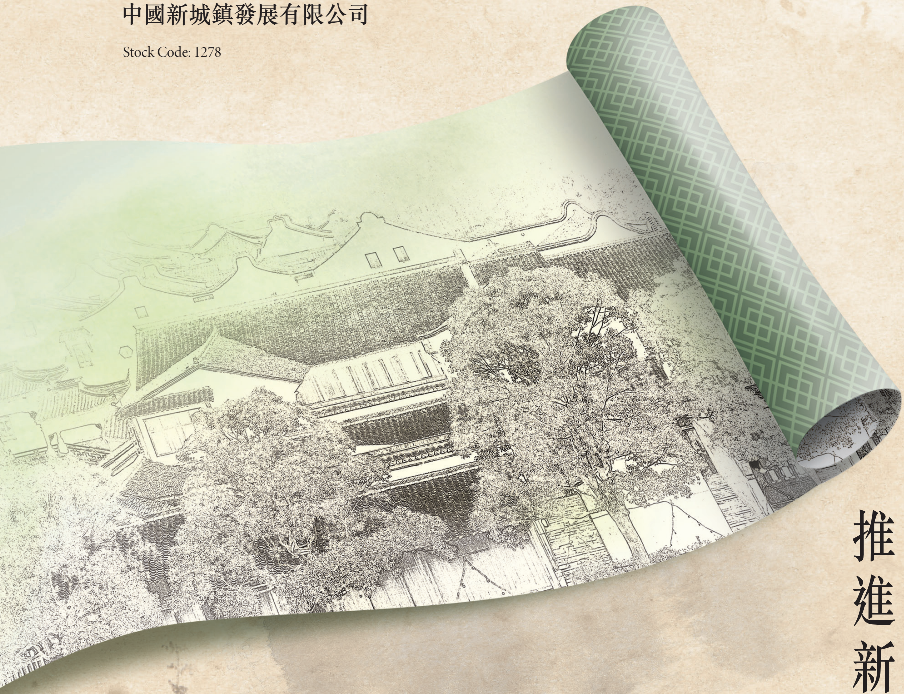
NEW TOWN

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

Stock Code: 1278



開拓創新 砥礪前行

推進新型城鎮化建設

Interim Report 2018

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Liu Heqiang *(Chief Executive Officer)*
Ms. Yang Meiyu
Mr. Ren Xiaowei
Mr. Shi Janson Bing

Non-executive Directors

Mr. Li Huachang *(Chairman)*
Mr. Zuo Kun *(Vice Chairman)*
Mr. Li Yao Min *(Vice Chairman)*
Mr. Xie Zhen

Independent Non-executive Directors

Mr. Henry Tan Song Kok
(Lead Independent Non-executive Director)
Mr. Kong Siu Chee
Mr. Zhang Hao
Mr. E Hock Yap

AUDIT COMMITTEE

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

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

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

COMPANY SECRETARY

Mr. Kwok Siu Man, *FCIS, FCS*

BUSINESS ADDRESS

8203B–04A
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong
Telephone: (852) 3643 0200
Facsimile: (852) 3144 9663
Website: www.china-newtown.com

REGISTERED OFFICE

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

BVI PRINCIPAL SHARE REGISTRAR

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

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East, Hong Kong

LEGAL ADVISORS
Herbert Smith Freehills
Freshfields Bruckhaus Deringer
Winston & Strawn LLP
King & Wood Mallesons
Zhonglun W&D Law Firm
Global Law Office

INDEPENDENT AUDITOR
Ernst & Young
22/F, CITIC Tower, 1 Tim Mei Avenue
Central, Hong Kong
Auditor's Date of Appointment:
20 November 2007
Partner-in-charge: Mr. Kelvin Leung Shing Kit
since 21 September 2016

STOCK EXCHANGE LISTED
The Stock Exchange of Hong Kong Limited
Stock Name: ChinaNewTown
Stock Code: 1278
Board Lot: 2,500 shares

PRINCIPAL BANKERS
CITIC Bank International Limited
The Agricultural Bank of China
China Minsheng Bank
China Construction Bank (Asia)
United Overseas Bank Limited
Shanghai Pudong Development Bank
Bank of Communications Co., Ltd.

Project List

LAND DEVELOPMENT PROJECTS

All the following projects are located in the People's Republic of China (the "**PRC**")

Shanghai Luodian Project (72.63% — owned)

- Total site area of 6.80 square kilometres ("**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 the permanent site to co-host the National Urbanization Forum with the National Development and Reform Commission of the PRC

Beijing Junzhuang Project in Mentougou District (50% — owned)

- The Mentougou District is located in the western part of Beijing and is 98.5% covered by mountains. The mountains in the district are connected to Xiangshan (香山), a renowned national tourism destination, comprising an integral part of the Western Beijing ecological conservation area. Located in the eastern part of the Mentougou District and approximately 30 kilometres from Beijing city centre, Junzhuang Town has a total site area of 34 sq. km. and is a strategically important part of the Mentougou District's industrial layout.
- In accordance with different long-term development positioning, the project is divided into two zones, namely the Eastern Zone and the Western Zone. The site area currently under planning is approximately 414 hectares (4.14 million square metres ("**sqm.**")), among which the site area of the Eastern Zone is approximately 270 hectares (2.7 million sqm.), and is envisaged to be developed into an integrated eco-tourism zone featuring a wide mix of elements such as leisure and resort, eco-conservancy and healthcare, parent-child experience and education, as well as industrial park for the creative industry; the Western Zone has a site area of approximately 144 hectares (1.44 million sqm.) and is planned for shanty town reformation, primary land and subsequent developments.
- The Group and Beijing Vanke Enterprises Co. Ltd. has jointly established a project company (we are entitled to a 50% equity interest), which will be granted an exclusive right to develop and operate the Eastern Zone of the project. The project company will succeed in contracting the agricultural land (農用地) from the relevant village community economic cooperatives. In addition, using a model known as the "Village-Corporate Collaboration" with the co-ops, the project company shall also develop and operate the construction land collectively owned (集體建設用地) by the relevant village community economic cooperatives.

Property Development Project in Tiexin Bridge of Yuhuatai District, Nanjing

- Total site area of 23,475.91 square meters
- It is located in the Yuhuatai District of Nanjing, adjacent to the Software Valley. Software Valley is China's largest communication software industry R&D base and the first 100 billion level software industry base.
- This project is intended to build a complex of high-end office buildings, integrated commercial and boutique apartments, with a total planned area of 120,000 square meters. There will be at least 20,000 square meters of office buildings and 35,000 square meters for commercial purposes in the project for long-term holding and operation in the future.
- The Company has established a project company with Mingfa Group in which the Company holds an equity interest of 49%. It is the first large property project to be invested and developed in the region after the Two Bridge project in Yuhuatai District, Nanjing. Upon completion of the project, the Company will receive property sales and rental income, as well as commercial and office buildings as long-term investment in property assets.

Wuhan Optical Valley Project

- The total floor area of the project is 172,840 square meters, of which 116,780 square meters are above-ground building area
- Wuhan Optical Valley High-tech Development Zone is a nationwide renowned optoelectronic and semi-conductor industry base, which is aligns with the strategic direction of the Company of developing integrated circuit industry property
- Leveraging the cooperation relationship of integrated circuit industry fund and the overall industry resources advantage from CDB to attract quality industry enterprises, including integrated circuit industry to move into the development zone, so as to build well-established office buildings in the industry park, and to enjoy long-term rental income and contribute to asset appreciation
- The development and construction of the project is near completion, and is in the process of leasing out the office and commercial properties.

Project List

Nanjing Reigate Bilingual School Project

- Total site area of 122,233.96 square meters
- Situated in Nanjing Chilin Technology Innovation Park, Jiangning District, Nanjing. Jiangning District is also the most populated and largest area of Nanjing. Chilin Technology Innovation Park (Eco-technology City) is a high-tech industry development zone in Jiangsu Province, which is a trial site of smart city of PRC, and a demonstration site of technology services of Jiangsu Province. Currently, offices of new industries including intelligent manufacturing, big data, energy conservation and environmental protection, new materials have been set up in the Park. Some of the leading projects, including R&F Science Park, DCITS industry base, headquarter and network centre of Jiangsu Broadcasting Cable Information Network Corp. Ltd. and Sinopec Chilin Information Technology Service Base.
- China Development Bank Education Company Limited ("**China Development Bank Education**"), a wholly-owned subsidiary of the Company, has executed Strategic Co-operation Framework Agreement with Reigate Grammar School, and is intended to initiate a long-term cooperation on exclusive school operation in the Greater China Region. China Development Bank Education is also introducing the Reigate brand into Nanjing Chilin Bilingual School, and to provide bilingual education courses that cover to K12.

Shenyang Lixiang Project (100% — owned)

- 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 which 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

FINANCIAL HIGHLIGHTS

	Six months ended 30 June 2018 (Unaudited)
Operating income (RMB'000)	171,371
Operating expenses (RMB'000)	(187,212)
Loss attributable to equity holders of the Company (RMB'000)	(33,811)
Basic loss per share (RMB)	(0.0035)

INTERIM RESULTS

The board of directors (the "**Board**") of China New Town Development Company Limited (the "**Company**" or "**CNTD**") announces the unaudited interim consolidated financial statements of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2018 (the "**Reporting Period**") together with relevant comparative figures of the previous corresponding period in 2017. The unaudited interim financial statements for the Reporting Period have been reviewed by the audit committee of the Board (the "**Audit Committee**").

Interim Consolidated Statement of Profit or Loss and Comprehensive Income

For the six months ended 30 June 2018
(Amount expressed in thousands of Renminbi ("RMB") unless otherwise stated)

	Notes	Six months ended 30 June 2018 (Unaudited)	2017 (Unaudited)
Operating income		**171,371**	396,709
Revenue	5	**148,197**	357,108
Other income	6	**23,174**	39,601
Operating expenses		**(187,212)**	(214,670)
Cost of sales		**(21)**	(117,292)
Selling and administrative expense		**(47,701)**	(41,577)
Finance costs	8	**(66,054)**	(49,268)
Other expenses	7	**(73,436)**	(6,533)
Operating (loss)/profit		**(15,841)**	182,039
Share of losses of joint ventures		**(5,071)**	(860)
(Loss)/profit before tax		**(20,912)**	181,179
Income tax	9	**(19,527)**	(47,586)
(Loss)/profit after tax		**(40,439)**	133,593
(Loss)/profit for the period		**(40,439)**	133,593
Other comprehensive loss			
Other comprehensive loss to be reclassified to profit or loss in subsequent periods (net of tax):			
Net loss on available-for-sale financial assets		**—**	(62)
Other comprehensive loss for the period, net of loss		**—**	(62)
Total comprehensive (loss)/profit for the period, net of tax		**(40,439)**	133,531

Interim Consolidated Statement of Profit or Loss and Comprehensive Income

For the six months ended 30 June 2018

(Amount expressed in thousands of Renminbi ("RMB") unless otherwise stated)

	Notes	Six months ended 30 June 2018 (Unaudited)	2017 (Unaudited)
(Loss)/profit attributable to:			
Equity holders of the parent		**(33,811)**	116,662
Non-controlling interests		**(6,628)**	16,931
		(40,439)	133,593
Total comprehensive (loss)/profit attributable to:			
Equity holders of the parent		**(33,811)**	116,600
Non-controlling interests		**(6,628)**	16,931
		(40,439)	133,531
(Loss)/profit per share attributable to ordinary equity holders of the parent:			
Basic (loss)/earnings per share (RMB)	11	**(0.0035)**	0.0120
Diluted (loss)/earnings per share (RMB)	11	**(0.0035)**	0.0120

Interim Consolidated Statement of Financial Position

As at 30 June 2018

(Amounts expressed in thousands of RMB unless otherwise stated)

		Group	
	Notes	**30 June 2018 (Unaudited)**	31 December 2017 (Audited)
Assets			
Non-current assets			
Investment in joint ventures		**210,657**	99,225
Investment properties under construction	12	**1,195,366**	—
Loans/Loans and receivables	13	**1,455,306**	1,295,146
Available-for-sale financial assets		**—**	35,049
Financial assets at fair value through profit or loss	14	**646,248**	541,600
Property, plant and equipment		**12,835**	11,923
Prepaid land lease payments		**2,316**	2,395
Deferred tax assets		**113,498**	102,718
Prepayments		**—**	200,000
Other assets		**34,592**	9,725
Total non-current assets		**3,670,818**	2,297,781
Current assets			
Land development for sale	15	**1,298,786**	1,296,166
Prepayments		**15,044**	9,446
Other receivables	16	**919,673**	894,517
Trade receivables	17	**1,257,198**	1,275,816
Loans/Loans and receivables	13	**1,087,513**	790,000
Other current assets		**23,542**	2,833
Cash and bank balances		**1,191,139**	1,532,265
Current assets		**5,792,895**	5,801,043
Total assets		**9,463,713**	8,098,824

Interim Consolidated Statement of Financial Position

As at 30 June 2018

(Amounts expressed in thousands of RMB unless otherwise stated)

	Notes	Group 30 June 2018 (Unaudited)	Group 31 December 2017 (Audited)
Equity			
Equity holders of the parent:			
Share capital		**4,070,201**	4,070,201
Reserves		**592,893**	592,792
Other comprehensive loss		**—**	(713)
Accumulated losses		**(601,979)**	(440,886)
		4,061,115	4,221,394
Non-controlling interests		**379,425**	383,820
Total equity		**4,440,540**	4,605,214
Non-current liabilities			
Interest-bearing bank and other borrowings	19	**1,585,089**	298,938
Deferred income		**6,898**	—
Deferred tax liabilities		**20,647**	22,733
Total non-current liabilities		**1,612,634**	321,671
Current liabilities			
Interest-bearing bank and other borrowings	19	**471,550**	50,000
Trade payables	18	**340,232**	147,601
Dividends payable		**95,122**	—
Other payable and accruals		**1,105,596**	287,960
Senior guaranteed notes	19	**—**	1,297,891
Advance from customers		**2,884**	1,040
Deferred revenue arising from land development		**706,365**	706,365
Current income tax liabilities		**497,936**	492,814
Financial liabilities at fair value through profit or loss		**190,854**	188,268
Total current liabilities		**3,410,539**	3,171,939
Total liabilities		**5,023,173**	3,493,610
Total equity and liabilities		**9,463,713**	8,098,824
Net current assets		**2,382,356**	2,629,104
Total assets less current liabilities		**6,053,174**	4,926,885

Interim Consolidated Statement of Cash Flows

For the six months ended 30 June 2018
(Amounts expressed in thousands of RMB unless otherwise stated)

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
(Loss)/profit before tax	**(20,912)**	181,179
Adjustments for:		
Allowance of impairment of financial assets measured at amortized cost	**5,119**	—
Depreciation of property, plant and equipment	**961**	378
Amortization of prepaid land lease payments	**79**	78
Amortization of deferred revenue	**(13)**	—
Interests received from loans and receivables	**(131,543)**	(117,022)
Dividends received from financial assets at fair value through profit or loss	**(11,216)**	(5,721)
Amortization of intangible assets	**149**	189
Loss on disposal of prepaid land lease payment, property, plant and equipment	**—**	504
Net fair value loss on financial assets/liabilities at fair value through profit or loss	**4,498**	4,115
Interest expense on financial liabilities at fair value through profit or loss	**6,209**	3,834
Share of loss from joint ventures	**5,071**	860
Interest from bank deposits	**(13,935)**	(22,701)
Interest expense on bank and other borrowings	**32,855**	8,349
Interest expense on senior guaranteed notes	**26,990**	37,085
Foreign exchange loss	**64,638**	2,280
Operating (loss)/profit before working capital changes	**(31,050)**	93,407
(Increase)/decrease in land development for sale	**(2,620)**	48,333
Increase in inventories	**(101)**	—
Increase in prepayments	**(5,435)**	(1,023)
Increase in other receivables and assets	**(239,526)**	(112,170)
Decrease in trade receivables	**5,919**	7,120
Decrease in advances from customers	**(37)**	—
Decrease in deferred income arising from land development	**—**	(231,647)
Increase/(decrease) in trade and other payables	**70,708**	(49,263)
Cash used from operating activities	**(202,142)**	(245,243)
Income tax paid	**(26,049)**	(10,887)
Net cash outflow from operating activities	**(228,191)**	(256,130)

Interim Consolidated Statement of Cash Flows

For the six months ended 30 June 2018
(Amounts expressed in thousands of RMB unless otherwise stated)

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
Cash flows from investing activities		
Purchases/constructions of property, plant and equipment	**(1,390)**	(542)
Investments in financial assets at fair value through profit or loss	**(72,756)**	(10,807)
Dividends received from financial assets at fair value through profit or loss	**11,216**	5,721
Acquisition of a subsidiary	**100,903**	—
Interest received from bank deposits	**13,935**	22,701
Investment classified as loans/loans and receivables	**(464,355)**	(378,013)
Interest received from investment classified as loans/loans and receivables	**161,890**	117,022
Investments in joint ventures	**(116,503)**	—
Net cash outflow from investing activities	**(367,060)**	(243,918)
Cash flows from financing activities		
Repayment of senior guaranteed notes	**(1,300,000)**	—
Proceeds from non-controlling interests	**4,910**	—
Cash payment for buyback shares of the Company	**—**	(40,640)
Repayment of bank and other borrowings	**(35,000)**	(502,184)
Proceeds from bank borrowings	**1,647,255**	33,840
Interest paid	**(63,040)**	(46,104)
Net cash inflow/(outflow) from financing activities	**254,125**	(555,088)
Net decrease in cash and cash equivalents	**(341,126)**	(1,055,136)
Effect of exchange rate changes on cash and cash equivalents	**—**	(1,140)
Cash and cash equivalents at beginning of period	**1,532,265**	2,349,397
Cash and cash equivalents at end of period	**1,191,139**	1,293,121

Interim Consolidated Statement of Changes in Equity

For the six months ended 30 June 2018
(Amounts expressed in thousands of RMB unless otherwise stated)

Six months ended 30 June 2018

	Attributable to equity holders of the parent						
	Share capital	**Other reserves**	**Available-for-sale reserve**	**Accumulated losses**	**Total**	**Non-controlling interests**	**Total equity**
As at 31 December 2017	**4,070,201**	**592,792**	**(713)**	**(440,886)**	**4,221,394**	**383,820**	**4,605,214**
Impact of adopting IFRS 9			**713**	**(34,073)**	**(33,360)**	**(2,576)**	**(35,936)**
Restated opening balance under IFRS 9	**4,070,201**	**592,792**	**—**	**(474,959)**	**4,188,034**	**381,244**	**4,569,278**
Loss for the period	**—**	**—**	**—**	**(33,811)**	**(33,811)**	**(6,628)**	**(40,439)**
Total comprehensive loss	**—**	**—**	**—**	**(33,811)**	**(33,811)**	**(6,628)**	**(40,439)**
Dividends	**—**	**—**	**—**	**(93,209)**	**(93,209)**	**—**	**(93,209)**
Capital injection by non-controlling interests	**—**	**101**	**—**	**—**	**101**	**4,809**	**4,910**
As at 30 June 2018	**4,070,201**	**592,893**	**—**	**(601,979)**	**4,061,115**	**379,425**	**4,440,540**

Six months ended 30 June 2017

	Attributable to equity holders of the parent						
	Share capital	Other reserves	Available-for-sale reserve	Accumulated losses	Total	Non-controlling interests	Total equity
As at 31 December 2016	4,110,841	579,270	–	(776,500)	3,913,611	364,256	4,277,867
Profit for the period	–	–	–	116,662	116,662	16,931	133,593
Other comprehensive loss	–	–	(62)	–	(62)	–	(62)
Total comprehensive (loss)/income	–	–	(62)	116,662	116,600	16,931	133,531
Shares buyback and cancelling of the Company	(40,640)	–	–	–	(40,640)	–	(40,640)
As at 30 June 2017	4,070,201	579,270	(62)	(659,838)	3,989,571	381,187	4,370,758

1. CORPORATE INFORMATION

The Company was incorporated on 4 January 2006 in the British Virgin Islands (the "**BVI**"). After a series of reorganisations, on 14 November 2007, the Company was listed on the Main Board of Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). On 22 October 2010, the Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**HKEx**") by way of introduction. As a result, the Company was once dual-listed on the Main Boards of both the SGX-ST and the HKEx. The Company voluntary delisted from the SGX-ST on 17 February 2017.

The Company with its subsidiaries (the "**Group**") is a new town developer in Mainland China and is principally engaged in planning and developing large-scale new towns in China's largest cities, among which the activities include designing the master plan, relocating and resettling incumbent residents and businesses, clearing and preparing the land and installing infrastructure. Since 2014, as China Development Bank Capital Corporation Limited ("**CDBC**" or "**CDB Capital**") becoming the controlling shareholder of the Company, the Company's business model has been further optimized to diversify from land development into nationwide urbanization projects that cover investment, development and operation. The Group focuses on such core national economic regions as the Yangtze River delta region and the Beijing-Tianjin-Hebei region, while constantly expanding the urbanization projects with fixed income under the investment portfolio.

The Company used to be a subsidiary of SRE Group Limited ("**SRE**"), a company listed on the HKEx since September 2009. During 2012, SRE disposed of its entire holding of shares in the Company to SRE's own shareholders via a special dividend in the form of a distribution in species. Upon completion of that distribution, in October 2012, SRE no longer holds any shares in the Company and ceased to be the parent of the Company. As a result of that distribution, SRE Investment Holding Limited ("**SREI**", the parent of SRE), became the largest shareholder of the Company.

On 10 October 2013, the Company, China Development Bank International Holdings Limited ("**CDBIH**") and SREI entered into a share subscription agreement (the "**Subscription Agreement**") pursuant to which CDBIH had agreed to subscribe for 5,347,921,071 new shares of the Company subject to the terms and conditions contained therein (the "**Subscription**"). The Subscription was completed in the first quarter of 2014. As a result, CDBIH, a wholly-owned subsidiary of CDB Capital, became the largest shareholder of the Company.

As an appendix to the Subscription Agreement, there was a disposal master agreement (the "**Disposal Master Agreement**") between the Company and SREI to dispose of the specified assets and liabilities not relating to the Group's main principal business of planning and development of new town projects in Mainland China (the "**Disposal Assets**"). The disposal was completed by 30 September 2016.

In the opinion of the directors of the Company (the "**Directors**"), with the completion of the share subscription of CDBIH, the Company's ultimate holding company is China Development Bank Corporation ("**CDB**"), which holds 54.98% of the issued share capital of the Company through CDBIH after delisted from the SGX-ST.

2. BASIS OF PREPARATION

The unaudited interim consolidated financial statements of the Group for the Reporting Period (the "**Financial Statements**") have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") as issued by the International Accounting Standards Board (the "**IASB**").

The Financial Statements have been prepared under the historical cost convention, except for available-for-sale financial assets, financial assets fair value through profit or loss and financial liabilities at fair value though profit or loss which have been measured at fair value. The Financial Statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand ('000) except when otherwise indicated.

(a) Basis of consolidation

The Financial Statements include the unaudited interim financial statement of the Company and its subsidiaries as at 30 June 2018. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

(a) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)

(b) Exposure, or rights, to variable returns from its involvement with the investee

(c) The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) The contractual arrangement(s) with the other vote holders of the investee

(b) Rights arising from other contractual arrangements

(c) The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

The Financial Statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income ("**OCI**") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if it results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interests and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

(b) 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 IFRSs.

3. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The financial statements of the Group for the first half of 2018 were prepared in accordance with IAS 34 Interim Financial Reporting, and shall be read together with Group's annual financial statements as at 31 December 2017.

The accounting policies adopted in the preparation of the Financial Statements are consistent with those followed in the preparation of the Group's annual financial statements as at 31 December 2017, except for the adoption of new standards effective as of 1 January 2018. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below. Although these amendments apply for the first time in 2018, they do not have a material impact on the Financial Statements. The nature and the impact of each amendment is described below:

IFRS 9 Financial Instruments

The Group adopted IFRS 9 Financial Instruments on its effective date of 1 January 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement and introduces new requirements for classification and measurement, impairment and hedge accounting. IFRS 9 is not applicable to items that have already been derecognised at 1 January 2018, the date of initial application.

(a) Classification and measurement

The Group has assessed the classification of financial instruments as at the date of initial application and has applied such classification retrospectively. Based on that assessment:

- All financial assets previously held at fair value continue to be measured at fair value.

  Debt instruments and equity instruments, other than investments in subsidiaries and associates, are acquired for the purpose of generating short-term profit. Therefore, they meet the held-for-trading criteria and are required to be measured at fair value through profit or loss ("**FVPL**"). The equity shares in non-listed companies previously held as available-for-sale financial assets with gains and losses recorded in OCI are instead measured at fair value through profit or loss, which will increase volatility in recorded profit or loss. The available-for-sale reserve of RMB713 thousand relating to those equity shares, which was previously presented as accumulated OCI, are reclassified to retained earnings at 1 January 2018.

- Financial assets previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. Thus, such instruments continue to be measured at amortised cost under IFRS 9.

- The classification of financial liabilities under IFRS 9 remains broadly the same as under IAS 39. The main impact on measurement from the classification of liabilities under IFRS 9 relates to the element of gains or losses for financial liabilities designated as at FVPL attributable to changes in credit risk. IFRS 9 requires that such element be recognised in OCI, unless this treatment creates or enlarges an accounting mismatch in profit or loss, in which case, all gains and losses on that liability (including the effects of changes in credit risk) should be presented in profit or loss. Therefore, they continue to be measured at fair value.

- The accounting for derivatives embedded in financial liabilities and in non-financial host contracts has not changed from that required by IAS 39. Therefore, this requirement has not had an impact on the Group.

(b) Impairment

IFRS 9 requires the Group to record expected credit losses ("**ECLs**") on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. This increases impairment provision and increases the accumulated losses upon first time adoption.

(c) Hedge accounting

The Group has not applied hedge accounting under IAS 39 nor will it apply hedge accounting under IFRS 9.

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

Impact of adoption of IFRS 9

The classification and measurement requirements of IFRS 9 have been adopted retrospectively as of the date of initial application on 1 January 2018. However, the Group has chosen to take advantage of the option not to restate comparatives. Therefore, the 2017 figures are presented and measured under IAS 39. The following table shows the original measurement categories in accordance with IAS 39 and the new measurement categories under IFRS 9 for the Group's financial assets and financial liabilities as at 1 January 2018:

in RMB'000

1 January 2018	IAS 39 measurement				IFRS 9	
Financial assets	**Category**	**Amount**	**Reclassification**	**Remeasurement – ECL**	**Category**	**Amount**
Available-for-sale financial assets	Available for sale	35,049	(35,049)	–	NA	
To: Financial assets at fair value through profit or loss		–	(35,049)	–		
Financial assets at fair value through profit or loss	Designed at FVPL	541,600	35,049	–	FVPL	576,649
From: Available-for-sale financial assets		–	35,049	–		
Loans and receivables	Loans and receivables	2,085,146	–	(20,851)	Amortised cost	2,064,295
Trade receivables	Loans and receivables	1,275,816	–	(12,758)	Amortised cost	1,263,058
Other receivables	Loans and receivables	894,517	–	(8,945)	Amortised cost	885,572
Cash and cash equivalents	Loans and receivables	1,532,265	–	–	Amortised cost	1,532,265
Non-financial assets						
Deferred tax assets		102,718		6,618		109,336
Total assets		**6,467,111**		**(35,936)**		**6,431,175**

Financial assets

In line with the characteristics of the Group's financial instruments as well as its approach to their management, the Group neither revoked nor made any new designations on the date of initial application. IFRS 9 has resulted in changes in the carrying amount of the Group's available for sale financial instruments due to changes in measurement categories. The other financial assets that were classified as FVPL under IAS 39 are still classified as FVPL under IFRS 9. All financial assets that were classified as loans and receivables and measured at amortised cost continue to be.

In addition, the application of the ECL mode under IFRS 9 has changed the carrying amounts of the Group's amortised cost financial assets. An ECL allowance of RMB20,851 thousand, RMB12,758 thousand and RMB8,945 thousand has been recorded against the Group's loans and receivables, trade receivables and other receivables compared to no impairment recorded under IAS 39.

Financial liabilities

In line with the characteristics of the Group's financial instruments as well as its approach to their management, the Group neither revoked nor made any new designations on the date of initial application. IFRS 9 has not significantly resulted in changes in the carrying amount of the Group's financial liabilities due to changes in measurement categories.

IFRS 15 Revenue from Contracts with Customers

The Group adopted IFRS 15 Revenue from contracts with customers on its effective date of 1 January 2018. IFRS 15 replaces IAS 18 Revenue and establishes a five-step model to account for revenue arising from contracts with customers. In addition, guidance on interest and dividend income have been moved from IAS 18 to IFRS 9 without significant changes to the requirements. The Group adopted IFRS 15 using the full retrospective method of adoption on its effective date of 1 January 2018. Since the Group's current practice is in line with the clarifications issued, there is no significant effect on its Financial Statements.

Amendments to IAS 40 Transfers of Investment Property

The amendments are applied prospectively, however, retrospective application in accordance with IAS 8 is permitted if possible without the use of hindsight. The amendments clarify when an entity should transfer property, including property under construction or development into, or out of, investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The Group adopted the amendments on its effective date of 1 January 2018, there is no significant impacts on its Financial Statements as no changes in use of any of the Group's investment property.

IFRS 2 Classification and Measurement of Share-based Payment Transactions — Amendments to IFRS 2

The IASB issued amendments to IFRS 2 Share-based Payment that address issues in three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The Group adopted the Amendments to IFRS 2 on its effective date of 1 January 2018. The Group didn't have such transactions, there is no significant impacts on its Financial Statements.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration. Entities may apply the amendments on a fully retrospective basis. Alternatively, an entity may apply the Interpretation prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

(i) The beginning of the reporting period in which the entity first applies the interpretation; or

(ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.

The Interpretation is effective for annual periods beginning on or after 1 January 2018. Early application of interpretation is permitted and must be disclosed. The Group adopted the Interpretation on its effective date of 1 January 2018. However, since the Group's current practice is in line with the Interpretation, there is no significant impacts on its Financial Statements.

Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

The amendments address concerns arising from implementing the new financial instruments standard, IFRS 9, before implementing IFRS 17 Insurance Contracts, which replaces IFRS 4. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach. The temporary exemption is first applied for reporting periods beginning on or after 1 January 2018. An entity may elect the overlay approach when it first applies IFRS 9 and apply that approach retrospectively to financial assets designated on transition to IFRS 9. The entity restates comparative information reflecting the overlay approach if, and only if, the entity restates comparative information when applying IFRS 9. The Group adopted the Amendments to IFRS 4 on its effective date of 1 January 2018. However, the application has no effect on the Group's Financial Statements as the Group has no insurance business in the scope of the amendments.

Annual Improvements 2014–2016 Cycle (issued in December 2016)

These improvements include:

IAS 28 Investments in Associates and Joint Ventures — Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The amendments clarify that:

- An entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.

- If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

The Group adopted the amendments on its effective date of 1 January 2018. However, the application has no effect on the Financial Statements as the Group has no such business in the scope of the amendments.

Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards — Deletion of short-term exemptions for first-time adopters

Short-term exemptions in paragraphs E3–E7 of IFRS 1 were deleted because they have now served their intended purpose. The Group adopted the amendments on its effective date of 1 January 2018, the Group did not expect any significant effect on its Financial Statements.

4. OPERATING SEGMENT INFORMATION

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

- Land development segment, which provides land infrastructure development, construction of ancillary public facilities;
- Urbanization development segment, which is responsible for investments in new town projects; and
- Others segment, which includes investment and provision of other services.

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

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

Land development revenue from the Group's share of proceeds from land sales (including related public utility fees, if any) by local authorities accounted for 100% in Shanghai of the revenue in the six months ended 30 June 2017.

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

The following tables present sales and profit information for the Group's operating segments for the six months ended 30 June 2018 and 2017, respectively.

RMB'000	For the six months ended 30 June 2018 (Unaudited)				
	Land development	Urbanization development	Others	Adjustments and eliminations	Total
Segment results					
External sales	**—**	**146,312**	**1,885**	**—**	**148,197**
Intersegment sales	**—**	**—**	**—**	**—**	**—**
Total segment sales	**—**	**146,312**	**1,885**	**—**	**148,197**
Segment (loss)/profit	**(8,123)**	**62,935**	**(9,670)**	**—**	**45,142**
Finance cost				**(66,054)[1]**	**(66,054)**
Profit before income tax					**(20,912)**

[1] Profit for each operating segment does not include finance costs of RMB66,054 thousand.

RMB'000	For the six months ended 30 June 2017 (Unaudited)				
	Land development	Urbanization development	Others	Adjustments and eliminations	Total
Segment results					
External sales	231,647	125,461	—	—	357,108
Intersegment sales	—	—	—	—	—
Total segment sales	231,647	125,461	—	—	357,108
Segment profit	110,641	108,576	11,232	—	230,447
Finance cost				(49,268)[1]	(49,268)
Profit before income tax					181,179

[1] Profit for each operating segment of does not include finance costs of RMB49,268 thousand.

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

The following table presents assets and liabilities information for the Group's operating segments as at 30 June 2018 and 31 December 2017, respectively:

RMB'000	Land development	Urbanization development	Others	Adjustments and eliminations	Total
Assets					
30 June 2018 (Unaudited)	**2,664,988**	**4,520,090**	**2,165,137**	**113,498**[1]	**9,463,713**
31 December 2017 (Audited)	2,588,800	4,257,560	1,149,746	102,718[1]	8,098,824
Liabilities					
30 June 2018 (Unaudited)	**991,188**	**352,871**	**1,103,892**	**2,575,222**[2]	**5,023,173**
31 December 2017 (Audited)	1,017,429	246,590	67,215	2,162,376[2]	3,493,610

1 Assets in segments do not include deferred tax assets of RMB113,498 thousand as at 30 June 2018 as these assets are managed on a group basis.

Assets in segments do not include deferred tax assets of RMB102,718 thousand as at 31 December 2017 as these assets are managed on a group basis.

2 Liabilities in segments do not include current income tax liabilities of RMB497,936 thousand, interest-bearing bank loans, and other borrowings of RMB2,056,639 thousand, and deferred tax liabilities of RMB20,647 thousand as at 30 June 2018 as these liabilities are managed on a group basis.

Liabilities in segments do not include current income tax liabilities of RMB492,814 thousand, senior guaranteed notes of RMB1,297,891 thousand, interest-bearing bank loans and other borrowings of RMB348,938 thousand, and deferred tax liabilities of RMB22,733 thousand as at 31 December 2017 as these liabilities are managed on a group basis.

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

5. REVENUE

RMB'000		**Six months ended 30 June 2018 (Unaudited)**	Six months ended 30 June 2017 (Unaudited)
Land development	(a)	**—**	231,647
Urbanization development	(b)	**146,312**	126,292
Others		**1,885**	—
Less: Tax and surcharges		**—**	(831)
		148,197	357,108

(a) During the six months ended 30 June 2018, the Group recorded no revenue from land development (2016: RMB232 million in respect of the Group's land development was derived from the development of ancillary public facilities, based on the progress of completion).

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

(b) The detailed information of revenue from urbanization development is as follows:

RMB'000	Six months ended 30 June 2018 (Unaudited)	Six months ended 30 June 2017 (Unaudited)
Interest income		
CDB Yuhua Project	**29,933**	35,718
Danyang Public Private Partnership	—	12,376
Yangzhou Airport New Town Project	**18,309**	18,342
Danyang Zhongbei College Development Project	—	13,946
Qinhuangdao Project	**6,905**	6,965
Changzhou New-Tech Economic Development Zone	—	14,132
Zhenjiang Hi-tech District Affordable Housing Project	—	10,168
Nanchang Science and Technology Park Project of Chines Academy of Sciences	**15,270**	—
Yangzhou Hanjiang District Infrastructure Construction Project	**15,144**	—
Yangzhou Xincheng River Hanjiang Branch Region Integrated Renovation Project	**9,964**	—
Jiangsu Taizhou New Energy Industrial Park Phase III Project	**6,510**	—
Yangzhou River Banks Project	**5,890**	—
Others	**23,618**	5,347
Dividend income		
CDB (Beijing) — BOCOMM New-Type Urbanization Development Fund (the "**Urbanization Fund**")	**11,216**	5,721
Fee from assets management	**3,553**	3,577
	146,312	126,292

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

6. OTHER INCOME

RMB'000	**Six months ended 30 June 2018 (Unaudited)**	Six months ended 30 June 2017 (Unaudited)
Interest income	**13,935**	22,701
Wealth product income	**6,969**	15,136
Others	**2,270**	1,764
	23,174	39,601

7. OTHER EXPENSES

RMB'000	**Six months ended 30 June 2018 (Unaudited)**	Six months ended 30 June 2017 (Unaudited)
Foreign exchange loss, net	**63,394**	2,280
Bank charges	**194**	78
Fair value loss on financial assets/liabilities at fair value through profit or loss	**4,498**	4,115
Allowance of impairment	**5,119**	—
Others	**231**	60
	73,436	6,533

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

8. FINANCE COSTS

RMB'000	Six months ended 30 June 2018 (Unaudited)	Six months ended 30 June 2017 (Unaudited)
Interest on bank and other borrowings	**32,855**	8,349
Interest on senior guaranteed notes	**26,990**	37,085
Interests attributed to other interest holders of structured entities	**6,209**	3,834
Less: Interest capitalised	**—**	—
	66,054	49,268

No borrowing costs during the first half of 2018 and the first half of 2017 had been capitalized.

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 BVI.

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

The principal operating subsidiaries of the Company were subject to income tax at the rate of 25% on their taxable income according to the Income Tax Law of the PRC (2017: 25%).

Mainland China Withholding Tax

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

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

Pursuant to the laws governing the PRC Corporate Income Tax, a member of the Group, who is not a tax resident in the jurisdiction of the PRC, is subject to withholding tax at 10% on the incomes from Mainland China, such as interest income and gain from disposal of equity investment. A lower withholding tax rate may be applied if there is a tax treaty between the Mainland China and the jurisdiction of the foreign investors. The Group has decided that the withholding tax is classified as income tax under IAS 12, and therefore has recognized such withholding tax as a tax expense in the statement of profit or loss and other comprehensive income.

The major components of income tax are:

RMB'000	**Six months ended 30 June 2018 (Unaudited)**	Six months ended 30 June 2017 (Unaudited)
Income tax charge:		
Current income tax	**16,557**	6,519
Deferred tax	**(6,247)**	32,607
Withholding tax	**9,217**	8,460
Income tax credit as reported in profit or loss	**19,527**	47,586

10. DIVIDENDS

A final dividend for the year ended 31 December 2017 of HKD0.0116 per ordinary share to the shareholders registered in the Hong Kong Branch Register has been approved at the Company's annual general meeting held on 22 June 2018. The Board has resolved not to declare the payment of any interim dividend in respect of the six months ended 30 June 2018 (2017: Nil).

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

11. (LOSS)/EARNINGS PER SHARE

The calculation of the basic (loss)/earnings per share amount is based on the profit or loss attributable to ordinary equity holders of the parent for the Reporting Period.

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

RMB'000	**Six months ended 30 June 2018 (Unaudited)**	Six months ended 30 June 2017 (Unaudited)
(Loss)/profit attributable to ordinary equity holders of the parent	**(33,811)**	116,662
Weighted average number of ordinary shares used to calculate the basic and diluted earnings per share	**9,726,246,417**	9,756,214,750
Basic (loss)/earnings per share (RMB)	**(0.0035)**	0.0120
Diluted (loss)/earnings per share (RMB)	**(0.0035)**	0.0120

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

12. INVESTMENT PROPERTIES UNDER CONSTRUCTION

RMB'000	**30 June 2018 (Unaudited)**	31 December 2017 (Audited)
At 1 January	**—**	—
Acquisition of investment properties under construction	**1,195,366**	—
At end of Reporting Period/year	**1,195,366**	—

As at 30 June 2018, the investment properties under construction is carried at cost of RMB1,195,366 thousand.

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

13. LOANS/LOANS AND RECEIVABLES

Debt investments at amortised cost RMB'000	**30 June 2018 (Unaudited)**	31 December 2017 (Audited)
CDB Yuhua Project	—	490,000
Yangzhou Airport New Town Project	**300,000**	300,000
Qinhuangdao Project	**150,437**	150,587
Yangzhou Hanjiang District Infrastructure Construction Project	**300,000**	300,000
Jiangsu Suqian Yanghe New District Packaging Industry Park Construction Project	**100,000**	100,000
Yangzhou Xincheng River Hanjiang Branch Regioin Integrated Renovation Project	**200,000**	200,000
Yanzhou Industrial Park Project	—	190,000
Gaoyou PPP Project	**68,150**	68,150
Yangzhou River Banks Project	**150,000**	150,000
Jiangsu Taizhou New Energy Industrial Park Phase III Project	**510,478**	—
Nanchang Science and Technology Park Project of Chines Academy of Sciences	**400,000**	—
Jiangsu Xuzhou Peixian county industrial concentration area construction Project	**153,030**	—
Lianyungang Haohai R&D Centre Project	**100,000**	—
Others	**136,409**	136,409
Less: allowance of impairment	**(25,685)**	—
	2,542,819	2,085,146
Amount due in next 12 months classified as current assets	**1,087,513**	790,000
Amount classified as non-current assets	**1,455,306**	1,295,146

- The Group adopted IFRS 9 on its effective date of 1 January 2018, loans and receivables are measured at amortised cost under IFRS 9.

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

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

RMB'000	Notes	**30 June 2018 (Unaudited)**	31 December 2017 (Audited)
— Funds	(a)	**89,083**	83,600
— Wealth Management Products	(b)	**523,256**	458,000
— Equity instruments	(c)	**33,909**	—
		646,248	541,600

(a) In June 2015, CDBC New Town (Beijing) Asset Management Company Limited ("**CDBC New Town**"), a wholly-owned subsidiary of the Company, entered into a limited partnership agreement in relation to an investment partnership, the Urbanization Fund with a fund size of RMB10 billion.

As a junior-tranche limited partner, CDBC New Town is committed to contributing at a 1.5% capital ratio to the partnership, which amounted to RMB150 million. As at 30 June 2018, CDBC New Town had invested RMB81.849 million to the partnership which had in turn invested in various debt and equity investments (31 December 2017: RMB74.349 million). The management of the Group has designated such investments as at fair value through profit or loss. A fair value loss of RMB2.017 million was recognized during the Reporting Period (2017: a fair value loss of RMB4 million).

(b) As at 30 June 2018, CDBC New Town invested in wealth management products issued by Shanghai Pudong Development Bank, Bank of Communications and China Minsheng Bank for short term cash management, amounting to RMB523 million (31 December 2017: RMB458 million).

(c) The Group adopted IFRS 9 on its effective date of 1 January 2018, available-for-sale financial assets was reclassified as financial assets at fair value through profit or loss — equity instrument, subsequent changes of fair value are recognised as profit and loss.

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

15. LAND DEVELOPMENT FOR SALE

RMB'000	30 June 2018 (Unaudited)	31 December 2017 (Audited)
At cost:		
Mainland China	**1,298,786**	1,296,166

16. OTHER RECEIVABLES

RMB'000	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Other receivables		
Net disposal consideration:		
— Wuxi Project	**59,940**	59,940
Balances due from:		
— Wuxi Project	**43,977**	43,977
Interests receivable from loans and receivables	**37,875**	71,778
Due from joint ventures	**520,004**	309,634
Due from SREI	**227,703**	227,703
Security deposit of Qionglai Project	**—**	133,380
Balances due from entities disposed of	**24,384**	24,384
Others	**15,080**	23,721
Less: allowance of impairment	**(9,290)**	—
Other receivables, net	**919,673**	894,517

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

17. TRADE RECEIVABLES

RMB'000	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Receivables from land development for sale	**1,266,415**	1,272,295
Others	**3,482**	3,521
Less: bad debt provision	**(12,699)**	—
Trade receivables, net	**1,257,198**	1,275,816

An aging analysis of the trade receivables is as follows:

RMB'000	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Within 6 months	—	1,234,197
6 months to 1 year	**1,234,197**	—
1 year to 2 years	**3,021**	3,521
2 years to 3 years	**461**	—
Over 3 years	**32,218**	38,098
	1,269,897	1,275,816

The above balances are unsecured and interest-free. The fair values of the trade receivables as at the end of each reporting period approximate to their carrying amounts. No trade receivables were written off as of 30 June 2018 (31 December 2017: Nil).

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

18. TRADE PAYABLES

RMB'000	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Payable for land development for sale	**340,232**	147,464
Others	**—**	137
	340,232	147,601

Trade payables are not interest-bearing and are normally settled within one year.

An aging analysis of the Group's trade payables is as follows:

RMB'000	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Within one year	**120,777**	45,640
1 to 2 years	**104,897**	23,213
Over 2 years	**114,558**	78,748
	340,232	147,601

19. INTEREST-BEARING BANK AND OTHER BORROWINGS AND SENIOR GUARANTEED NOTES

The interest-bearing bank and other borrowings are as follows:

RMB'000	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Bank and other borrowings — secured	**—**	—
Bank and other borrowings — guaranteed	**2,056,639**	348,938
Bank and other borrowings — unsecured and unguaranteed	**—**	—
	2,056,639	348,938

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

The bank and other borrowings are repayable as follows:

RMB'000	**30 June 2018 (Unaudited)**	31 December 2017 (Audited)
Within 6 months	**15,000**	35,000
6 months to 9 months	**421,550**	—
9 months to 12 months	**35,000**	15,000
1 year to 2 years	**200,000**	85,000
2 years to 5 years	**1,385,089**	213,938
Over 5 years	**—**	—
	2,056,639	348,938

The Group's bank and other borrowings bore interest at floating rates from 3.78% to 5.09% per annum for the Reporting Period and the year ended 31 December 2017, respectively.

Bank and other borrowings — guaranteed

As at 30 June 2018, the carrying amount of bank loan of RMB2,057 million. Includes:

(i) As at 30 June 2018, the carrying amount of long-term bank loan of RMB337 million (2017: RMB349 million) was due to the loan from Industrial and Commercial Bank of China Limited. This loan was guaranteed by CDB Capital.

(ii) As at 30 June 2018, the carrying amount of bank loan of RMB422 million (2017: Nil) was due to HKD500 million short-term loan borrowed by China New Town Holding Company Limited ("**CNTH**", a wholly-owned subsidiary of the Company) from China Minsheng Bank. This loan was guaranteed by Company.

(iii) As at 30 June 2018, the carrying amount of bank loan of RMB1,298 million (2017: Nil) was due to USD66.67 million and HKD1,016 million long-term loan, borrowed by CNTH from China Construction Bank (Asia) Corporation Limited. This loan was guaranteed by Company.

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

Senior guaranteed notes

In May 2015, China New Town Finance I Limited, a wholly-owned subsidiary of the Company, completed the issuance of senior guaranteed notes of RMB1.3 billion with a maturity date of 6 May 2018. The net proceeds (after deducting underwriting commissions and certain other expenses) amounted to RMB1.29 billion, intended for general corporate purposes. The senior guaranteed notes bore interest at 5.5% per annum. The senior guaranteed notes were guaranteed by the Company with credit enhancement measures, such as the keepwell deed, liquidity support and deed of equity interest purchase undertaking from CDB Capital. The senior guaranteed notes had been repaid on 30 April 2018.

The movements of the carrying amounts of senior guaranteed notes during the Reporting Period were as follows:

RMB'000	**30 June 2018 (Unaudited)**	31 December 2017 (Audited)
At the beginning of period	**1,297,891**	1,304,973
Accrued interest expenses	**26,989**	74,994
Interest payment	**(24,880)**	(71,304)
Repayment of principal	**(1,300,000)**	—
At the end of period	—	1,308,663
Accrued coupon interest	—	10,772
Categorized as current liabilities	—	1,297,891
Categorized as non-current liabilities	—	—

FINANCIAL REVIEW/ABSTRACTS

a) Fair review of development of business of the Group during the Reporting Period and of its financial position at the end of the Reporting Period:

Operating Results

Revenue

Our results from operation mainly include fixed-income investments in urbanization projects, land development and downstream operations in urbanization. In the first half of 2018, there was no revenue related to land development. The Group recorded revenue of RMB132 million from fixed-income investments in urbanization projects, mainly including those from CDB Yuhua Project, Yangzhou Airport New Town Project, Nanchang Science and Technology Park Project of Chines Academy of Sciences. Besides, the Group recorded dividend income of RMB11.22 million from the Urbanization Fund and fee from assets management of RMB3.55 million.

In the first half of 2017, we recorded revenue of RMB232 million related to land development. This was derived from the development of ancillary public facilities, based on the progress of completion of the projects of Shanghai Golden Luodian Development Co., Ltd. ("**SGLD**"). The Group recorded revenue of RMB117 million from fixed-income investments in urbanization projects. Besides, the Group recorded dividend income of RMB5.72 million from the Urbanization Fund and fee from assets management of RMB3.58 million.

Other income

In the first half of 2018, other income decreased by RMB16.43 million as compared with the same period of 2017, which was mainly attributable to wealth product income decreased by RMB8.17 million as compared with the same period of last year, interest income decreased by RMB8.77 million as compared with the same period of last year.

Selling and administrative costs

In the first half of 2018, selling and administrative costs increased by RMB6.12 million as compared with the same period of 2017. It was mainly due to an increase of staff costs and selling costs as the Group acquire a subsidiary Lenovo Mobile Communication Software (Wuhan) Limited ("**Lenovo Wuhan**").

Other expenses

In the first half of 2018, we recorded other expenses of RMB73.44 million, increased by RMB66.90 million as compared with the same period of 2017. Such increase in expense was mainly due to an increase of foreign exchange loss of RMB61.11 million, and an increase of fair value loss on financial assets/liabilities at fair value through profit or loss of RMB0.38 million. The Group adopted IFRS 9 and allowance of impairment of RMB5.12 million was recorded during the Reporting Period.

Finance costs

In the first half of 2018, the Group incurred net finance costs of RMB66.05 million which included the interest expense of RMB32.86 million on bank and other borrowings, interest attributable to other interest holders of structured entities of RMB6.21 million and interest expense of RMB26.99 million on senior guaranteed notes. It was increased by RMB16.79 million as compared with the same period of 2017, mainly due to an increase of interest expense on bank and other borrowings of RMB24.51 million and a decrease of RMB10.10 million of the interest expense on senior guaranteed notes.

Share of loss from joint ventures

In the first half of 2018, the Group recorded share of loss of RMB806 thousand from Beijing Guowan Real Estate Co., Ltd. ("**Beijing Guowan**"), share of loss of RMB1.55 million from Beijing Guoyuan Agriculture Co., Ltd. ("**Guoyuan Agriculture**"), and share of loss of RMB2.72 million from Kaiyuan Education Fund GP Holdings Limited ("**Kaiyuan Education**").

In the first half of 2017, the Group recorded share of loss of RMB860 thousand from Beijing Guowan.

Income tax

In the first half of 2018, the Company recorded income tax of RMB19.53 million, decreased by RMB28.06 million as compared with the same period of 2017. Such decrease of income tax was in line with the decrease in the profit before tax.

Loss after tax

As analyzed above, loss after tax was RMB40.44 million in the first half of 2018.

Statements of Financial Position

Investment in joint ventures

The balance as at 30 June 2018 increased by RMB111 million as compared with the balance as at 31 December 2017. This was mainly because CDBC Nanjing Investment Development Co., Ltd. ("**CDBC Nanjing**", a wholly-owned subsidiary of the Company), CNTH and Sichuan Zhongxi Property Co., Ltd. set up a joint venture Nanjing Guoying Zhongxi Development Co., Ltd, CDBC Nanjing and CNTH invest RMB34.54 million and RMB73.26 million respectively, representing 15.7% and 33.3% shares; China Development Bank Education (a wholly-owned subsidiary of the Company) purchase RMB6.49 million, holding 40% shares of Kaiyuan Education; CDBC Modern Agricultural Investment Management (Beijing) Co., Ltd. (a subsidiary of the Company) contributed RMB2.22 million to Guoyuan Agriculture; and share of loss from joint ventures was recorded RMB5.07 million.

Investment properties under construction

The balance as at 30 June 2018 was RMB1,195 million. This was mainly due to acquisition of investment properties under construction of Lenovo Wuhan, and the investment properties under construction were measured at cost. Details of the acquisition contained in the circular will be despatched to the shareholders of the Company (the "**Shareholders**") in late August 2018.

Loans/Loans and receivables (Non-current assets)

The balance as at 30 June 2018 was RMB1,455 million, increased by RMB160 million as compared with the balance as at 31 December 2017. Such increase was mainly due to the new investment of RMB400 million in Nanchang Science and Technology Park Project of Chines Academy of Sciences, RMB153 million in Jiangsu Xuzhou Peixian county industrial concentration area construction Project, RMB312 million in Jiangsu Taizhou New Energy Industrial Park Phase III Project, and RMB100 million in Lianyungang Haohai R&D Centre Project. Yangzhou Airport New Town Project of RMB300 million was reclassified to loans/loans and receivables (current assets); the Group successfully exited from CDB Yuhua Project and received the principal of RMB490 million; and due to the adoption of IFRS 9, provision for impairment of each project accumulated to RMB14.70 million.

Financial assets at fair value through profit or loss

The balance as at 30 June 2018 was increased by RMB105 million as compared with the balance as at 31 December 2017. This was mainly due to a decrease on fair value of RMB2.017 million in CDBC New Town, as a junior-tranche limited partner of the Urbanization Fund, and contributed capital of RMB7.50 million; and the wealth management products increased by RMB65.26 million. Due to the adoption of IFRS 9 on 1 January 2018, available-for-sale financial asset of RMB35.05 million was reclassified to financial asset at fair value through profit or loss — equity instruments, and the loss of fair value in the first half of 2018 was recorded at RMB1.14 million.

Land development for sale

The balance as at 30 June 2018 was increased by RMB2.62 million as compared with the balance as at 31 December 2017, which was mainly due to an increase of land development for sale of RMB2.62 million in SGLD project.

Prepayments (Non-current assets)

The balance as at 30 June 2018 was decreased by RMB200 million as compared with the balance as at 31 December 2017, mainly due to an acquisition of Lenovo Wuhan. Such prepayment of RMB200 million was transferred to equity investment.

Other receivables

The balance as at 30 June 2018 increased by RMB25.156 million as compared with the balance as at 31 December 2017. Such increase was mainly attributable to return of RMB133 million of tender bond for the Qionglai Project, and an increase of RMB200 million of interest-free loan for joint ventures, and a decrease of RMB34.28 million due from investment projects.

Trade receivables

The balance as at 30 June 2018 decreased by RMB18.62 million as compared with the balance as at 31 December 2017, which was due to collecting receivables amount to RMB5.88 million from land development for sale, and RMB1,270 million provision for bad debt according to IFRS9.

Loans/Loans and receivables (Current assets)

The balance as at 30 June 2018 was RMB1,088 million, increased by RMB298 million as compared with the balance as at 31 December 2017. Such increase was mainly due to the new short term investment of RMB199 million in Jiangsu Taizhou New Energy Industrial Park Phase III Project, Yangzhou Airport New Town Project of RMB300 million to be matured within a year; the Group exited from Yanzhou Industrial Park Project and received the principal of RMB190 million; as adoption of IFRS 9, provision for impairment of each project accumulated to RMB10.99 million.

Interest-bearing bank and other borrowings (Non-current liabilities)

The balance as at 30 June 2018 was RMB1,585 million, increased by RMB1,286 million as compared with the balance as at 31 December 2017. This was mainly due to USD200 million or equivalent Hong Kong dollars, long-term loan from China Construction Bank (Asia), converted to RMB1,298 million; acquisition of loan of RMB22.83 million from Industrial and Commercial Bank of China Limited, and repayment of the loan of RMB35 million.

Interest-bearing bank and other borrowings (Current liabilities)

The balance as at 30 June 2018 was RMB472 million, increased by RMB422 million as compared with the balance as at 31 December 2017. This was mainly due to HKD500 million short-term loan from China Minsheng Bank.

Trade payables

The balance as at 30 June 2018 was increased by RMB193 million as compared with that as at 31 December 2017, mainly due to the increase of the project payments of RMB216 million as acquisition of Lenovo Wuhan in the Reporting Period, and the increase of the project payments of SGLD of RMB22 million in the Reporting Period.

Dividends payable

The balance as at 30 June 2018 was RMB95.12 million, due to a final dividend of HKD0.0116 per ordinary share (the "**Shares**") for the year ended 31 December 2017.

Cash and bank balances

Overall, the balance of cash and cash equivalents was RMB1,191 million as at 30 June 2018, decreased by RMB341 million as compared with the balance as at 31 December 2017. This was mainly due to net cash outflow from operating activities amounting to RMB229 million, net cash outflow from investing activities amounting to RMB367 million, as well as net cash inflow from financing activities amounting to RMB254 million.

Gearing ratio (defined as net debt/the sum of shareholders equity and net debt) as at 30 June 2018 was 16.31%, which was higher than that of 2.43% as at 31 December 2017. This was mainly due to the cash inflow from financing activities to enlarge the financing in the first half of 2018.

Business prospects and outlook

In the first half of 2018, China's economy is functioning steadily in general, making progress while stability is maintained. Throughout this Reporting Period, the acceleration of investment ended its downward movement and a stable growth scenario emerged. The consumption is relatively stable, and the economic structure is still improving. In order to allow the economy to make progress while stability is maintained, the PRC government continues its policy adjustments which establish healthy with sustainable efficiency mechanism, and accelerate the implementation of reform in areas such as financial taxation, finance, land and household registration for the establishment and improve a mechanism with sustainable efficiency, in order to procure a stable and healthy development in the property market. In the meantime, the PRC government continuously procure the regional coordination and linkage for a complete implementation of strategies for regional coordination and development, and has achieved positive development in areas such as the implementation of development of the green economic belt of Yangtze River, the promotion of the construction of free-trade port in Hainan, and the acceleration on the promotion to construct the world-class city community for the Guangdong-Hong Kong-Macau Greater Bay Area.

The PRC government has progressively tightened its financial regulation policies since the beginning of 2018. The central government has continuously emphasized the prevention of debt risks in the local governments, and the Ministry of Finance regulated the financing behavior of financing enterprises to local governments and NOEs. Under this policy background, the Group has fully utilized the advantage of CDB system on concise understanding of policy, and complement with the stringent risk management and control system, a stable growth in the fixed return investment in urbanization is materialized. As of 30 June 2018, the sum of portfolio of fixed return investment in urbanization was RMB2.57 billion, securing a total contractually guaranteed annual return before tax of approximately RMB270 million, with a pre-tax average annualized rate of return exceeding 11%.

In the meantime, the Group has an in-depth analysis in the economy and society, and will provide diversify education products and services that integrate with the urbanization business, and introduce the quality partner from local and overseas for developing the China Development Bank Education brand proactively. In the first half of this year, the Group has achieved phrasal progress in its education segment. China Development Bank Education, as a limited partner, participated in the establishment of Kaiyuan Education Fund (the "**Fund**"). As the major strategic partner of the Fund, China Development Bank Education held a 40% equity interest and subsequently, the Fund will mainly invest in projects within the education industry in the Greater China Region and other prime regions worldwide. Recently, the Fund has acquired the exclusive rights of school operation in the Greater China Region in the long run from the renowned century-old British school Reigate Grammar School. By leveraging the long-term development and blueprint in Nanjing region, the Group will develop and establish an international school in Jiangning District mainly with bilingual courses and coverage ranging from pre-school education to high school with its partners. Through the "construction, holding school buildings and school operation" model, the Group can formulate a complete industry chain in the education sector for K12 school sector and cultivate a virtuous cycle of revenue system with growth and stable cash flow.

On allocating quality property asset, in November 2017, the Group announced its intended acquisition of the office and commercial project located at the Donghu Optical Valley High-tech Development New Zone of Wuhan (武漢市東湖光谷高新科技開發區). The said Zone is a national renowned domestic opto-electronic and semi-conductor industry base, which is highly correlated with the direction of the Group's intended expansion into integrated circuit industrial park. Upon the completion of the project, top-notch enterprises mainly from the integrated circuit industrial would be introduced; this could help to secure the relevant operating income, and at the same time fully attract quality partners as a reserve resources of the Group for future development. It is expected that the project can partly contribute to the long-term stable cash income of the Group after its completion and construction. For further details, please refer to the Company's announcements dated 28 November 2017, 7 February 2018, 1 June 2018 and 30 July 2018, respectively.

In addition, following its aggressive efforts and development, the Group has diverse pipelines in the Yangtze River Delta, South China, Central China and other economically developed regions, including education, tourism and industrial parks, laying a solid foundation for the implementation of these projects at a later stage. The Group expands its quality property portfolio progressively, and is taking a proactive role on the implementation of investment projects from sectors including tourism. Taking the Optical Valley project in Wuhan as an example, it is expected that after the completion of the project, the occupancy rate will achieve its anticipated ratio, and will contribute to the relevant income of the Group, such as rental income. A number of projects such as education and industrial park are expected to be implemented in the second half of this year, giving a boost to the Group's ongoing business development.

The Company has made the payment of 2017 final dividend on 20 July 2018 in recognition of the long-term support of its Shareholders.

b) Details of important events affecting the Group which have occurred since the end of the Reporting Period:

Nil

c) An indication of likely future developments in the business of the Group for the fiscal year:

In the second half of this year, the Group will continue to keep its fixed-income investment portfolio stabilized to achieve a stable cash return as a basis for long-term dividend sustainability. Moreover, it will continue to implement the pipelines in the downstream industry, such as education, industrial park and tourism, so as to generate substantial operating income from the downstream business to effectively replenish income from fixed investments in order to create a greater value for the Shareholders.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company did not redeem any of its listed securities nor did the Company or any of its subsidiaries purchase or sell any of such securities during the Reporting Period.

SECURITIES INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at 30 June 2018, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (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 as set out in Appendix 10 to the Listing Rules (the "**Model Code**") were as follows:

Long Position in the Shares

		Number of Shares				
Name of Directors	Capacity	Personal interest	Family interest	Corporate interest	Total	Approximate percentage of the issued share capital
Li Yao Min	Beneficial owner	8,352,672	–	–	8,352,672	0.086%
Henry Tan Song Kok	Beneficial owner	600,000	–	–	600,000	0.006%

Save as disclosed above, as at 30 June 2018, 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

As at 30 June 2018, to the best of the Directors' knowledge, the following persons or organizations (other than a Director and the chief executive of the Company) had or were deemed or taken to have an interest and/or a short position in the Shares or the underlying Shares, which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO:

Long Position in the Shares

Name of substantial shareholders	Capacity	Number of Shares: Direct interest	Corporate interest	Other interests	Total	Approximate percentage of the issued share capital
CDBIH[(1)]	Beneficial owner	5,347,921,071	–	–	5,347,921,071	54.98%
CDB Capital[(1)]	Interests of a controlled corporation	–	5,347,921,071	–	5,347,921,071	54.98%
China Development Bank Corporation ("**CDB**") [(1)]	Interests of a controlled corporation	–	5,347,921,071	–	5,347,921,071	54.98%
SREI	Beneficial owner	1,468,356,862	–	–	1,468,356,862	15.10%
Shi Jian ("**Mr. Shi**") [(2)]	Beneficial owner and interests of a controlled corporation	6,104,938	1,468,356,862	–	1,474,461,800	15.16%
Jia Yun Investment Limited ("**Jia Yun**") [(3)]	Person having a security interest in shares	–	–	1,027,849,803	1,027,849,803	10.57%
Jiabo Investment Limited ("**Jiabo**") [(3)]	Interests of a controlled corporation	–	1,027,849,803	–	1,027,849,803	10.57%
China Minsheng Investment Corp., Ltd. ("**China Minsheng**") [(3)]	Interest of controlled corporations	–	1,027,849,803	–	1,027,849,803	10.57%
China Minsheng Jiaye Investment Co., Ltd. ("**China Minsheng Jiaye**") [(3)]	Interest of controlled corporations	–	1,027,849,803	–	1,027,849,803	10.57%
Jiasheng (Holding) Investment Limited ("**Jiasheng**") [(3)]	Interest of controlled corporations	–	1,027,849,803	–	1,027,849,803	10.57%
Jiashun (Holding) Investment Limited ("**Jiashun**") [(3)]	Interest of controlled corporations	–	1,027,849,803	–	1,027,849,803	10.57%

Name of substantial shareholders	Capacity	Number of Shares: Direct interest	Corporate interest	Other interests	Total	Approximate percentage of the issued share capital
Jiaxin Investment (Shanghai) Co., Ltd. ("**Jiaxin**") (3)	Interest of controlled corporations	–	1,027,849,803	–	1,027,849,803	10.57%

Notes:

(1) CDBIH is a wholly-owned subsidiary of CDB Capital and CDB Capital, in turn, is wholly owned by CDB. Both CDB and CDB Capital are, therefore, deemed under Part XV of the SFO to be interested in the 5,347,921,071 Shares held by CDBIH.

(2) Pursuant to Part XV of the SFO, Mr. Shi is deemed interested in a total of 1,474,461,800 Shares for the following reasons: (i) Mr. Shi holds 6,104,938 Shares directly; and (ii) Mr. Shi is deemed interested in 1,468,356,862 Shares held by SREI by virtue of the fact that he and his wife, Ms. Si Xiao Dong together beneficially own 66% of the issued share capital of SREI as a controlling shareholder.

(3) Jia Yun acquired the security interests of 1,027,849,803 Shares from SREI on 28 December 2017. Jia Yun is a wholly-owned subsidiary of Jiabo, which in turn, is a wholly-owned subsidiary of Jiashun. Jiashun is a wholly-owned subsidiary of Jiasheng and Jiasheng is in turn a wholly-owned subsidiary of Jiaxin. Jiaxin is a wholly-owned subsidiary of China Minsheng Jiaye, which in turn, is a wholly-owned subsidiary of China Minsheng. All of Jia Yun, Jiabo, Jiashun, Jiasheng, Jiaxin, China Minsheng Jiaye and China Minsheng are, therefore, deemed under Part XV of the SFO to be interested in the 1,027,849,803 Shares of security interest held by Jia Yun.

Save as disclosed above, the Directors are not aware of any other person (other than a Director or the chief executive of the Company) who, as at 30 June 2018, had an interest or short position in the Shares or underlying Shares, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or were required to be entered in the register kept by the Company under the SFO.

SHARE OPTIONS

During the Reporting Period, no share options were granted, exercised or cancelled or lapsed under the share option scheme adopted by the Company on 3 September 2010 and no share options were outstanding as at 30 June 2018.

MOVEMENTS IN SECURITIES

There was no movement in securities of the Company during the first half of 2018. At the end of the Reporting Period, the total number of the Company's issued Shares was 9,726,246,417.

CORPORATE GOVERNANCE

During the Reporting Period, the Company has complied with the code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the HKEx (the "**Listing Rules**") except for code provision E.1.2 of the CG Code that the chairman of the Board (the "**Chairman**") should attend the annual general meeting. However, Mr. Wei Wei ("**Mr. Wei**"), the Chairman who resigned on 23 June 2018, was unable to attend the annual general meeting of the Company held on 22 June 2018 (the "**2018 AGM**") due to other business engagements. In the absence of the Chairman, Mr. Liu Heqiang, an executive Director and the chief executive office of the Company, took the chair of the 2018 AGM in accordance with the articles of association of the Company to ensure effective communication with its Shareholders.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2018, there were 132 (2017: 140) employees in the Group. Staff remuneration packages are determined in consideration of the 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 to eligible staff based on their performance and contributions to the Group. The Company has adopted a share option scheme for the grant of share options to eligible participants. The Group also provide and arrange on-the-job training for the employees.

DIRECTORS' COMPLIANCE WITH THE CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its code of conduct for dealings in securities of the Company by the Directors. Specific enquiries had been made by the Company to all Directors who have confirmed that they had complied with required standard as set out in the Model Code.

Supplementary Information

DISCLOSURE PURSUANT TO RULES 13.18 AND 13.21 OF THE LISTING RULES

On 24 April 2018, CNTH (a wholly-owned subsidiary of the Company) as the borrower and the Company as the guarantor entered into a facility agreement (the "**Facility Agreement**") with, inter alia, various financial institutions as the lenders in relation to HKD1,524,000,000 and USD100,000,000 term and revolving loan facilities for the term up to 36 months from the date of the Facility Agreement. The Facility Agreement includes a term imposing a specific performance obligation on the controlling shareholders of the Company. Please refer to the Company's announcement dated 24 April 2018 for further details on the specific performance obligation on the controlling shareholders of the Company.

AUDIT COMMITTEE

The Audit Committee has reviewed the accounting principles and standards adopted by the Group, and has discussed and reviewed the internal control and reporting matters. The Financial Statements and the interim report of the Company have been reviewed by the Audit Committee.

APPRECIATION STATEMENT

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

By Order of the Board
China New Town Development Company Limited
Liu Heqiang
Chief Executive Officer and Executive Director

Hong Kong, 10 August 2018