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OVERSEAS REGULATORY ANNOUNCEMENT

This overseas regulatory announcement is issued pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

China New Town Development Company Limited (“CNTD”), a company listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”) and a 61.25% owned subsidiary of SRE Group Limited, has on 18 May 2011 released to the SGX-ST an announcement (the “Announcement”) in relation to responses to SGX queries for unaudited first quarter financial results for period ended 31 March 2011. The following is a reproduction of the Announcement for information purpose only.

On behalf of the Board of Directors of
SRE Group Limited
Shi Jian
Chairman

Hong Kong, 18 May 2011

As at the date hereof, the Board comprises six executive directors, namely Mr. Shi Jian, Mr. Li Yao Min, Mr. Yu Hai Sheng, Mr. Jiang Xu Dong, Mr. Shi Pin Ren and Mr. Yue Wai Leung, Stan; two non-executive directors, namely Mr. Cheung Wing Yui and Mr. Jin Bing Rong and three independent non-executive directors, namely Mr. Jiang Xie Fu, Mr. E Hock Yap and Mr. Zhuo Fumin.

* For identification purpose only

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China New Town Development Company Limited

中國新城鎮發展有限公司

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

Hong Kong Stock Code: 1278

Singapore Stock Code: D4N.si

OVERSEAS REGULATORY ANNOUNCEMENT

RESPONSES TO SGX QUERIES FOR UNAUDITED FIRST QUARTER FINANCIAL RESULTS FOR PERIOD ENDED 31 MARCH 2011

This announcement is made by China New Town Development Company Limited (the "**Company**") in compliance with the item 3.4.2 of Practice Note 7.2 under the Listing Manual of the Singapore Exchange Securities Trading Limited ("**Listing Manual**") and the overseas regulatory disclosure requirement under the Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

In response to the Singapore Exchange Securities Trading Limited's email dated 16 May 2011, the Board of Directors of the Company wishes to provide the following additional information in relation to the unaudited first quarter financial results of the Company for the period ended 31 March 2011 released on 12 May 2011.

Questions:

1. We note that properties under development for sale increased by 197%, from RMB74.1 million as at 31 December 2010 to RMB220.2 million as at 31 March 2011. In this respect, please provide (i) a breakdown of the material items contributing to the significant increase and (ii) details of the properties concerned.
2. We note that prepayments increased by 97%, from RMB254.2 million as at 31 December 2010 to RMB501.7 million as at 31 March 2011. Please provide reasons for the significant increase.
3. We note that other receivables amounted to RMB320.0 million as at 31 March 2011. Please provide a breakdown of this significant amount and details of the material items.

Company's replies:

1. Properties under development for sale:

RMB' million	31 March 2011	31 December 2010
Lake Malaren Silicon Valley Project	134	20
Lake Malaren Soho Project	81	54
Others	5	-
Total	<u>220</u>	<u>74</u>

The account mainly represents the construction cost incurred in real estate development projects. The increase was resulted from improved development progress in the respective projects.

2. Prepayments:

The increase was mainly because 1) the Company has prepaid RMB127 million of the land cost in Chengdu project as scheduled, which was classified subsequently as prepaid land lease payment as land use right was received in May 2011 subsequent to the quarter, and 2) The Company has prepaid RMB108 million to the related contractors based on the contracts for Lake Malaren Silicon Valley Project.

3. Other Receivables:

RMB' million	31 March 2011	31 December 2010	Note
Due from Changchun Committee	279	292	a)
Due from two third-party contractors	35	35	b)
Others	6	41	
Total	<u>320</u>	<u>368</u>	

Notes:

- a) The balance decreased from RMB292 million by the end of 2010 to RMB279 million by the end of Q1 2011, which was due to the cash collection of RMB13 million in Q1 2011. As disclosed in the 2010 Annual Report Note 18(b): The above other receivable balances as of 31 December 2010 included an estimated receivable of RMB292 million (31 December 2009: RMB322 million) due from the Changchun Auto Industry Development Zone Administrative Committee (the "Changchun Committee"). In December 2009, the Group has entered into an agreement ("the 2009 Agreement") with the Changchun Committee to cease the land development by the Group through Changchun New Town Automobile Industry Construct Co., Ltd. in Changchun. Pursuant to the 2009 Agreement, although no detailed repayment schedule had been set out in the 2009 Agreement, the Changchun Committee agreed to fully repay the Group within a year from the date of the 2009 Agreement, for, firstly, the cost of construction, which shall be determined by independent qualified professional parties after conducting construction audits, and, secondly, the cost of relocation that has been incurred by the Group in accordance with the relevant relocation agreement, and compensate the Group for finance costs (including certain related miscellaneous expenditure) at an interest rate of 10% per annum based on the time elapsed since the actual date when such finance costs were incurred by the Group. During the year ended 31 December 2010, RMB33 million had been collected by the Group (2009: RMB10 million after signing the 2009 Agreement), among which RMB19 million (2009: nil) was used to settle the estimated payables to constructors on behalf of the Changchun Committee during the year ended 31 December 2010. In addition, the estimated receivables from the Changchun Committee and estimated payables to constructors were both increased by a total amount of RMB3 million as a result of the construction audits to date. The total collections so far from the Changchun Committee amounted to

approximately RMB51 million (RMB8 million had been received before the 2009 Agreement was reached). In December 2010, due to the delay in construction audits and other necessary procedures, the Changchun Committee issued a letter requesting to extend the repayment of remaining balances from end of 2010 to no later than end of 2011. Since Changchun Committee promised, in the letter, to continue to honour all other clauses of the 2009 Agreement, the directors expect that the receivable will be fully settled, and hence, no allowance had been made for the receivable due from the Changchun Committee as of 31 December 2010 (2009: no allowance). The transaction did not contribute any significant profit or loss to the Group.

- b) There was no change to the balance in Q1 2011. As disclosed in the 2010 Annual Report Note 18(c): The above other receivable balances as of 31 December 2010 also included an amount of RMB35 million receivable due from two third-party constructors. In December 2008, due to illegal occupation of agricultural land for the purpose of constructing a golf course, the Liaoning Department of Land and Resources established that as a case for investigation, and it issued the Administrative Penalty Decision Notice in this respect. Though the Group has instructed third-party constructors to stop the construction of the golf course on the agricultural land, those constructors still continued such construction and therefore those constructors agreed to compensate the Group for RMB41 million. Up to May 2010, the Group has fulfilled what was required by the Liaoning Department of Land and Resources, i.e., the golf clubhouse which was established within the grounds of the sports and recreation park under the Shenyang Project, was confiscated, the Group paid a fine of approximately RMB14.7 million and was required to reinstate the portion of agricultural land that was illegally occupied for the construction of the golf course and clubhouse. The confiscation of club house and reinstatement of a portion of agricultural land caused the Group to write down a total carrying amount of RMB30.6 million (see Note 13) of property, plant and equipment. Since the RMB41 million compensation from the constructors partially compensate the fine and the write-down of property, plant and equipment, the Group incurred a loss of RMB4.3 million as disclosed in Note 6. During the year ended 31 December 2010, RMB6 million has been collected by the Group and the third-party constructors promised to repay the remaining amounts in the year ending 31 December 2011. As of 31 December 2010, no further allowance in respect of the case was made as the case was closed officially in June 2010 and the directors expect that the receivable will be fully settled.

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

Singapore and Hong Kong, May 18, 2011

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