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SRE GROUP LTD.

**SRE GROUP LIMITED**

**上置集團有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1207)**

**OVERSEAS REGULATORY ANNOUNCEMENT  
UNAUDITED 2012 FIRST QUARTER RESULTS**

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 68.07% owned subsidiary of SRE Group Limited, has on 14 May 2012 released to the SGX-ST an announcement (the “Announcement”) in relation to unaudited 2012 First Quarter Results. 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, 14 May 2012

*As at the date hereof, the Board comprises seven executive directors, namely Mr. Shi Jian, Mr. Li Yao Min, Mr. Yu Hai Sheng, Mr. Jiang Xu Dong, Mr. Shi Pin Ren, Mr. Zhang Hongfei and Mr. Shi Lizhou; two non-executive directors, namely Mr. Cheung Wing Yui and Mr. Jin Bing Rong and four independent non-executive directors, namely Mr. Jiang Xie Fu, Mr. E Hock Yap, Mr. Zhuo Fumin and Mr. Yuan Pu.*

\* For identification purpose only

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*The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained, or opinions expressed in this announcement.*



## **China New Town Development Company Limited**

### **中國新城鎮發展有限公司**

*(incorporated as a company limited by shares under the laws of the British Virgin Islands)*

(Hong Kong Stock Code: 1278)

(Singapore Stock Code: D4N.sj)

### **UNAUDITED 2012 FIRST QUARTER RESULTS**

This announcement is made by China New Town Development Company Limited (the “**Company**”) pursuant to the disclosure obligation under Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**HKE**x”). This announcement is originally prepared in English. In case of any inconsistency between the English version and the Chinese version, the English version shall prevail.

This announcement is prepared in accordance with relevant regulations of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). The Financial information set out in this report has been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) and has not been audited nor reviewed by auditors. Shareholders of the Company and public investors should exercise caution when trading in the shares of the Company.

This presentation contains projections and forward-looking statements regarding the Group’s objectives and expectations with respect to land development and property development plans, and its opportunities and business prospects. Such forward-looking statements are not guarantees of future performance of the Group and are subject to factors that could cause actual results and company plans and objectives to differ materially from those expressed in the forward-looking statements. These factors include, but are not limited to, timing and price of sales of land in public bidding process; adverse changes in the Chinese economy and property market; fluctuations in the availability and pricing of residential and commercial properties; performance of construction and other contractors; and competition. The Group undertakes no obligation to update or revise any forward-looking statements to reflect subsequent events or circumstances.

**Unaudited First Quarter Financial Statements for the Financial Period Ended 31 March 2012**

**PART I INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS**

1(a) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

1(a)(i) Statement of comprehensive income for the first quarter ended 31 March 2012

RMB'000	1Q 2012 31 March 2012	1Q 2011 31 March 2011	Increase (Decrease) (%)
Group			
<b>Revenue</b>	67,886	288,405	(76)
Cost of sales	(69,019)	(115,608)	(40)
<b>Gross profit</b>	(1,133)	172,797	(101)
Other income	2,615	2,801	(7)
Selling and distribution costs	(19,256)	(9,685)	99
Administrative expenses	(28,481)	(35,538)	(20)
Other expenses	(735)	(172)	327
Fair value loss on completed investment properties	-	(4,955)	(100)
Fair value loss on investment properties under construction	-	(2,455)	(100)
<b>Operating (loss)/profit</b>	(46,990)	122,793	(138)
Finance costs	(17,301)	(15,704)	10
Share of gain from jointly-controlled entities	313	-	-
<b>(Loss )/profit before tax</b>	(63,978)	107,089	(160)
Income tax	13,849	(32,505)	(143)
<b>(Loss )/profit after tax</b>	(50,129)	74,584	(167)
<b>Other comprehensive income</b>			
Total comprehensive income	(50,129)	74,584	(167)
(Loss)/profit attributable to:			
Owners of the parent	(37,248)	50,197	(174)
Non-controlling interests	(12,881)	24,387	(153)
	(50,129)	74,584	(167)
Total comprehensive income attributable to:			
Owners of the parent	(37,248)	50,197	(174)
Non-controlling interests	(12,881)	24,387	(153)
	(50,129)	74,584	(167)

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

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

RMB'000	1Q 2012 31 March 2012	1Q 2011 31 March 2011	Increase (Decrease) (%)
<b>Revenue</b>			
Land development	34,653	280,432	(88)
Hotel operations	16,894	13,488	25
Golf operations	15,410	9,650	60
Investment property leasing	3,642	1,373	165
Others	845	546	55
Less: Business tax and surcharges	(3,558)	(17,084)	(79)
	67,886	288,405	(76)

<b>Other income</b>			
<b>RMB'000</b>	<b>1Q 2012</b>	<b>1Q 2011</b>	<b>Increase</b>
	<b>31 March 2012</b>	<b>31 March 2011</b>	<b>(Decrease)</b>
			<b>(%)</b>
Foreign exchange gain, net	71	799	(91)
Interest income	1,532	1,942	(21)
Government subsidies	684	-	-
Others	328	60	447
	<b>2,615</b>	<b>2,801</b>	<b>(7)</b>

<b>Other expenses</b>			
<b>RMB'000</b>	<b>1Q 2012</b>	<b>1Q 2011</b>	<b>Increase</b>
	<b>31 March 2012</b>	<b>31 March 2011</b>	<b>(Decrease)</b>
			<b>(%)</b>
Bank charges	730	72	914
Others	5	100	(95)
	<b>735</b>	<b>172</b>	<b>327</b>

**b) Cost of sales by business units**

<b>RMB'000</b>	<b>1Q 2012</b>	<b>1Q 2011</b>	<b>Increase</b>
	<b>31 March 2012</b>	<b>31 March 2011</b>	<b>(Decrease)</b>
			<b>(%)</b>
Land development	50,668	97,083	(48)
Hotel operations	10,378	9,528	9
Golf operations	7,703	8,842	(13)
Others	270	155	74
	<b>69,019</b>	<b>115,608</b>	<b>(40)</b>

**c) Finance costs**

<b>RMB'000</b>	<b>1Q 2012</b>	<b>1Q 2011</b>	<b>Increase</b>
	<b>31 March 2012</b>	<b>31 March 2011</b>	<b>(Decrease)</b>
			<b>(%)</b>
Interest on bank and borrowings	63,373	32,129	97
Less: Interest capitalised	(46,072)	(16,425)	180
	<b>17,301</b>	<b>15,704</b>	<b>10</b>

**1(b)(i) A Statement of Financial Position (for the issuer and group), together with a comparative statement as at the end of immediately preceding financial year.**

**Statement of Financial Position as at 31 March 2012**

<b>RMB'000</b>	<b>Group</b>		<b>Company</b>	
	<b>31 March</b>	<b>31 December</b>	<b>31 March</b>	<b>31 December</b>
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
<b>Non-current assets</b>				
Investments in subsidiaries	-	-	2,591,259	2,591,259
Investment in an associate	200	200	-	-
Investments in jointly-controlled entities	58,922	39,109	-	-
Property, plant and equipment	1,319,063	1,324,933	117	134
Completed Investment properties	684,471	684,000	-	-
Investment Properties under construction	100,000	100,000	-	-
Prepaid land lease payments	259,704	239,555	-	-
Non-current prepayments	500,000	510,000	-	-
Non-current trade receivables	69,903	69,903	-	-
Deferred tax assets	146,235	131,823	-	-
Other assets	46,983	47,475	-	-
<b>Total non-current assets</b>	<b>3,185,481</b>	<b>3,146,998</b>	<b>2,591,376</b>	<b>2,591,393</b>

RMB'000	Group		Company	
	31 March 2012	31 December 2011	31 March 2012	31 December 2011
<b>Current assets</b>				
Land development for sale	4,978,514	4,998,936	-	-
Properties under development for sale	1,497,246	994,202	-	-
Prepaid land lease payments	792,896	796,890	-	-
Inventories	5,146	4,922	-	-
Amounts due from subsidiaries	-	-	398,545	398,545
Prepayments	38,668	38,668	-	-
Other receivables	36,646	32,595	4	2
Trade receivables	124,161	65,432	-	-
Cash and bank balances	341,805	537,387	1,894	9,349
<b>Total current assets</b>	<b>7,815,082</b>	<b>7,469,032</b>	<b>400,443</b>	<b>407,896</b>
<b>Total assets</b>	<b>11,000,563</b>	<b>10,616,030</b>	<b>2,991,819</b>	<b>2,999,289</b>
<b>Equity</b>				
Share capital	2,801,180	2,801,180	2,801,180	2,801,180
Other reserves	592,422	591,731	1,925,835	1,925,144
Accumulated losses	(941,588)	(904,340)	(1,944,334)	(1,937,702)
	2,452,014	2,488,571	2,782,681	2,788,622
Non-controlling interests	524,194	537,075	-	-
<b>Total equity</b>	<b>2,926,208</b>	<b>3,025,646</b>	<b>2,782,681</b>	<b>2,788,622</b>
<b>Non-current liabilities</b>				
Interest-bearing bank and other borrowings	2,465,875	2,383,100	-	-
Deferred income from sale of golf club membership	517,870	521,885	-	-
Deferred tax liabilities	21,151	21,151	-	-
<b>Total non-current liabilities</b>	<b>3,004,896</b>	<b>2,926,136</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>				
Interest-bearing bank and other borrowings	777,243	757,243	162,253	162,253
Trade payables	2,368,048	2,086,912	-	-
Other payables and accruals	607,878	602,570	2,172	3,704
Amounts due to related parties	33,945	53,548	44,713	44,710
Advances from customers	95,798	46,906	-	-
Deferred income arising from land development	616,619	594,968	-	-
Current income tax liabilities	519,928	522,101	-	-
<b>Total current liabilities</b>	<b>5,019,459</b>	<b>4,664,248</b>	<b>209,138</b>	<b>210,667</b>
<b>Total liabilities</b>	<b>8,024,355</b>	<b>7,590,384</b>	<b>209,138</b>	<b>210,667</b>
<b>Total equity and liabilities</b>	<b>11,000,563</b>	<b>10,616,030</b>	<b>2,991,819</b>	<b>2,999,289</b>
<b>Net current assets</b>	<b>2,795,623</b>	<b>2,804,784</b>	<b>191,305</b>	<b>197,229</b>
<b>Total assets less current liabilities</b>	<b>5,981,104</b>	<b>5,951,782</b>	<b>2,782,681</b>	<b>2,788,622</b>

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

**i) Borrowings**

<b>RMB'000</b>	<b>31 March 2012</b>	<b>31 December 2011</b>
Bank loan – unsecured	20,000	-
Bank loans and other borrowings – secured	3,223,118	3,140,343
	<u>3,243,118</u>	<u>3,140,343</u>

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

<b>RMB'000</b>	<b>31 March 2012</b>	<b>31 December 2011</b>
Bank loan – unsecured	20,000	-
Bank loans and other borrowings – secured	757,243	757,243
	<u>777,243</u>	<u>757,243</u>

**b) Amount repayable after one year**

<b>RMB'000</b>	<b>31 March 2012</b>	<b>31 December 2011</b>
Bank loan – unsecured	-	-
Bank loans and other borrowings – secured	2,465,875	2,383,100
	<u>2,465,875</u>	<u>2,383,100</u>

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

See table above.

**d) Details of any collateral**

The unsecured short-term bank borrowing of RMB20 million was an entrusted loan of a subsidiary of the Group (2011: nil).

As at 31 March 2012, bank borrowings of RMB2,592 million (2011: RMB2,509 million) were pledged against the Group's certain properties, completed investment properties and investment properties under construction, properties under development for sale, prepaid land lease payments as well as bank deposits, whose net carrying amounts at 31 March 2012 were RMB484 million (2011: RMB486 million), RMB610 million (2011: RMB610 million), RMB1,029 million (2011: RMB766 million), RMB606 million (2011: RMB383 million), and RMB170 million (2011: RMB170 million), respectively.

As at 31 March 2012, a long-term bank loan with principal of RMB100 million of the total bank borrowings of RMB2,592 million noted above (2011: RMB100 million) was also guaranteed by Mr. Shi Jian, the Executive Chairman of the Group.

As of 31 March 2012, bank borrowings of RMB729.7 million of the total bank borrowings of RMB2,592 million noted above were also secured by part of future property pre-sale proceeds. For each unit sold of Silicon Valley project, amount of RMB8 million of the pre-sale proceeds, and for each square meter sold of UHO project, amount of RMB14.2 thousand of the pre-sale proceeds, will be transferred to restricted bank accounts, until the balance of such restricted bank accounts reached the outstanding balance of such loans.

As at 31 March 2012, the other borrowing of RMB631 million is a loan from a third party trust fund which is secured by pledge of the Group's 72.63% equity interest in Shanghai Golden Luodian Development Co., Ltd. ("SGLD"), and entitlement to certain economic benefits (right to dividends, if any, etc.) in the equity interest of SGLD land, use rights of two pieces of land and the title to the properties thereon (whose net carrying amounts at 31 March 2012 were RMB275 million (2011:RMB276 million)). The loan is also guaranteed by Mr. Shi Jian, the Executive Chairman of the Group. 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 RMB295 million as at 31 March 2012.

1(c) **A Statement of Cash Flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**Consolidated Statement of Cash Flow**

<b>RMB'000</b>	<b>1Q 2012 31 March 2012</b>	<b>1Q 2011 31 March 2011</b>
<b>Cash flows from operating activities</b>		
Profit/(Loss) before tax	(63,978)	107,089
Adjustments for:		
Depreciation of property, plant and equipment	13,620	14,062
Amortization of prepaid land lease payments	1,026	2,177
Fair value loss on completed investment properties	-	4,955
Fair value loss on investment properties under construction	-	2,455
Share of gain from jointly-controlled entities	(313)	-
Management share option expense	691	1,387
Interest income	(1,532)	(1,942)
Interest expense	17,301	15,704
Exchange gain	-	(1,721)
	<u>(33,185)</u>	<u>144,166</u>
Decrease/(increase) in land development for sale	43,335	(216,236)
Increase in properties under development for sale	(197,484)	(142,268)
Increase in inventories	(224)	(2,934)
Increase in prepayments and other current assets	-	(247,577)
(Increase)/decrease in other receivables	(3,559)	48,659
(Increase) /decrease in trade receivables	(58,729)	95,860
(Decrease)/increase in deferred income	17,635	(7,016)
Increase/(decrease) in advances from customers	48,892	(2,002)
Increase in trade and other payables	2,574	39,622
<b>Net cash outflow from operating activities</b>	<b><u>(180,745)</u></b>	<b><u>(289,726)</u></b>
<b>Cash flows from investing activities</b>		
Purchase/construction of property, plant and equipment	(4,170)	(22,807)
Payment for investment properties	(471)	(33,325)
Payments for amounts paid for land use rights	(21,752)	-
Investments in a jointly-controlled entity	(19,500)	-
Prepayments for property, plant and equipment	10,000	-
Interest received	1,532	1,942
<b>Net cash outflow from investing activities</b>	<b><u>(34,361)</u></b>	<b><u>(54,190)</u></b>
<b>Cash flows from financing activities</b>		
Proceeds from bank borrowings	102,500	-
Repayment of borrowings from a related party	(19,603)	-
Cash placed as restricted deposits in relation to interest payments for bank borrowings	(8,000)	-
Interest paid	(63,373)	(32,129)
Payments of expenses incurred for the listing of existing shares	-	(1,590)
<b>Net cash inflow/(outflow) from financing activities</b>	<b><u>11,524</u></b>	<b><u>(33,719)</u></b>
<b>Net decrease in cash and cash equivalents</b>	<b>(203,582)</b>	<b>(377,635)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>347,387</b>	<b>1,167,049</b>
<b>Cash and cash equivalents at end of period</b>	<b><u>143,805</u></b>	<b><u>789,414</u></b>

1(d)(i) **A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**Statements of changes in equity**

**Group**

**1Q ended 31 March 2011**

RMB'000	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	-	-	-	50,197	50,197	24,387	74,584
Equity-settled share options to management	-	-	1,387	-	1,387	-	1,387
Balance as at 31 March 2011	<b>2,778,853</b>	<b>-</b>	<b>610,194</b>	<b>(591,456)</b>	<b>2,797,591</b>	<b>575,906</b>	<b>3,373,497</b>

**1Q ended 31 March 2012**

RMB'000	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 2012	2,801,180	-	591,731	(904,340)	2,488,571	537,075	3,025,646
Total comprehensive income	-	-	-	(37,248)	(37,248)	(12,881)	(50,129)
Equity-settled share options to management	-	-	691	-	691	-	691
Balance as at 31 March 2012	<b>2,801,180</b>	<b>-</b>	<b>592,422</b>	<b>(941,588)</b>	<b>2,452,014</b>	<b>524,194</b>	<b>2,976,208</b>

**The Company**

**1Q ended 31 March 2011**

RMB'000	Share Capital	Treasury shares	Other reserves	Accumulated losses	Total
Balance as at 1 January 2011	2,778,853	-	1,942,220	(1,679,381)	3,041,692
Total comprehensive income	-	-	-	(5,696)	(5,696)
Equity-settled share options to management	-	-	1,387	-	1,387
Balance as at 31 March 2011	<b>2,778,853</b>	<b>-</b>	<b>1,943,607</b>	<b>(1,685,077)</b>	<b>3,037,383</b>



**1Q ended 31 March 2012**

RMB'000	Share Capital	Treasury shares	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	-	-	-	(6,632)	(6,632)
Equity-settled share options to management	-	-	691	-	691
Balance as at 31 March 2012	2,801,180	-	1,925,835	(1,944,334)	2,782,681

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

The number of shares that may be issued on conversion of all the outstanding convertibles (including the number of shares held as treasury shares, if any) and against the total number of issued shares excluding treasury shares as at 31 March 2012 and as at 31 March 2011 are set out below:

	As at 31 March 2012	As at 31 March 2011
	No. of Shares	No. of Shares
Shares to be issued pursuant to the release of all the awards granted under the Management Grant	7,357,500	18,393,750
Treasury Shares	-	-
Total number of issued shares excluding treasury shares as at the end of the period	3,905,841,176	3,894,804,926

Except the management share options granted under the Management Grant, the Group has no other outstanding convertible instruments as at 31 March 2012.

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	As at 31 March 2012	As at 31 December 2011
	No. of Shares	No. of Shares
Total number of issued shares excluding treasury shares as at the beginning of the period	3,905,841,176	3,894,804,926
Exercise of Management Grant	-	11,036,250
Total number of issued shares excluding treasury shares as at the end of the period	3,905,841,176	3,905,841,176

**1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

The Group had no treasury shares in issue as at 31 March 2012.

**2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited nor reviewed by the auditors.

**3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

4 **Whether the same accounting policies and methods of computation as in the issuer’s most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as compared with the most recently audited annual financial statements for the financial year ended 31 December 2011, except that the Group has adopted all the new and amended IFRS and IFRIC interpretations effective in the 3 months ended as at 31 March 2012.

5 **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group and the Company have adopted all the new and revised International Financial Reporting Standards (“IFRSs”) that are relevant in the current financial period. The adoption of these new/revised IFRSs has no material effect on the financial statements.

6 **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

		Group	
Earnings per ordinary share for the period based on profit attributable to shareholders after deducting any provision for preference dividends		1Q ended 31 March 2012	1Q ended 31 March 2011
(a)	Based on the weighted average number of ordinary shares on issue (RMB)	(0.0095)	0.0129
(b)	On a fully diluted basis (RMB)	(0.0095)	0.0129

The calculation of basic (loss)/earnings per share amounts is based on the (loss)/profit attributable to ordinary equity holders of the parent for the period ended 31 March 2012 and the period ended 31 March 2011 .

Since the Group is reporting a net loss, therefore the Stock Options are not dilutive for the period ended 31 March 2012.

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

**RMB’000**

	<b>1Q ended 31 March 2012</b>
Profit attributable to ordinary equity holders of the Company	(37,248)
Weighted average number of ordinary shares outstanding	3,905,841,176
Add: net effect of dilutive potential ordinary shares of Management Grant	-
Number of ordinary shares used to calculate the diluted earnings per share	3,905,841,176

7 **Net asset value (for the issuer and the group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the: (a) current financial period reported on; and (b) immediately preceding financial year.**

	Group		Company	
	31 March 2012	31 December 2011	31 March 2012	31 December 2011
Net asset value per ordinary share based on the total number of issued shares excluding treasury shares of the issuer as at the end of the period reported on (RMB, after share split)	0.7620	0.7746	0.7172	0.7140

**A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

### Operating Results

Our operating results are primarily driven by the frequency and the achieved selling prices of public auction of land use rights. The frequency and selling price of the public auction are not totally within the control of the Group. During the period, due to lack of sale of land use rights, revenue and operating profit of the Group have decreased 76% and 133% respectively compared with the same period of 2011.

On 5 March 2012, we handed over the land parcel XDG(XQ) from our Wuxi Project for public auction. The land parcel was sold at RMB75 million to a jointly-controlled entity Wuxi New District Xinrui Hospital Management Company Limited. The details of the contracted prices of land sales 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.)
Hongshan, Wuxi	62,145	1.8	March	111,862	75.07	1,208

Since the land parcel was designated for hospital use only, the unit land auction price of RMB1,208 per square metre in terms of site area, which was relatively lower than the unit cost of RMB1,325 per square metre in terms of site area. This resulted in a negative gross profit.

Please also refer to Announcement dated 23 March 2012 for detail information.

On the cost side, the unit cost for land development (allocated based on budgeted cost of services over relevant area) of Q1 2012 was kept unchanged compared to 2011 for Wuxi and Shenyang project.

During the first quarter of 2012, the costs of land development decreased by RMB46 million compared to the same period of 2011. The decrease was resulted from the land parcel sold in 2012, which was in Wuxi project with a lower unit cost as compared with the one sold in the same period of 2011 in Shanghai project.

Pursuant to an agreement reached with local government in December 2011, the Group needed to increase its estimated relocation compensation costs (to incumbent residents) by RMB600 million in Luodian New Town. As a result, the unit cost for land development (estimated based on budgeted cost of services over relevant area) in Luodian New Town was increased from RMB2,057 to RMB2,845 per square metre prospectively since December 2011. This was disclosed in 2011 annual report.

Revenue from our hotel operations increased to RMB17 million in the first quarter of 2012 compared to the same period of 2011 of RMB13 million. The increase resulted from an increase in room rate of approximately 20% after the completion of the hotel renovation.

Along with the increasing popularity after the success of the 2011 Lake Malaren Masters Golf Tournament, the golf operations recorded revenue of RMB15 million in this quarter compared to RMB10 million in the corresponding period of 2011.

Pursuant to Circular 131 Hucaishui 2011 announced by Shanghai Local Taxation Bureau, the business tax rate imposed on golf operation was reduced to 10% from 20% effective from 1 January 2012. As a result, the business tax expenses for the golf operation decreased substantially compared to the corresponding period of 2011.

### Operating expense

During the first quarter of 2012, selling and distributing costs increased by RMB9 million compared to the same period of 2011. The increase was resulted from selling expenses incurred in relation to our property development projects of RMB8.9 million. No such expenses incurred in the previous periods since the properties were not ready for sale.

During the first quarter of 2012, administrative expenses decreased by RMB7 million compared to the corresponding period of 2011 mainly due to a cost saving policy carried out by the Group given the current property market situation.

## Financing cost

During first quarter of 2012, we have recorded total net finance costs of RMB17 million, which comprised of RMB63 million interest expenses, partially offset by interests capitalized of RMB46 million. This was kept consistent with the same period of 2011 of net finance costs of RMB16 million.

## Balance sheet

Properties under development for sale

The balance as at 31 March 2012 mainly represents the construction cost of Lake Malaren Silicon Valley Project, Lake Malaren UHO Project, Chengdu project and Wuxi Hongqing project of RMB774 million, RMB255 million, RMB425 million and RMB43 million respectively. The increase was mainly due to progress in the construction.

Advance from customer

The balance as at 31 March 2012 mainly represents the collection of property development presale revenue, which mainly included RMB73 million from sale of UHO and RMB19 million from sale of the Lake Malaren Silicon Valley.

Trade receivables (current asset)

The balance as at the end of March 2012 increased by RMB60 million as compared with the balance as at the end of 2011, which was mainly due to the receivables from the land auction of RMB60 million in Wuxi project. The receivable is expected to be collected in 2012.

Trade payables

The balance as at 31 March 2012 increased by RMB281 million. The increase was mainly due to progress in the construction.

## 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 New Town Project:

- Principal: RMB 600 million
- Facility withdrawn in this quarter: RMB72.5 million
- Total facility withdrawn as at 31 March 2012: RMB504.7 million

b> For development of UHO Project in our Shanghai Luodian New Town Project:

- Principal: RMB 250 million
- Facility withdrawn in this quarter: RMB10 million
- Total facility withdrawn as at 31 March 2012: RMB100 million

Overall, cash and cash equivalents has decreased RMB204 million over the year with a balance of RMB342 million as at 31 March 2012, which was mainly attributable to a decrease of RMB181 million from operating activities and a decrease of RMB34 million from investing activities offset by an increase of RMB11 million from finance activities.

Gearing ratio (as measured by net debt / total equity holders' capital and net debt) increased from 46% for the year ended 31 December 2011 to 48% as at 31 March 2012.

**9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

10 **Commentary of the significant trends and competitions of the industry in which the Group operates as at the date of this announcement and any known factors or events that may affect the Group in the next reporting period and the next 12 months.**

After experiencing the severe macroeconomic curbing policies for the past two years, the property market in China is gradually trending towards a healthier direction. We have seen substantial adjustments in the transaction price, transaction volume and speculation in the property markets across the country. Investment and speculative activities have been effectively curbed.

However, at the same time, Premier Wen Jiabao reiterated at the National People's Congress and the Chinese People's Political Consultative Conference that the adjustments in housing price is far from meeting expectation. The Central Government remains adamant that the regulatory and control curbing measures will continue to be pursued. The fine-tune policies such as housing fund loan launched recently in various regions are for the purpose of stimulating the rigid demand to enter into the market, rather than take a gradual approach to deregulation of property control policy. The recent bankruptcy of Hangzhou Glory Real Estate Co. was the first case of bankruptcy of a sizable real estate enterprise in the industry, which reflects that property developers are experiencing enormous pressure on their capital chains. Dragged by the continued depression in the secondary real estate market, transactions in the land market remain at the murky condition with little improvement seen in both total area and turnover.

During the first quarter, a parcel of land located in Wuxi Project was auctioned for the construction of the Wuxi Branch of Ruijin Hospital, whereas the remaining land parcels in the pipeline are expected to be launched in an orderly manner in the later half of this year in line with the schedule and land sales quotas granted by the government. Besides, secondary real estate projects under the Company such as Lake Malaren Silicon Valley, Lake Malaren UHO and Chengdu Albany Oasis, all entered into the pre-sale stage, although their revenue will be booked only upon the completion and delivery of the projects.

In the first quarter, we achieved a number of breakthroughs in the business development of the Company. On 21 April 2012, the Company signed a Strategic Cooperation Agreement on Comprehensive Town Development ( "Cooperation Agreement" ) with 北京小城鎮發展基金 (Beijing Small Town Development Fund), which was founded by the Beijing Municipal Development and Reform Commission and 國開金融有限責任公司 (China Development Bank Capital Corporation Ltd) and it was also agreed to establish a long-term strategic partnership for the joint planning, construction and operation of small town projects developments around Beijing. On 23 April 2012, the Company entered into a formal agreement with BMW, a global premium automotive manufacturer, in respect of the PGA European Tour Event under the title "BMW Masters" to be held at Lake Malaren Golf Club located in the Luodian Project of the Company. The Tournaments shall count to the European Tour Order of Merit and award World Ranking points, and shall be one of the top PGA European Tour events on the schedule. The Company is confident that the introduction of the internationally well-known world-class golf tournament and with the full support of the international brand BMW in our project and comprehensive advertising campaign, it will definitely well lift the profile and popularity of Luodian New Town, thereby bringing considerable benefits to the land value and the real estate business in Luodian. On the financial side, through the sponsorship of BMW, the title sponsor, the Company expects the expenses of hosting the annual event at Lake Malaren will be effectively reduced as compared to the expenses incurred in previous years.

11 **Dividend**

(a) **Current Financial Period Reported On**

Any dividend declared for the current financial period reported on? **No**

(b) **Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year? **No**

(c) **Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated)**

Not applicable

(d) **Date payable**

Not applicable

(e) **Books closure date**

Not applicable

**12 If no dividend has been declared/recommended, a statement to that effect.**

No dividend has been declared or recommended for the first quarter ended 31 March 2012.

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

RMB'000	3 months ended 31 March 2012		
	Name of interested person	Aggregate value of all IPTs during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all IPTs conducted under shareholder's mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	SRE Group Limited	2,607	-

On July 7, 2010, Shanghai Golden Luodian Development Co., Ltd. (“SGLD”) and Shanghai Lake Malaren Property Management Co., Ltd. (“SLMPM”) entered into the Property Management Agreement pursuant to which SLMPM agreed to continue to provide property management services to SGLD in respect of the Luodian New Town for a term from July 1, 2010 to December 31, 2012 at a fixed management fee of RMB869 thousand per month. Under the Property Management Agreement, SGLD provides premises with a GFA of 132.1 sq.m. to SLMPM for use as property management office free of charge. The management fee for 3 months ended 31 March 2012 is RMB 2.6 million.

**14 Negative assurance confirmation by the Board of Directors pursuant to Rule 705 (5) of the Listing Manual of the Singapore Exchange Securities Trading Limited**

The Directors of the Company confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the first quarter unaudited financial statements of China New Town Development Company Limited for the first quarter ended 31 March 2012 presented in this announcement to be false or misleading in any material aspect.

**15 Subsequent event**

On 21 April 2012, the Group has signed a Strategic Cooperation Agreement on Comprehensive Town Development (“Cooperation Agreement”), a legally non-binding agreement, with Beijing Small Town Development Fund, which was founded by the Beijing Municipal Development and Reform Commission and China Development Bank Capital Corporation Ltd to establish a long-term strategic partnership for the joint participation in the planning, construction and operation of small town development projects. Please refer to note 10 above and the Announcement dated 22 April 2012 for detail information.

On 23 April 2012, the Group entered into a formal agreement with Bayerische Motoren Werke Aktiengesellschaft (“BMW”) in respect with the PGA European Tour Event under the title “BMW Masters” to be held at Lake Malaren Golf Club located in the Luodian Project of the Group. Please refer to note 10 above and the Announcement dated 23 April 2012 for detail information.

By order of the Board

**China New Town Development Company Limited**

**Song YiQing**

*Chief Financial Officer / Executive Director*

Singapore and Hong Kong, 14 May 2012

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