ, the fair value of relevant investment properties had no change compared to fair value as at 31 December 2012.

Finance costs

In the first half of 2013, we have recorded a total net finance cost of RMB108 million, which comprised RMB124 million interest expenses, partially offset by interests capitalized of RMB17 million. This was higher by RMB72 million compared with the same period of 2012 of net finance costs of RMB35 million. The increase primarily resulted from a decrease of interest capitalized in relation to two of our property development projects, Lake Malaren Silicon Valley Project and Lake Malaren UHO Project, which have entered into phase of completion and being delivered to customers in the end of 2012 and January 2013, respectively.

Taxation

The Company recorded an income tax of RMB46 million in this Reporting period, which comprised income tax of RMB42 million arising from net profit before tax of RMB103 million and withholding tax of RMB4 million.

Statement of financial position

Property, plant and equipment

The balance as at 30 June 2013 increased by RMB40 million as compared with the balance at the end of 2012. The increase was primarily attributable to progress in the construction of the hospital project within our Shanghai Luodian project.

Trade receivables (non-current and current assets)

The balance as at 30 June 2013 increased by RMB340 million as compared with the balance as at the end of 2012, which was mainly due to i) the receivables of RMB670 million for the land sold in the first quarter of 2013, and ii) RMB319 million and RMB13 million for land sale and property sale receivables were collected within the first half of 2013.

Land development for sale

The balance as at 30 June 2013 decreased by RMB291 million compared with that at the end of 2012. The net effect of the account was attributable to a decrease of RMB309 million which was recorded as cost of sales when the land parcel was sold during the first quarter of 2013, offset by RMB18 million that was incurred along with the progress of land development.

Property under development for sale

The balance as at 30 June 2013 mainly represented the construction of Lake Malaren Silicon Valley project, Lake Malaren UHO project, Chengdu project and Wuxi Hongqing project of RMB1,004 million, RMB188 million, RMB327 million and RMB44 million, respectively. The decrease was mainly due to the completion and delivery of our Lake Malaren UHO Project of RMB184 million in the first half of 2013, which was recorded as cost of sales. On the other hand, the progress in the construction contributed an increase of RMB149 million in aggregate.

Prepaid land lease payments (current assets)

The balance of this account represented the book value of land use rights of property development projects. As at 30 June 2013, the balance was reduced by RMB47 million compared with that at the end of 2012 as a result of the completion and delivery of the Lake Malaren UHO Project in the first half of 2013.

Prepayments (current assets)

The balance as at 30 June 2013 increased by RMB10 million as compared with the balance at the end of 2012, which was resulted from the prepaid business tax as a result of pre-sale of secondary property development of RMB10 million.

Other receivables

The balance as at 30 June 2013 dropped by RMB223 million compared with that by the end of 2012, which was entirely derived from the amount of RMB223 million in relation to Wuxi Xinrui hospital, Wuxi hotel and Shenyang golf court project had been collected during the first quarter of 2013.

Trade payable

The balance as at 30 June 2013 reduced by RMB469 million. The decrease was mainly related to RMB704 million recorded as payables by the end of 2012 which had been paid during the first half year of 2013, whilst the progress in the construction of the hospital in Shanghai Luodian project and secondary property developments incurred an increase of approximately RMB235 million.

Other payables and accruals

The balance as at 30 June 2013 increased by RMB62 million. The increase was primarily generated from the accrual of RMB26 million for the trust interests for six months of 2013 and the accrued business tax for land sale of RMB36 million.

Advance from customer

The balance as at 30 June 2013 mainly represented the collection of property development pre-sale proceeds, which primarily included RMB245 million from the pre-sale of Chengdu Albany Oasis Garden, RMB91 million from the pre-sale of UHO and RMB44 million from the per-sale of the Lake Malaren Silicon Valley.

Deferred income arising from land development

The balance as at 30 June 2013 increased by RMB24 million compared with the balance as at the end of 2012. The increase primarily arose from sale of the land parcel in the first quarter of this year and the deferred income was recorded for the uncompleted part of construction based on the completion percentage of the Luodian project at 96.17%.

Current income tax liability

The balance as at 30 June 2013 represented the income tax payable. During this Reporting period, the income tax payable of RMB32 million arose from the profit of RMB103 million for the first half of 2013.

Liquidity

The Group has been granted the following facilities which had been announced.

a) For development of Lake Malaren Silicon Valley Project in our Shanghai Luodian Project:
- Principal: RMB600 million
- Total facility withdrawn as at 30 June 2013: RMB519.7 million

b) For development of UHO Project in our Shanghai Luodian Project:
- Principal: RMB250 million
- Total facility withdrawn as at 30 June 2013: RMB249.5 million

c) For development of Hospital Project in our Shanghai Luodian Project:
- Principal: RMB450 million
- Total facility withdrawn as at 30 June 2013: RMB393.58 million

d) For development of Chengdu Albany Oasis Garden Project:
- Principal: RMB200 million
- Total facility withdrawn as at 30 June 2013: RMB165.7 million

Overall, cash and cash equivalents excluding the restricted cash decreased RMB96 million over the Reporting period with a balance of RMB133 million as at 30 June 2013, which was mainly attributable to a net outflow of RMB14 million from operating activities and a net outflow of RMB137 million from financing activities offset by a net inflow of RMB55 million from investing activities.

Gearing ratio (as measured by net debt/total equity holders' capital and net debt) was kept unchanged at the ratio of 46% compared with that as at 31 December 2012.

Business Analysis and Outlook

In the first half of 2013, the implementation of "Five New Measures" tightened the control on real estate market to a further extent. While strengthening its staged curbing policies such as restrictions on property purchase and property loans, the Central Government stepped up the improvement of long-term real estate regulation mechanism. Factors such as increasingly clear policies on subsidised housing, housing information network gradually taking shape, real estate registration regulations being enforced, and possible expansion in the geographical coverage of the pilot scheme on property tax, have all to a certain extent laid a solid foundation for stabilising market expectations and future the long-term and healthy development of the real estate market.

(b) Details of important events affecting the Group which have occurred since the end of the Reporting period.

In terms of monetary policy, monetary and credit policies were stable and trended towards the loose end in the first half of 2013. Against the backdrop of receding inflationary pressure but without obvious improvement in macro economy, monetary and credit supplies trended towards loosening in the first half of the year. As at the end of June, the national monetary supply increased 14% year-on-year, above the target annual growth of 13%. Meanwhile, China's cumulative new RMB-denominated loans amounted to RMB5.08 trillion in the first half of the year, representing a year-on-year growth of 14.2%. After experiencing explosive growth in new RMB-denominated loans in early June, the increase of which approaching to the total loans in the entire May, and along with half year expiries of various wealth management products, bank funding pressures suddenly intensified, which brought some uncertainties to monetary policy in the second half of the year.

According to the official statistics of the National Bureau of Statistics, during the first half of 2013, total floor area sold and sales of commodity properties across China reached 514.33 million square meters and RMB3,337.6 billion, representing a year-on-year increase of 28.7% and 43.2% respectively. With regard to the land sector, both transaction volume and price increased significantly in tier-1 and tier-2 cities, which drove various indicators across the country well above those of last year. During the first half of the year, the supply and transaction volume of residential land in 300 cities across the country increased by 13.2% and 11.4% respectively over the corresponding period of the previous year. The unit gross floor area price of residential land achieved a year-on-year increase of 36.6%, with a premium rate of 14.5%. Driven by recovery of the supply and demand as well as price in tier-1 and tier-2 cities, total land premium amounted to RMB1.2 trillion, representing a year-on-year growth of 64.1%.

As stated in a previous announcement, during the first quarter of the year, a land parcel (F1-1) located in Shanghai Luodian project was successfully auctioned and sold by the Shanghai Municipal Bureau of Planning and Land Resources. After 78 rounds of competitive bidding, the land parcel was sold at RMB1,350 million, achieving a premium over reserve price of over 40%.

(c) An indication of likely future development in the business of the Group for the financial year

New urbanization shall be the focus of the industry in the second half of the year and beyond. Being the key area of long-term institutional construction and the major focus of the Central Government, the implementation of new urbanization plan and related land system, as well as reform of local government system will support the development of the industry in the long run.

As the pioneer in China's new town development, the Company will continue to proactively engage and achieve progress in primary land development, and facilitate the launch of land parcels and the ensuing auction, tender or listing. In the meantime, the continued sales, completion and delivery of secondary property development projects of the Company will result in positive effect on cash flow of the Group. We have well prepared to make appropriate strategic adjustment and steady progress in the industry with respect to both opportunities and challenges, and to capture growth opportunities and seek broader development with a forward-looking vision.

Reference is made to a joint announcement of the Company dated 16 May 2013. Further to the signing of a memorandum of understanding, discussions among the Company, China Development Bank International Holdings Limited, SRE Investment Holding Limited, Zennon Capital Partners, L.P and New World Strategic Investment Limited in relation to the possible transaction are still on-going. Further announcement(s) in respect of the possible transactions will be made by the Company as and when appropriate in accordance with the Listing Rules and/or the Takeovers Codes as applicable. The Company will comply with all the applicable laws and regulations and all the applicable provisions of the Listing Rules and the Takeovers Codes in relation to the possible transactions.

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 2013.

SECURITIES INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

At 30 June 2013, the interests and short position of the Directors and the chief executive of the Company in shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the HKEx pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the HKEx (the "HKEx Listing Rules") were as follows:

Long position in shares of the Company

	Number of ordinary shares				Approximate percentage of the issued share capital
Name of Director	Personal interests	Family interests	Corporate interests	Total	
Shi Jian	6,104,938	1,090(1)	1,468,356,862(2)	1,474,462,890	32.78%
Li Yao Min	8,352,672	–	–	8,352,672	0.19%
Yue Wai Leung Stan	5,332,500	–	–	5,332,500	0.12%
Gu Biya	3,000,000	–	–	3,000,000	0.07%
Mao Yiping	2,475,000	–	–	2,475,000	0.06%
Henry Tan Song Kok	100,000	–	–	100,000	0.002%

Notes:

(1) These 1,090 shares were held by Ms. Si Xiao Dong, the spouse of Mr. Shi Jian.

(2) These 1,468,356,862 shares were held by SREI. As Mr. Shi Jian and his spouse, Ms. Si Xiao Dong together beneficially own 63% of the issued share capital of SREI, Mr. Shi is therefore taken to be interested in these 1,468,356,862 shares.

Save as disclosed above, as at 30 June 2013, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the HKEx pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have been taken under such provisions of the SFO) or the Model Code or which were required to be entered in the register required to be kept under Section 352 of the SFO.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SECURITIES

Save as disclosed below, the Directors are not aware of any other person (other than a Director or chief executive of the Company or his/her respective associate(s)) who, at 30 June 2013, had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to Section 336 of the SFO:

Long Position in the shares of the Company

Name of Substantial Shareholder	Number of ordinary shares				Approximate percentage of the issued share capital
	Personal Interests	Family Interests	Corporate Interests	Total	
Shi Jian[1]	6,104,938	1,090	1,468,356,862	1,474,462,890	32.78%
SREI[1]	–	–	1,468,356,862	1,468,356,862	32.64%

Note:

(1) Duplicate to those disclosed under the section headed "Securities Interests of Directors and Chief Executive" above.

SHARE OPTIONS

CNTD Share Option Scheme

During the six months ended 30 June 2013, there was no share option scheme granted.

CHANGE OF INFORMATION OF DIRECTORS

On 1 June 2013, Mr. Lam Bing Lun Philip ceased to be an Independent Non-executive Director, Chairman of the Investment Committee and a member of the Audit, Nominating and Remuneration Committee of the Company, and consequently Mr. Kong Siu Chee has been appointed as the Chairman of the Investment Committee, Mr. E Hock Yap and Mr. Henry Tan Song Kok have been appointed as a member of the Audit Committee and the Nominating Committee respectively. On the same date, Ms. Song Yiqing and Mr. Yang Yonggang ceased to be Executive Directors of the Company, and Mr. Yang Yonggang has continued his office as Vice President and Head of Legal Affairs Department of the Company. Last but not least, Mr. Yue Wai Leung Stan, the Executive Director of the Company, has been re-designated as a Non-independent Non-executive director of the Company, and remains to be the Vice Chairman with effect from 13 August 2013.

Save as disclosed herein, the Board is not aware of any other matters relating to the appointments and re-designation that should be disclosed pursuant to Rules 13.51(2)(a) to (x) of the HKEx Listing Rules or any other matters that need to be brought to the attention of the shareholders of the Company, the HKEx and the SGX-ST.

On 1 May 2013, the remuneration of Mr. Shi Jian has been increased from HKD1 million to HKD2 million per annum; the remuneration of Mr. Li Yao Min has been increased from HKD1.5 million to HKD2 million per annum; the remuneration of Ms. Gu Biya has been increased from HKD1.35 million plus RMB234,000 to HKD2 million per annum; the remuneration of Mr. Shi Janson Bing has been increased from HKD0.9 million plus RMB234,000 to HKD1.6 million per annum; the remuneration of Mr. Qian Yifeng has been increased from HKD0.54 million to HKD0.8 million per annum; and the remuneration of Mr. Mao Yiping has been increased from HKD1.35 million plus RMB234,000 to HKD2 million per annum.

The remuneration of Mr. Yue Wai Leung Stan is adjusted to HKD240,000 per annum due to his re-designation from Executive Director to Non-independent Non-executive Director with effect from 13 August 2013.

All the remuneration packages are on yearly basis and the 13-month base pay remains unchanged. This decision was determined with reference to the Company's performance and profitability, as well as the remuneration benchmark in the industry and the prevailing market conditions.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2013, there were 1,058 (2012: 1,168) 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.

CONTINGENT LIABILITIES

The Group provided guarantees in respect of the mortgage facilities granted by certain banks to the certain purchasers of the Group's properties. Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the purchasers, the Group is responsible for repaying the outstanding mortgage loans together with any accrued interest and penalty owed by the defaulted purchasers to the banks. The Group's guarantee periods commence from the dates of grant of the relevant mortgage loans and end when the purchasers pledge related property certificates as securities to the banks for the mortgage loans granted by the banks. The Group entered into guarantee contracts of principal amounts totalling approximately RMB18 million.

The Group did not incur any material losses during the Reporting period in respect of the guarantees provided for mortgage facilities granted to purchasers of the Group's properties. The Directors consider that the probability of default of purchasers is remote and even in case of default on payments, the net realisable value of the related properties is expected to be sufficient to cover the repayment of the outstanding mortgage loans together with any accrued interest and penalty, because the mortgage principals were normally below 70% of sales price of the properties at date of sales agreement, and therefore no provision has been made in connection with the guarantees.

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 our heartfelt thanks to all directors, executives and staff members in the Group for their team spirit and loyalty.

CORPORATE GOVERNANCE

The Board and management are committed to maintaining a high standard of corporate governance principles and practices so as to promote corporate transparency and accountability. Good corporate governance is an integral element of a sound corporation to protect and enhance shareholders' value.

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 (the "Singapore Code") and the code provisions of the Corporate Governance Code and Corporate Governance Report (the "HK Code") as set out in Appendix 14 of the HKEx Listing Rules throughout the Reporting period except for the HK Code C.1.2 monthly performance updates to Directors which implemented on 1 April 2012 for the reasons that, after careful consideration, the management considered that quarterly updates by way of a detailed financial results announcement under the Listing Manual of the Singapore Exchange Trading Limited. ("SGX Listing Manual") is sufficient for directors to understand and well noted business performance, position and prospects of the Company. Further, the Company has a unique business model with major revenues arise from land sales. Such sales are expected to be executed in relatively long spans of time given the application of land auctions is required to be in line with the government's land grant quota and schedule. Details of each land sales together with its implication on the Company's performance would be timely communicated to the Directors at early stage and announcements in relation to land auctions will be published immediately after listing and completion of sale of land use rights.

AUDIT COMMITTEE

The Audit Committee has reviewed the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2013, including the accounting principles and practices adopted by the Group, and has also considered selected accounting, internal control and financial reporting matters of the Group, in conjunction with the Company's external auditor.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code set out in Appendix 10 to the HKEx Listing Rules as the code of conduct regarding securities transactions by the directors. The Directors have confirmed, following specific enquiries by the Company, that they have complied with the required standard set out in the Model Code during the six months ended 30 June 2013.

By order of the Board
China New Town Development Company Limited
Shi Jian
Chairman

Hong Kong, 13 August 2013

NEW TOWN

China New Town Development Company Limited
中國新城鎮發展有限公司