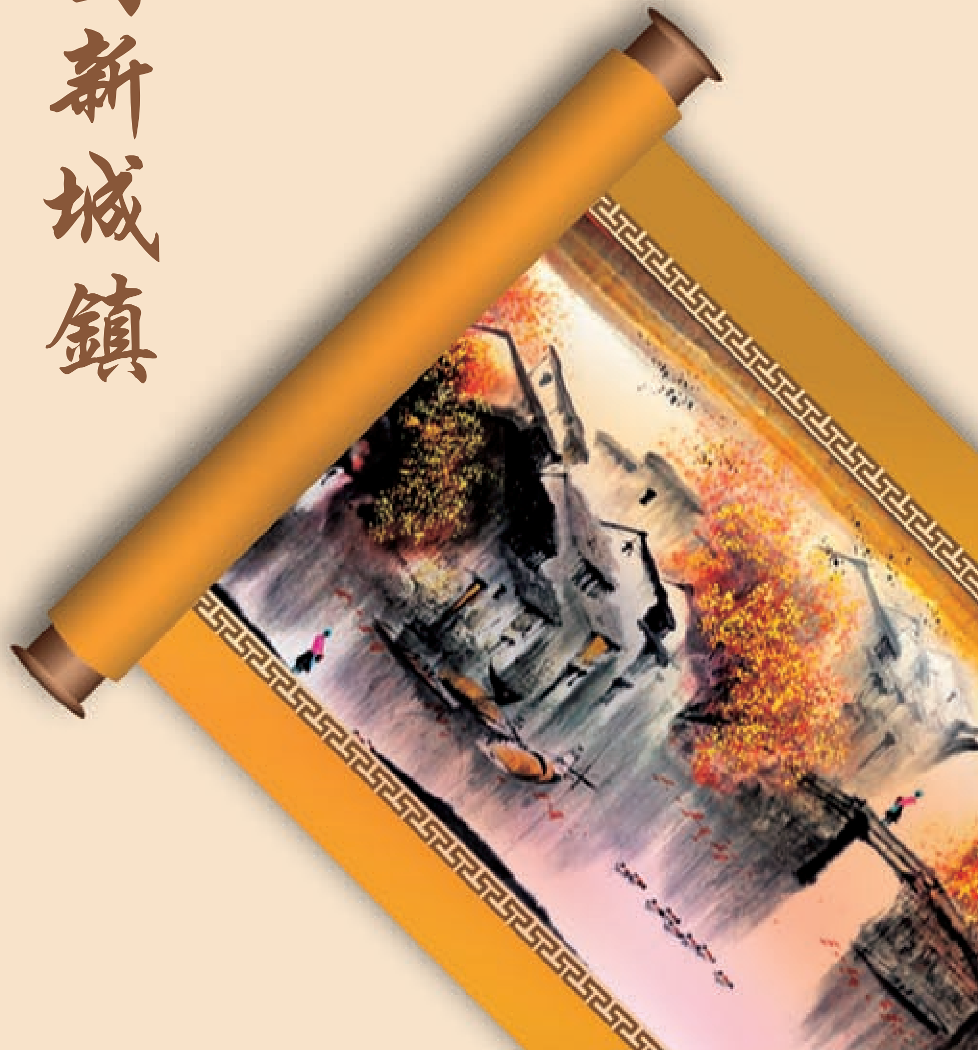
中國新城鎮

CHINA NEW TOWN DEVELOPMENT COMPANY LIMITED
中 國 新 城 鎮 發 展 有 限 公 司

INTERIM REPORT 2011

HONG KONG STOCK CODE: 1278

SINGAPORE STOCK CODE: D4N.si



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executives

Mr Shi Jian *(Chairman)*
Mr Li Yao Min
(Co-Chairman, Chief Executive Officer)
Mr Yue Wai Leung Stan *(Vice Chairman)*
Mr Shi Janson Bing
(Co-Chief Executive Officer)
Ms Song Yiqing *(Chief Financial Officer)*
Ms Gu Biya *(Chief Operating Officer)*
Mr Mao Yiping *(Executive Director)*
Mr Yang Yonggang *(Executive Director)*

Non-Executives

Mr Henry Tan Song Kok
(Lead Independent Director)
Mr Loh Weng Whye *(Independent Director)*
Mr Lam Bing Lun Philip
(Independent Director)
Mr Kong Siu Chee *(Independent Director)*

AUDIT COMMITTEE

Mr Henry Tan Song Kok *(Chairman)*
Mr Lam Bing Lun Philip
Mr Loh Weng Whye

NOMINATING COMMITTEE

Mr Loh Weng Whye *(Chairman)*
Mr Lam Bing Lun Philip
Mr Kong Siu Chee

REMUNERATION COMMITTEE

Mr Kong Siu Chee *(Chairman)*
Mr Loh Weng Whye
Mr Lam Bing Lun Philip
Mr Henry Tan Song Kok

INVESTMENT COMMITTEE

Mr Lam Bing Lun Philip *(Chairman)*
Mr Kong Siu Chee
Mr Henry Tan Song Kok
Mr Loh Weng Whye

COMPANY SECRETARIES

Ms Low Siew Tian
Ms Kwok Yu Ching

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

CORPORATE INFORMATION

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
8 Cross Street #11-00
PWC Building
Singapore 048424

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

COMPLIANCE ADVISOR

Shenyin Wanguo Capital (H.K.) Limited

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 China New Town Investment International Forum with the National Development and Reform Commission of the PRC
- Also features a 5-star Crowne Plaza Hotel, two 18-holes PGA standard golf courses, an European style retail street with over 72,000 sq.m. of rental space, and an international convention centre
- Approximately 830,440 sq.m. of remaining land available for sale representing 35% 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
- Approximately 3.17 million sq.m. of remaining land inventory available for sale representing 83% 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

Wuxi

- A five-star hot spring hotel
- Retail Street in Wuxi Project

Note: CNTD's holding interests in Luodian, Wuxi and Shenyang joint-venture companies are 72.73%, 90% and 90% respectively.

REAL ESTATE DEVELOPMENT PROJECTS

Lake Malaren Soho Project

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 SOHO 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 to start in 2011, delivery through 2012-2013

Lake Malaren Silicon Valley Project

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 IMG Group ("IMG") in 2011-2015)
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 to start in 2011, delivery through 2012-2015

Wuxi Hongqing Project

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 2011, delivery through 2012-2013

Chengdu Project In Pi County[1]

Type:	Residential
Location:	No. 555 Ganghua Road, 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 to start in 2011, completion through 2012-2013

Note 1: CNTD has 72.73% effective interest in the project.

GROUP FINANCIAL HIGHLIGHTS

	Six months ended 30 June 2011 (Unaudited)
Revenue (RMB'000)	**314,833**
Gross Profit (RMB'000)	**179,032**
Gross Profit Margin (%)	**57%**
Net Profit attributable to equity holders of the Company (RMB'000)	**5,120**
Basic earnings per share (RMB)	**0.0013**
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 2011 together with comparative figures for the previous corresponding period in 2010. The unaudited interim financial statements for the six months ended 30 June 2011 have been reviewed by the Company's audit committee (the "Audit Committee").

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011
(Amount expressed in thousands of Renminbi unless otherwise stated)

	Notes	Six months ended 30 June 2011 (unaudited)	2010 (unaudited)
Revenue	5	**314,833**	176,203
Cost of sales		**(135,801)**	(142,703)
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		**(4,856)**	(146)
Operating profit/(loss)		**55,020**	(82,237)
Finance costs	8	**(28,717)**	(47,663)
Profit/(loss) before tax		**26,303**	(129,900)
Income tax	9	**(8,985)**	12,251
Profit/(loss) after tax		**17,318**	(117,649)
Other comprehensive income		**–**	–
Total comprehensive income		**17,318**	(117,649)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011
(Amount expressed in thousands of Renminbi unless otherwise stated)

	Notes	**Six months ended 30 June**	
		2011	2010
		(unaudited)	(unaudited)
Profit attributable to:			
Owners of the parent		**5,120**	(92,281)
Non-controlling interests		**12,198**	(25,368)
		17,318	(117,649)
Total comprehensive income attributable to:			
Owners of the parent		**5,120**	(92,281)
Non-controlling interests		**12,198**	(25,368)
		17,318	(117,649)
Earnings/(loss) per share attributable to ordinary equity holders of the parent:			
Basic earnings/(loss) per share *(RMB)*	11	**0.0013**	(0.0272)
Diluted earnings/(loss) per share *(RMB)*	11	**0.0013**	(0.0272)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2011
(Amounts expressed in thousands of Renminbi unless otherwise stated)

		Group		Company	
	Notes	**30 June 2011 (unaudited)**	31 December 2010 (audited)	**30 June 2011 (unaudited)**	31 December 2010 (audited)
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
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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2011
(Amounts expressed in thousands of Renminbi unless otherwise stated)

		Group		Company	
	Notes	**30 June 2011 (unaudited)**	31 December 2010 (audited)	**30 June 2011 (unaudited)**	31 December 2010 (audited)
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

CONDENSED 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 (unaudited)	Six months ended 30 June 2010 (unaudited)
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 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)
Increase/(decrease) 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)

CONDENSED 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 (unaudited)	Six months ended 30 June 2010 (unaudited)
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

CONDENSED CONSOLIDATED 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 2011 (unaudited)

	Equity attributable to Owners of the parent						
	Share Capital	**Treasury shares**	**Other reserves**	**Accumulated losses**	**Total**	**Non-controlling interests**	**Total equity**
Balance as at 1 January 2011	**2,778,853**	**-**	**608,807**	**(641,653)**	**2,746,007**	**551,519**	**3,297,526**
Total comprehensive income	**-**	**-**		**5,120**	**5,120**	**12,198**	**17,318**
Equity-settled share options to management	**-**	**-**	**2,784**	**-**	**2,784**	**-**	**2,784**
Shares issued 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	**2,788,776**	**-**	**601,669**	**(698,493)**	**2,691,952**	**579,976**	**3,271,928**

Six months ended 30 June 2010 (unaudited)

	Equity attributable to Owners of the parent						
	Share Capital	Treasury shares	Other reserves	Accumulated losses	Total	Non-controlling interests	Total equity
Balance as at 1 January 2010	2,497,385	(37,294)	749,001	(836,166)	2,372,926	436,231	2,809,157
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	2,786,673	(34,533)	604,869	(980,728)	2,376,281	411,363	2,787,644

For the six months ended 30 June 2011
(Amounts expressed in thousands of Renminbi unless otherwise stated)

Company

Six months ended 30 June 2011 (unaudited)

	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	**2,788,776**	**–**	**1,935,082**	**(1,752,761)**	**2,971,097**

Six months ended 30 June 2010 (unaudited)

	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	2,786,673	(34,533)	1,938,282	(1,644,507)	3,045,915

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.

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

An analysis by operating segment is as follow:

For the six months ended 30 June 2011 (unaudited)

	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 (unaudited)

	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)

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

5. REVENUE

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

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

7. OTHER EXPENSES

	Six months ended 30 June 2011 (unaudited)	Six months ended 30 June 2010 (unaudited)
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
	1,066	10,632

8. FINANCE COSTS

	Six months ended 30 June 2011 (unaudited)	Six months ended 30 June 2010 (unaudited)
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)
	28,717	47,663

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.

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

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 (unaudited)	Six months ended 30 June 2010 (unaudited)
Income tax charge:		
Current income tax	**5,714**	8,151
Deferred tax	**468**	(20,402)
Withholding tax	**2,803**	–
Income tax charge/(credit) as reported in profit or loss	**8,985**	(12,251)

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.

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

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

	Six months ended 30 June 2011 (unaudited)	Six months ended 30 June 2010 (unaudited)
Profit/(loss) attributable to ordinary equity holders of the parent	**5,120**	(92,281)
Add: Net effect of the dilutive convertible bond	**–**	–
Profit/(loss) attributable to ordinary equity holders of the parent adjusted for effect of the dilutive convertible bond	**5,120**	(92,281)
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	**4,118,903**	–
Number of ordinary shares used to calculate the diluted earnings per share	**3,901,254,455**	3,386,821,812
Basic earnings/(loss) per share *(RMB)*	**0.0013**	(0.0272)
Diluted earnings/(loss) per share *(RMB)*	**0.0013**	(0.0272)

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

12. LAND DEVELOPMENT FOR SALE

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

13. TRADE RECEIVABLES

Group	**30 June 2011 (unaudited)**	31 December 2010 (audited)
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 (unaudited)	31 December 2010 (audited)
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).

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

14. ACCOUNT PAYABLES

Group	**30 June 2011 (unaudited)**	31 December 2010 (audited)
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 (unaudited)	31 December 2010 (audited)
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

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

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 (unaudited)	31 December 2010 (audited)	**30 June 2011 (unaudited)**	31 December 2010 (audited)
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 (unaudited)	31 December 2010 (audited)	**30 June 2011 (unaudited)**	31 December 2010 (audited)
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.

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

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 (unaudited)**	31 December 2010 (audited)
Amounts due to related parties:		
SRE Group Limited	**148,441**	–
	148,441	–

On 7 July 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 1 July 2010 to 31 December 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.

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

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 (unaudited)**	31 December 2010 (audited)
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	**10,069,217**	10,359,993

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.

FINANCIAL REVIEW/HIGHLIGHTS

Condensed Statement of Comprehensive Income

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	Plot ratio	Month	Gross floor area	Contract price	Average price by gross floor area
	(sqm.)			*(sqm.)*	*(RMB'mil)*	*(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 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 results of golf courses recorded a 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.

Finance 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 finance costs of RMB29 million, which comprised RMB65 million interest expenses, partially offset by interests capitalized of RMB36 million. This compares with net finance 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.

Condensed 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 and Financial Resources

As at 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 Interim Report, 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 Interim Report, 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.

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

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

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.

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.

SECURITIES INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

At 30 June 2011, 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") were as follows:

(a) Long position in shares of the Company

	Number of ordinary shares				
Name of Director	Personal interests	Family interests	Corporate interests	Total	Approximate percentage of the issued share capital
Shi Jian	–	–	2,396,781,817[(1)]	2,396,781,817	61.46%
Li Yao Min	2,666,250	–	–	2,666,250	0.07%
Yue Wai Leung Stan	2,073,750	–	–	2,073,750	0.05%
Gu Biya	1,350,000	–	–	1,350,000	0.03%
Mao Yiping	1,113,750	–	–	1,113,750	0.03%
Yang Yonggang	2,295,000	–	–	2,295,000	0.06%
Henry Tan Song Kok	100,000	–	–	100,000	0.003%
Loh Weng Whye	700,000	–	–	700,000	0.02%

(1) Mr. Shi Jian is deemed to be interested in Sinopower Investment Limited's ("Sinopower") entire shareholding in the Company by virtue of the fact that he is a controlling shareholder of SRE Group Limited ("SRE Group") through SRE Investment Holding Limited. Mr. Shi Jian's spouse also has a negligible direct shareholding in SRE Group.

(b) Long position in underlying shares of the Company

Pursuant to the Management Grant of the Company, certain Directors were granted share options to subscribe for the shares of the Company as follows and details are set out under the section headed "The Management Grant" in this Interim Report.

Name of Director	Number of shares awarded under the Management Grant but not yet vested	Approximate percentage of the issued share capital
Li Yao Min	3,258,750	0.08%
Yue Wai Leung Stan	3,258,750	0.08%
Gu Biya	1,650,000	0.04%
Mao Yiping	1,361,250	0.03%
Yang Yonggang	2,805,000	0.07%

(c) Long position in shares and underlying shares in associated corporations of the Company

Shares in SRE Group Limited

Name of Director	Personal Interests	Family Interests	Corporate Interests	Total	Approximate percentage of the issued share capital of associated corporation
Shi Jian	7,246,991	2,324(1)	2,590,127,604(2)	2,597,376,919	58.94%
Li Yao Min	5,172,324	–	–	5,172,324	0.12%

(1) These 2,324 shares were held by Ms. Si Xiao Dong, the spouse of Mr. Shi Jian.

(2) These 2,590,127,604 shares were held by SRE Investment Holding Limited ("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 2,590,127,604 shares.

Save as disclosed above, as at 30 June 2011, 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 2011, 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	Capacity in which interests are held	Number of ordinary shares/underlying shares	Approximate percentage of the issued share capital
Sinopower Investment Limited (Note 1)	Beneficial owner	2,396,781,817	61.46%
SRE Group Limited (Note 1)	Interest of controlled corporation	2,396,781,817	61.46%
SRE Investment Holding Limited (Note 1)	Interest of controlled corporation	2,396,781,817	61.46%
Shi Jian (Note 1)	Interest of controlled corporation	2,396,781,817	61.46%
Och-Ziff Capital Management Group, LLC (Note 2)	Interest of controlled corporation	412,765,037	10.58%
OZ Management, L.P. (Note 2 and 3)	Investment manager	412,765,037	10.58%
Och-Ziff Holding Corporation (Note 2)	Interest of controlled corporation	412,765,037	10.58%
Daniel Saul Och (Note 2)	Interest of controlled corporation	412,765,037	10.58%

Notes:

1. A controlled corporation of Mr. Shi Jian, duplicate to those disclosed in the section "Securities Interests of Directors and Chief Executive" above.

2. OZ Management, L.P. was wholly owned by Och-Ziff Holding Corporation which in turn was wholly owned by Och-Ziff Capital Management Group, LLC. Och-Ziff Capital Management Group, LLC was 77.40% owned by Daniel Saul Och. The interests in 412,765,037 shares relates to the same block of shares in the Company.

3. OZ Management, L.P. held deemed interest in 412,765,037 shares of the Company by virtue of its control over the following corporations, which held direct interests (except OZ Management II, L.P.) in the Company:

Name of controlled corporation	Percentage of ownership in controlled corporation (%)	Number of shares
OZ Master Fund, Ltd.	100	190,299,438
OZ Asia Master Fund, Ltd.	100	183,928,585
OZ Management II, L.P.	100	1,884,651
Goldman Sachs & Co. Profit Sharing Master Trust	100	1,884,651
OZ Select Master Fund, Ltd.	100	1,073,173
Gordel Holding Ltd.	100	1,806,798
OZ Global Special Investments Master Fund, LP	100	33,772,392

SHARE OPTIONS

1. The Management Grant

On 5 July 2007, the Board approved the award of a total of 28,500,000 ordinary shares of no par value ("Shares") (following adjustments made pursuant to the sub-division of one Share into 75,000 Shares (the "Share Split") to certain Directors and employees as stated below (collectively, referred to as the "Entitled Persons"), as an incentive for their continued service to the Company (the "Management Grant"). The Management Grant was implemented on 5 July 2007.

On 9 July 2007, options on 28,500,000 unissued share with an exercise price of RMB8.00 per Share (before adjusting for the Share Split) were granted to the Entitled Persons.

In accordance with the terms of the Management Grant, the Shares which are to be allotted will vest as follows:

a. 10% at the end of the 12th month after the date of listing of the Company on the Main Board of the SGX-ST;

b. 15% at the end of the 24th month after the date of listing of the Company on the Main Board of the SGX-ST;

c. 20% at the end of the 36th month after the date of listing of the Company on the Main Board of the SGX-ST;

d. 25% at the end of the 48th month after the date of listing of the Company on the Main Board of the SGX-ST; and

e. the remaining 30% at the end of the 60th month after the date of listing of the Company on the Main Board of the SGX-ST.

provided that the relevant Entitled Persons remain in service within the Group on the vesting day and he/she has not submitted a notice of resignation. The exercise price is RMB8.00 per Share (before adjusting for the Share Split).

On 6 April 2011, 4,905,000 shares were alloted and issued by virtue of the exercise of the option at the exercise price of RMB8.00 per Share (before adjusting for the Share Split) to the Entitled Persons.

	Number of shares subject to options under the Management Grant								
	Share options granted	Movement during the financial period						Share options exercisable as at 30 June 2011	Aggregate unreleased Share options
Name of Entitled Persons		At 1.1.2011	Granted	Exercised	Cancelled	Lapsed	At 30.6.2011		*Deemed Interest*
Director									
Li Yao Min	5,925,000	1,481,250	–	1,185,000	–	–	2,666,250	–	3,258,750
Yue Wai Leung Stan	5,925,000	888,750	–	1,185,000	–	–	2,073,750	–	3,258,750
Gu Biya	3,000,000	750,000	–	600,000	–	–	1,350,000	–	1,650,000
Mao Yiping	2,475,000	618,750	–	495,000	–	–	1,113,750	–	1,361,250
Yang Yonggang	5,100,000	1,275,000	–	1,020,000	–	–	2,295,000	–	2,805,000
Employee									
Tai Kuo-Lin	1,875,000	468,750	–	375,000	–	–	843,750	–	1,031,250
Sun Xiaomeng	225,000	56,250	–	45,000	–	–	101,250	–	123,750

2. CNTD share option scheme

During the six months ended 30 June 2011, no option under this scheme was granted.

CHANGE OF INFORMATION OF DIRECTORS

On 1 July 2011, Mr. Li Yao Min, the Co-Vice Chairman cum Chief Executive Officer and Executive Director has been re-designated as Co-Chairman cum Chief Executive Officer and Executive Director and Mr. Yue Wai Leung Stan, the Co-Vice Chairman and Non-Independent Non-Executive Director has been re-designated as Vice Chairman and Executive Director.

Name of Director	Date of service agreement	Term	Fixed annual remuneration	Termination notice period/ payment in lieu of notice
Yue Wai Leung Stan	24/6/2011	1/7/2011-21/10/2013	HKD3 million	6 months

Mr. Yue is further entitled to a discretionary performance bonus and/or employee share options as may be determined by the Board. His emoluments are determined with reference to his performance and the performance of the Group as well as the pay and employment conditions within the same industry and in comparable companies, and also taking into account factors such as efforts, time commitment and responsibilities of Mr. Yue. Save as disclosed herein, there was no change in any of the information in respect of any director required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Rules Governing the Listing of Securities on the HKEX (the "Listing Rules").

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.

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.

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 has complied with the principles and guidelines of the Code of Corporate Governance 2005 issued by the Corporate Governance Committee in Singapore (the "SG Code") 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 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.

AUDIT COMMITTEE

The Audit Committee has reviewed the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2011, 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 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 2011.

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

Hong Kong, 14 August 2011