NEW TOWN

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

Stock Code: 1278

聚焦民生 穩健發展

推進城鎮化投資建設

Interim Report 2019

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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. Zuo Kun *(Chairman)*
Mr. Li Yao Min *(Vice Chairman)*
Mr. Wei Dongzheng
Mr. Wang Jiangang

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

Sir Kwok Siu Man KR, *FCIS, FCS*

BUSINESS ADDRESS

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International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong
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REGISTERED OFFICE

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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 54, 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
Zhong Lun Law Firm

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)
Shanghai Pudong Development Bank
Bank of Communications Co., Ltd.

Project List

Shanghai Luodian New Town 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
- In 2009, it was named "China's Famous Town" in "China's Green Eco-cultural Demonstration Town". In 2016, it was listed as a comprehensive pilot of new urbanization.

Beijing Junzhuang Project in Mentougou District

- The Mentougou District is located in the western part of Beijing. 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 northeast of Mentougou and west part of Xiangshan Mountain, Junzhuang Town has formed the industrial pattern of "one town and four villages". Based on the unique geographical position of the project and combined with its spatial characteristics, it will be developed into a comprehensive industrial park with functions of cultural and technological innovation, ecological and health care, tourism and leisure, education and so on, and create an innovative town that combines cultural and technological innovation with green industry development.
- 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 metres ("**sq.m.**")
- 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 sq.m.. There will be at least 20,000 sq.m. of office buildings and 35,000 sq.m. 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 Nanjing Real Estate Development Co., Ltd. ("**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 sq.m., of which 116,780 sq.m. 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 ("**IC**") industry property
- Leveraging the cooperation relationship of IC industry fund and the overall industry resources advantage from CDB to attract quality industry enterprises, including IC 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 completed, and it starts the leasing of the office and commercial properties.

Project List

Nanjing Reigate Bilingual School Project

- Total site area of 122,233.96 sq.m.
- 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 the 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.
- Kaiyuan Education Investment Fund, which is initiated and established by 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

Group Financial Highlights

	Six months ended 30 June 2019 (Unaudited)
Operating income *(RMB'000)*	**252,549**
Operating expenses *(RMB'000)*	**(147,395)**
Profit attributable to equity holders of the Company *(RMB'000)*	**89,692**
Basic earnings per share *(RMB)*	**0.0091**

INTERIM RESULTS

The board of directors (the "**Board**") of China New Town Development Company Limited (the "**Company**" or "**CNTD**") is pleased to announce the unaudited interim consolidated financial statements of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2019 (the "**Reporting Period**") together with relevant comparative figures of the previous corresponding period in 2018. 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 Other Comprehensive Income

For the six months ended 30 June 2019
(Amount expressed in thousands of Renminbi (**"RMB"**) unless otherwise stated)

	Notes	Six months ended 30 June **2019** (Unaudited)	2018 (Unaudited)
Operating income		**252,549**	171,371
Revenue	5	**198,020**	148,197
Other income	6	**54,529**	23,174
Operating expense		**(147,395)**	(187,212)
Cost of sales	7	**(12,526)**	(21)
Selling and administrative expenses	7	**(50,054)**	(47,701)
Finance costs	9	**(81,996)**	(66,054)
Other expenses	8	**(2,819)**	(73,436)
Operating profit/(loss)		**105,154**	(15,841)
Share of losses of joint ventures and associates		**(5,898)**	(5,071)
Profit/(loss) before tax		**99,256**	(20,912)
Income tax	10	**(23,641)**	(19,527)
Profit/(loss) after tax		**75,615**	(40,439)
Profit/(loss) for the period		**75,615**	(40,439)
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax)			
Exchange differences on translation of foreign operations		**843**	—
Other comprehensive income for the period, net of tax		**843**	—
Total comprehensive income/(loss) for the period, net of tax		**76,458**	(40,439)

Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2019

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

	Notes	**2019**	2018
		Six months ended 30 June	
		(Unaudited)	(Unaudited)
Profit/(loss) attributable to:			
Equity holders of the parent		**88,849**	(33,811)
Non-controlling interests		**(13,234)**	(6,628)
		75,615	(40,439)
Total comprehensive income/(loss) attributable to:			
Equity holders of the parent		**89,692**	(33,811)
Non-controlling interests		**(13,234)**	(6,628)
		76,458	(40,439)
Earnings/(loss) per share attributable to ordinary equity holders of the parent:			
Basic earnings/(loss) per share *(RMB)*	12	**0.0091**	(0.0035)
Diluted earnings/(loss) per share *(RMB)*	12	**0.0091**	(0.0035)

Interim Consolidated Statement of Financial Position

As at 30 June 2019

(Amounts expressed in thousands of RMB unless otherwise stated)

	Notes	Group 30 June 2019 (Unaudited)	Group 31 December 2018 (Audited)
Assets			
Non-current assets			
Investments in associates		**14,298**	7,426
Investments in joint ventures		**223,327**	227,136
Investment property	13	**1,327,080**	1,315,244
Debt instruments at amortised cost	14	**1,386,218**	2,364,966
Financial assets at fair value through profit or loss	15	**72,500**	99,121
Property, plant and equipment		**13,786**	15,312
Prepaid land lease payments		**—**	2,238
Deferred tax assets		**11,958**	14,436
Right-of-use assets	16	**11,163**	—
Other assets		**30,528**	36,003
Total non-current assets		**3,090,858**	4,081,882
Current assets			
Land development for sale	17	**880,557**	880,008
Prepayments		**2,243**	3,779
Other assets		**18,795**	19,497
Other receivables	18	**757,356**	790,273
Trade receivables	19	**552,291**	1,542,251
Debt instruments at amortised cost	14	**1,228,158**	847,613
Financial assets at fair value through profit or loss	15	**188,576**	177,450
Cash and bank balances	20	**2,258,970**	662,662
Total current assets		**5,886,946**	4,923,533
Total assets		**8,977,804**	9,005,415

Interim Consolidated Statement of Financial Position

As at 30 June 2019

(Amounts expressed in thousands of RMB unless otherwise stated)

	Notes	Group 30 June 2019 (Unaudited)	Group 31 December 2018 (Audited)
Equity and liabilities			
Equity			
Attributable to:			
Equity holders of the parent:			
Share capital		**4,070,201**	4,070,201
Other reserves		**607,334**	607,334
Other comprehensive income/(loss)		**579**	(264)
Accumulated losses		**(446,597)**	(484,275)
		4,231,517	4,192,996
Non-controlling interests		**411,178**	424,412
Total equity		**4,642,695**	4,617,408
Non-current liabilities			
Interest-bearing bank borrowings	22	**2,212,135**	2,357,192
Lease liabilities	23	**92**	—
Deferred tax liabilities		**44,607**	42,690
Other liabilities		**6,745**	6,822
Total non-current liabilities		**2,263,579**	2,406,704
Current liabilities			
Interest-bearing bank borrowings	22	**463,901**	85,000
Trade payables	21	**375,380**	701,173
Dividends payables	11	**106,174**	54,637
Other payables and accruals	24	**397,053**	418,797
Advance from customers		**16,394**	11,754
Contract liabilities	25	**439,970**	445,658
Current income tax liabilities		**72,654**	70,728
Lease liabilities	23	**7,475**	—
Financial liabilities at fair value through profit or loss	26	**192,529**	193,556
Total current liabilities		**2,071,530**	1,981,303
Total liabilities		**4,335,109**	4,388,007
Total equity and liabilities		**8,977,804**	9,005,415
Net current assets		**3,815,416**	2,942,230
Total assets less current liabilities		**6,906,274**	7,024,112

Interim Consolidated Statement of Cash Flows

For the six months ended 30 June 2019
(Amounts expressed in thousands of RMB unless otherwise stated)

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Profit/(loss) before tax	**99,256**	(20,912)
Adjustments for:		
(Reversal)/accrual of credit loss expenses	**(16,374)**	5,119
Depreciation of property, plant and equipment	**1,063**	961
Amortisation of prepaid land lease payments	**—**	79
Amortisation of deferred revenue	**—**	(13)
Amortisation of right-of-use assets	**4,925**	—
Interest from debt instruments at amortised cost	**(146,016)**	(131,543)
Dividends and interest received from financial assets at fair value through profit or loss	**(11,292)**	(11,216)
Amortisation of intangible assets	**170**	149
Net fair value (gain)/loss on financial instruments at fair value through profit or loss	**(6,123)**	4,498
Interest expense on financial liabilities at fair value through profit or loss	**6,170**	6,209
Share of losses from joint ventures and associates	**5,898**	5,071
Interest from bank deposits	**(7,874)**	(13,935)
Interest on lease liabilities	**152**	—
Interest expense on bank and other borrowings	**75,826**	32,855
Interest expense on senior guaranteed notes	**—**	26,990
Foreign exchange (gain)/loss	**(8,593)**	64,638
Operating loss before working capital changes	**(2,812)**	(31,050)
Increase in land development for sale	**(549)**	(2,620)
Increase in inventories	**—**	(101)
Decrease/(increase) in prepayments	**269**	(5,435)
Decrease/(increase) in other receivables and other assets	**28,057**	(239,526)
Decrease in trade receivables	**999,960**	5,919
Increase/(decrease) in advances from customers	**4,640**	(37)
(Decrease)/increase in trade and other payables	**(287,262)**	70,708
Decrease in contract liabilities	**(5,688)**	—
Cash generated from operating activities	**736,615**	(202,142)
Income tax paid	**(17,487)**	(26,049)
Net cash inflow/(outflow) from operating activities	**719,128**	(228,191)

Interim Consolidated Statement of Cash Flows

For the six months ended 30 June 2019
(Amounts expressed in thousands of RMB unless otherwise stated)

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
Cash flows from investing activities		
Purchases of property, plant and equipment	**(189)**	(1,390)
Capital expenditure on investment property	**(46,285)**	—
Redemption/(investments) in financial assets at fair value through profit or loss	**17,000**	(72,756)
Dividends and interest received from financial assets at fair value through profit or loss	**11,292**	11,216
Dividends received from a joint venture	**530**	—
Acquisition of a subsidiary	**—**	100,903
Interest received from bank deposits	**7,874**	13,935
Net redemption/(investments) in debt instruments at amortised cost	**602,032**	(464,355)
Interest received from debt instruments at amortised cost	**154,756**	161,890
Investments in joint ventures and associates	**(8,648)**	(116,503)
Net cash inflow/(outflow) from investing activities	**738,362**	(367,060)
Cash flows from financing activities		
Repayment of senior guaranteed notes	**—**	(1,300,000)
Proceeds from non-controlling interests	**—**	4,910
Repayment of bank borrowings	**(35,000)**	(35,000)
Proceeds from bank borrowings	**259,965**	1,647,255
Interest paid	**(85,225)**	(63,040)
Dividends paid	**(13)**	—
Payment of lease liabilities	**(5,168)**	—
Net cash inflow from financing activities	**134,559**	254,125
Net increase/(decrease) in cash and cash equivalents	**1,592,049**	(341,126)
Effect of exchange rate changes on cash and cash equivalents	**4,259**	—
Cash and cash equivalents at beginning of period	**662,662**	1,532,265
Cash and cash equivalents at end of period	**2,258,970**	1,191,139

Interim Consolidated Statement of Changes in Equity

For the six months ended 30 June 2019

(Amounts expressed in thousands of RMB unless otherwise stated)

Six months ended 30 June 2019

	Attributable to equity holders of the parent							
	Share capital	**Other reserves**	**Foreign currency translation reserve**	**Available-for-sale reserve**	**Accumulated losses**	**Total**	**Non-controlling interests**	**Total equity**
As at 31 December 2018	**4,070,201**	**607,334**	**(264)**	**–**	**(484,275)**	**4,192,996**	**424,412**	**4,617,408**
Profit/(loss) for the period	**–**	**–**	**–**	**–**	**88,849**	**88,849**	**(13,234)**	**75,615**
Other comprehensive income	**–**	**–**	**843**	**–**	**–**	**843**	**–**	**843**
Total comprehensive income/(loss)	**–**	**–**	**843**	**–**	**88,849**	**89,692**	**(13,234)**	**76,458**
Dividends	**–**	**–**	**–**	**–**	**(51,171)**	**(51,171)**	**–**	**(51,171)**
As at 30 June 2019	**4,070,201**	**607,334**	**579**	**–**	**(446,597)**	**4,231,517**	**411,178**	**4,642,695**

Six months ended 30 June 2018

	Attributable to equity holders of the parent							
	Share capital	Other reserves	Foreign currency translation reserve	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
Effect of adopting IFRS 9	–	–	–	713	(34,073)	(33,360)	(2,576)	(35,936)
As at 1 January 2018	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

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 the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). On 22 October 2010, the Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**HKEx**") by way of introduction. As a result, the Company was once dual-listed on the Main Boards of both SGX-ST and the HKEx. The Company voluntarily delisted from the SGX-ST on 17 February 2017.

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, the Company's business models have 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 held 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 of 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 principal business of planning and development of new town projects in Mainland China (the "**Disposal Assets**"). Execution of the Disposal Assets was completed in 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 shares 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 investment property, financial assets at 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 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 statements of the Company and its subsidiaries as at 30 June 2019. 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 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 POLICIES AND DISCLOSURES

The Financial Statements were prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and shall be read together with Group's annual financial statements as at 31 December 2018.

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 2018, except for the adoption of new standards effective as of 1 January 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group applies, for the first time, IFRS 16 *Leases* that requires restatement of previous financial statements. As required by IAS 34, the nature and effect of these changes are disclosed below.

Several other amendments and interpretations apply for the first time in 2019, but do not have a material impact on the unaudited interim condensed consolidated financial statements of the Group.

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

IFRS 16 *Leases*

IFRS 16 supersedes IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ("**short-term leases**"), and lease contracts for which the underlying asset is of low value ("**low-value assets**").

The effect of adoption IFRS 16 as at 1 January 2019 (increase/(decrease)) is as follows:

	1 January 2019
Assets	
Right-of-use assets	**16,088**
Prepayments	**(1,267)**
Prepaid land lease payments	**(2,238)**
Total assets	**12,583**
Liabilities	
Lease liabilities	**12,583**
Total liabilities	**12,583**
Total adjustment on equity:	**—**

a) ***Nature of the effect of adoption of IFRS 16***

The Group has lease contracts for various items of buildings, motor vehicles, furniture, fixtures and equipment. Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Prepayments and Trade and other payables, respectively.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group.

Leases previously classified as finance leases

The Group did not have any finance leases before the date of initial application.

Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Relied on its assessment of whether leases are onerous immediately before the date of initial application

- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application

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

- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application

- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease

Based on the foregoing, as at 1 January 2019:

- Right-of-use assets of RMB16,088 thousand were recognised and presented separately in the interim consolidated statement of financial position.

- Additional lease liabilities of RMB12,583 thousand were recognised.

- Prepayments of RMB1,267 thousand and related to previous operating leases were derecognised.

- Prepaid land lease payments of RMB2,238 thousand and related to previous operating leases were derecognised.

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018 as follows:

	1 January 2019
Operating lease commitments as at 31 December 2018	**22,549**
Weighted average incremental borrowing rate as at 1 January 2019	**3.21%**
Discounted operating lease commitments as at 1 January 2019	**21,835**
Less:	
Commitments relating to short-term leases	**(9,252)**
Commitments relating to low-value assets leases	—
Lease liabilities as at 1 January 2019	**12,583**

The lease liabilities were discounted at the borrowing rate as at 1 January 2019. The weighted average discount rate was 3.21%.

b) ***Summary of new accounting policies***

Set out below are the new accounting policies of the Group upon adoption of IFRS 16, which have been applied from the date of initial application:

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

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

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of buildings, motor vehicles, furniture, fixtures and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of furniture, fixtures and equipment that are considered of low value (i.e., below RMB50 thousand). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

c) ***Amounts recognised in the interim consolidated statement of financial position and interim consolidated profit or loss***

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the period:

	Right-of-use assets				
	Buildings	**Land**	**Motor vehicles**	**Total**	**Lease liabilities**
As at 1 January 2019	**13,443**	**2,238**	**407**	**16,088**	**12,583**
Additions	—	—	—	—	—
Depreciation expense	(4,727)	(79)	(119)	(4,925)	—
Interest expense	—	—	—	—	152
Payments	—	—	—	—	(5,168)
As at 30 June 2019	**8,716**	**2,159**	**288**	**11,163**	**7,567**

The Group recognised rent expense from short-term leases of RMB3,108 thousand, leases of low-value assets of RMB11 thousand for Reporting Period.

IFRIC Interpretation 23 *Uncertainty over Income Tax Treatments*

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately

- The assumptions an entity makes about the examination of tax treatments by taxation authorities

- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates

- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The Group adopted the interpretation from its effective date of 1 January 2019. The interpretation did not have any significant effect on the Group's financial statements.

Amendments to IAS 28 *Long-term Interests in Associates and Joint Ventures*

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit losses ("**ECL**") model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 *Investments in Associates and Joint Ventures*.

The amendments are effective for annual reporting periods beginning on or after 1 January 2019, with early application permitted. The Group adopted the interpretation from its effective date. Currently, the amendments have no significant impact on the Group's financial statements.

Amendments to IFRS 9: *Prepayment Features with Negative Compensation*

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments should be applied retrospectively and are effective from 1 January 2019, with earlier application permitted. The Group applied the interpretation from its effective date. The amendments have no significant impacts on the Group's financial statements.

Amendments to IAS 19: *Plan Amendment, Curtailment or Settlement*

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event. An entity is also required to determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019, with early application permitted. The Group applied the interpretation from its effective date. These amendments applied only to any future plan amendments, curtailments, or settlements of the Group. Currently, these amendments have no significant impacts on the Group's financial statements.

Annual Improvements 2015–2017 Cycle

IFRS 3 Business Combinations

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. The Group adopted the amendments from their effective date. Currently, these amendments have no significant impact on the Group's financial statements.

IFRS 11 Joint Arrangements

A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. The Group adopted the amendments from their effective date. Currently, these amendments have no significant impact on the Group's financial statements.

IAS 12 Income Taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application is permitted. When an entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. The Group adopted the amendments from their effective date. However, since the Group's current practice is in line with the clarifications issued, these amendments have no significant impact on the Group's financial statements.

IAS 23 Borrowing Costs

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. The Group adopted the amendments from their effective date. Since the Group's current practice is in line with these amendments, these amendments have no significant impact on the Group's 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;

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

- Others segment, which includes the provision of other services.

Management monitors the operating results of the Group's business units separately for the purpose of making decisions about resource 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 consolidated financial statements. However, group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to the operating segments.

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

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

The land development revenue were derived from contract liabilities in Shanghai when the performance obligations were satisfied in the Reporting Period.

The following tables present sales and profit information for the Group's operating segments for the six months ended 30 June 2019 and 2018, respectively.

RMB'000	For the six months ended 30 June 2019 (Unaudited)					
	Land development	Urbanization development	Property leasing	Others	Adjustments and eliminations	Total
Segment results						
External sales	6,668	153,811	37,541	—	—	198,020
Intersegment sales	—	—	—	—	—	—
Total segment sales	6,668	153,811	37,541	—	—	198,020
Segment profit/(loss)	4,246	160,237	22,544	(5,775)	—	181,252
Finance costs					(81,996)[1]	(81,996)
Profit before income tax						99,256

1 Profit for each operating segment does not include finance costs of RMB81,996 thousand.

RMB'000	For the six months ended 30 June 2018 (Unaudited)					
	Land development	Urbanization development	Property leasing	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 costs					(66,054)[1]	(66,054)
Loss before income tax						(20,912)

1 Profit for each operating segment does not include finance costs of RMB66,054 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 2019 and 31 December 2018, respectively:

	Land development	Urbanization development	Property leasing	Others	Adjustments and eliminations	Total
Assets						
30 June 2019 (Unaudited)	**1,565,744**	**5,050,390**	**1,405,311**	**944,401**	**11,958**[1]	**8,977,804**
31 December 2018 (Audited)	2,529,725	4,354,356	1,402,745	704,153	14,436[1]	9,005,415
Liabilities						
30 June 2019 (Unaudited)	**725,879**	**332,355**	**229,277**	**254,301**	**2,793,297**[2]	**4,335,109**
31 December 2018 (Audited)	1,026,958	360,867	249,377	195,195	2,555,610[2]	4,388,007

1 Assets in segments do not include deferred tax assets of RMB11,958 thousand as at 30 June 2019 as these assets are managed on a group basis.

Assets in segments do not include deferred tax assets of RMB14,436 thousand as at 31 December 2018 as these assets are managed on a group basis.

2 Liabilities in segments do not include current income tax liabilities of RMB72,654 thousand, interest-bearing bank borrowings of RMB2,676,036 thousand, and deferred tax liabilities of RMB44,607 thousand as at 30 June 2019 as these liabilities are managed on a group basis.

Liabilities in segments do not include current income tax liabilities of RMB70,728 thousand, interest-bearing bank borrowings of RMB2,442,192 thousand, and deferred tax liabilities of RMB42,690 thousand as at 31 December 2018 as these liabilities are managed on a group basis.

3 Capital expenditure consists of additions of property, plant and equipment of RMB189 thousand and investment property of RMB46,285 thousand as at 30 June 2019.

Capital expenditure consists of additions of property, plant and equipment of RMB4,728 thousand and investment property of RMB16,659 thousand as at 31 December 2018.

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

5. REVENUE

RMB'000	Notes	**Six months ended 30 June 2019 (Unaudited)**	Six months ended 30 June 2018 (Unaudited)
Land development	(a)	**6,668**	—
Property management	(a)	**9,292**	—
Asset and fund management	(a)	**5,388**	3,553
Revenue from contracts with customers	(a)	**21,348**	3,553
Rental income		**28,249**	—
Interest and similar income	(b)	**148,423**	142,759
Others		**—**	1,885
Revenue from other sources		**176,672**	144,644
Total revenue		**198,020**	148,197

Notes:

(a) Revenue from contracts with customers

Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	Six months ended 30 June 2019 (Unaudited)			
	Land development	Urbanization development	Property leasing	Total
Segments				
Type of goods or service				
Land development	6,668	—	—	6,668
Property management	—	—	9,292	9,292
Asset and fund management	—	5,388	—	5,388
Total revenue from contracts with customers	6,668	5,388	9,292	21,348
Timing of revenue recognition				
Services tendered over time	6,668	5,388	9,292	21,348

The Group's total revenue from contracts with customers is all derived from Mainland China.

	Six months ended 30 June 2018 (Unaudited)			
	Land development	Urbanization development	Property leasing	Total
Segments				
Type of goods or service				
Land development	–	–	–	–
Property management	–	–	–	–
Asset and fund management	–	3,553	–	3,553
Total revenue from contracts with customers	–	3,553	–	3,553
Timing of revenue recognition				
Services tendered over time	–	3,553	–	3,553

The Group's total revenue from contracts with customers is all derived from Mainland China.

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

(b) The detailed information of revenue from interest and similar income is as follows:

RMB'000	**Six months ended 30 June 2019 (Unaudited)**	Six months ended 30 June 2018 (Unaudited)
Interest income		
CDB Yuhua Project	—	29,933
Yangzhou Airport New Town Project	**10,487**	18,309
Qinhuangdao Project	**6,890**	6,905
Nanchang Science and Technology Park Project of Chinese Academy of Sciences	**18,986**	15,270
Yangzhou Hanjiang District Infrastructure Construction Project	—	15,144
Yangzhou Xincheng River Hanjiang Branch Region Integrated Renovation Project	**8,400**	9,964
Yangzhou River Banks Project	**5,890**	5,890
Lianyungang Haohai R&D Centre Project	**4,743**	2,534
Jiangsu Xuzhou Peixian County Industrial Concentration Area Construction Project	**5,469**	2,426
Jiangsu Taizhou New Energy Industrial Park Project	**22,693**	6,510
Shandong Qingzhou MI River Comprehensive Control Project	**10,223**	—
Jiangsu Lianyungang Haizhou Bay Tourism Town Project	**15,931**	—
Jiangsu Huai'an Huaiyin District Urban Renewal Project	**16,739**	—
Yangzhou Gaoyou National Agricultural Science and Technology Park Project	**7,842**	—
Others	**11,723**	18,658
	146,016	131,543
Interest similar income		
CDB (Beijing) — BOCOMM New-Type Urbanization Development Fund (the "**Urbanization Fund**")	**2,407**	11,216
	148,423	142,759

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

6. OTHER INCOME

RMB'000	**Six months ended 30 June 2019 (Unaudited)**	Six months ended 30 June 2018 (Unaudited)
Interest income from bank deposits	**7,874**	13,935
Net fair value gain on financial instruments at fair value through profit or loss	**6,123**	—
Dividends and interest from financial assets at fair value through profit or loss	**8,885**	6,969
Foreign exchange gain, net	**8,593**	—
Reversal of credit loss expenses	**16,374**	—
Others	**6,680**	2,270
	54,529	23,174

7. EXPENSES BY NATURE

RMB'000	**Six months ended 30 June 2019 (Unaudited)**	Six months ended 30 June 2018 (Unaudited)
Cost of land development	**6,668**	—
Depreciation of property, plant and equipment	**1,063**	961
Amortisation of prepaid land lease payments	**—**	79
Amortisation of right-of-use assets	**4,925**	—
Employee benefits	**18,953**	19,912
Utility expenses	**2,517**	293
Advertising	**3,556**	859
Rental expenses	**3,119**	8,832
Property management service expenses	**3,259**	970
Intermediary and professional service charges	**2,762**	4,724
Other expenses	**15,758**	11,092
	62,580	47,722

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

8. OTHER EXPENSES

RMB'000	**Six months ended 30 June 2019 (Unaudited)**	Six months ended 30 June 2018 (Unaudited)
Foreign exchange loss, net	—	63,394
Bank charges	**1,037**	194
Net loss on financial instruments at fair value through profit or loss	—	4,498
Credit loss expenses	—	5,119
Others	**1,782**	231
	2,819	73,436

9. FINANCE COSTS

RMB'000	**Six months ended 30 June 2019 (Unaudited)**	Six months ended 30 June 2018 (Unaudited)
Interest on bank and other borrowings	**75,826**	32,855
Interest on senior guaranteed notes	—	26,990
Others	**6,170**	6,209
Less: Interest capitalised	—	—
	81,996	66,054

No borrowing costs during the first half of 2019 and the first half of 2018 had been capitalised.

10. 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 People's Republic of China (the "**PRC**") (2018: 25%).

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

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.

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 recognised 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 2019 (Unaudited)**	Six months ended 30 June 2018 (Unaudited)
Income tax charge:		
Current income tax	**8,851**	16,557
Deferred tax	**4,395**	(6,247)
Withholding tax	**10,395**	9,217
Income tax charge as reported in profit or loss	**23,641**	19,527

11. DIVIDENDS

A final dividend for the year ended 31 December 2018 of HK$0.006 per ordinary share has been approved by the shareholders at the Company's annual general meeting held on 21 June 2019 (the "**2019 AGM**") (2017: HK$0.0116). The Board has resolved not to declare the payment of any interim dividend in respect of the Reporting Period (2018: Nil).

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

12. EARNINGS/(LOSS) PER SHARE

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

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

RMB'000	**Six months ended 30 June 2019 (Unaudited)**	Six months ended 30 June 2018 (Unaudited)
Earnings/(loss) attributable to ordinary equity holders of the parent	**88,849**	(33,811)
Weighted average number of ordinary shares used to calculate the basic and diluted earnings per share	**9,726,246,417**	9,726,246,417
Basic earnings/(loss) per share *(RMB)*	**0.0091**	(0.0035)
Diluted earnings/(loss) per share *(RMB)*	**0.0091**	(0.0035)

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.

13. INVESTMENT PROPERTY

RMB'000	**30 June 2019 (Unaudited)**	31 December 2018 (Audited)
At the beginning of year	**1,315,244**	—
Acquisition of a subsidiary	—	1,222,576
Subsequent expenditure	**11,836**	16,659
Gain from increase in fair value	—	76,009
At end of year	**1,327,080**	1,315,244

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

14. DEBT INSTRUMENTS AT AMORTISED COST

RMB'000	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Yangzhou Airport New Town Project	**100,000**	300,000
Qinhuangdao Project	**150,112**	150,278
Yangzhou Hanjiang District Infrastructure Construction Project	**—**	200,000
Gaoyou PPP Project	**109,040**	109,040
Yangzhou River Banks Project	**150,000**	150,000
Nanchang Science and Technology Park Project of Chinese Academy of Sciences	**400,000**	400,000
Lianyungang Haohai R&D Centre Project	**100,000**	100,000
Jiangsu Xuzhou Peixian County Industrial Concentration Area Construction Project	**156,340**	156,946
Jiangsu Taizhou New Energy Industrial Park Project	**324,111**	529,467
Shandong Qingzhou MI River Comprehensive Control Project	**203,322**	202,526
Jiangsu Lianyungang Haizhou Bay Tourism Town Project	**307,881**	306,670
Jiangsu Huai'an Huaiyin District Urban Renewal Project	**308,144**	307,510
Yangzhou Gaoyou National Agricultural Science and Technology Park Project	**195,425**	196,183
Others	**136,409**	136,409
	2,640,784	3,245,029
Less: allowance for ECLs	**(26,408)**	(32,450)
	2,614,376	3,212,579
Amounts due in the next 12 months classified as current assets	**1,228,158**	847,613
Amounts classified as non-current assets	**1,386,218**	2,364,966

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

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

RMB'000	Note	**30 June 2019 (Unaudited)**	31 December 2018 (Audited)
— Funds		**41,673**	60,049
— Wealth management products		**180,834**	177,450
— Equity instruments		**30,827**	33,633
— Derivatives	(a)	**7,742**	5,439
		261,076	276,571

Note:

(a) China New Town Holding Company Limited ("**CNTH**") entered into a foreign exchange forward contract with the Bank of East Asia Limited ("**Bank of East Asia**"). The foreign exchange forward contract was not designated in hedge relationships, but was, nevertheless, intended to reduce the level of foreign currency exchange risks for the investments and borrowings nominated in foreign currencies.

16. RIGHT-OF-USE ASSETS

RMB'000	Buildings	Land	Motor vehicles	Total
Original cost				
As at 1 January 2019	13,443	2,238	407	16,088
Additions	—	—	—	—
As at 30 June 2019	13,443	2,238	407	16,088
Accumulated depreciation				
As at 1 January 2019	—	—	—	—
Provided during the year	4,727	79	119	4,925
As at 30 June 2019	4,727	79	119	4,925
Net carrying amount				
As at 1 January 2019	13,443	2,238	407	16,088
As at 30 June 2019	8,716	2,159	288	11,163

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

17. LAND DEVELOPMENT FOR SALE

RMB'000	**30 June 2019 (Unaudited)**	31 December 2018 (Audited)
At lower of cost and net realisable value:		
Mainland China — Shenyang Lixiang	**880,557**	880,008

18. OTHER RECEIVABLES

RMB'000	**30 June 2019 (Unaudited)**	31 December 2018 (Audited)
Wuxi Project:		
— Net disposal consideration	**—**	59,940
— Balances due from	**20,977**	20,977
Interest receivables from debt instruments at amortised cost	**7,663**	13,479
Due from SREI	**140,146**	140,146
Due from joint ventures	**526,612**	520,939
Balances due from entities disposed of	**24,384**	24,384
Deposits	**30,280**	—
Others	**14,944**	18,390
	765,006	798,255
Less: allowance for ECLs	**(7,650)**	(7,982)
Other receivables, net	**757,356**	790,273

19. TRADE RECEIVABLES

RMB'000	**30 June 2019 (Unaudited)**	31 December 2018 (Audited)
Receivables from land development for sale	**554,898**	1,554,998
Others	**2,971**	2,831
	557,869	1,557,829
Less: allowance of ECLs	**(5,578)**	(15,578)
Trade receivables, net	**552,291**	1,542,251

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

An ageing analysis of the trade receivables is as follows:

	30 June 2019 (Unaudited)		
RMB'000	**Trade receivables**	**Less: allowance for ECL**	**Trade receivables, Net**
Within 6 months	**141**	**(1)**	**140**
6 months to 1 year	**522,681**	**(5,227)**	**517,454**
1 year to 2 years	**—**	**—**	**—**
2 years to 3 years	**2,394**	**(24)**	**2,370**
Over 3 years	**32,653**	**(326)**	**32,327**
	557,869	**(5,578)**	**552,291**

	31 December 2018 (Audited)		
RMB'000	Trade receivables	Less: allowance for ECL	Trade receivables, Net
Within 6 months	1,522,683	(15,226)	1,507,457
6 months to 1 year	—	—	—
1 year to 2 years	—	—	—
2 years to 3 years	2,394	(24)	2,370
Over 3 years	32,752	(328)	32,424
	1,557,829	(15,578)	1,542,251

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 2019 (31 December 2018: Nil).

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

20. CASH AND BANK BALANCES

RMB'000	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Cash on hand	**2**	6
Short-term deposits with an original maturity less than 3 months	**—**	1,047
Cash at banks	**2,258,968**	661,609
Cash and cash equivalents	**2,258,970**	662,662
	2,258,970	662,662

RMB equivalent of the following currencies:

RMB'000	30 June 2019 (Unaudited)	31 December 2018 (Audited)
SGD	**44**	45
RMB	**2,028,962**	619,686
HKD	**12,857**	25,598
USD	**213,852**	13,866
EUR	**3,255**	3,467
	2,258,970	662,662

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

21. TRADE PAYABLES

RMB'000	**30 June 2019 (Unaudited)**	31 December 2018 (Audited)
Payable for land development for sale	**205,216**	496,560
Payable for investment property	**170,159**	204,608
Others	**5**	5
	375,380	701,173

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 2019 (Unaudited)**	31 December 2018 (Audited)
Within 1 year	**272,774**	581,197
1 to 2 years	**375**	19,372
Over 2 years	**102,231**	100,604
	375,380	701,173

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

22. INTEREST-BEARING BANK BORROWINGS

The interest-bearing bank borrowings are as follows:

RMB'000	**30 June 2019 (Unaudited)**	31 December 2018 (Audited)
Bank borrowings — secured and guaranteed	**561,159**	561,159
Bank borrowings — guaranteed	**2,114,877**	1,881,033
	2,676,036	2,442,192

The bank borrowings are repayable as follows:

RMB'000	**30 June 2019 (Unaudited)**	31 December 2018 (Audited)
Within 6 months	**50,000**	35,000
6 months to 9 months	**263,901**	—
9 months to 12 months	**150,000**	50,000
1 year to 2 years	**1,780,475**	369,498
2 years to 5 years	**431,660**	1,987,694
Over 5 years	**—**	—
	2,676,036	2,442,192

The Group's interest-bearing bank borrowings in RMB bore interest at floating rates ranging from HIBOR plus 2% to 6.175% per annum for the Reporting Period (2018: from HIBOR plus 2.2% to 6.175% per annum).

Bank borrowings — secured and guaranteed

As at 30 June 2019, bank borrowings of RMB561,159 thousand (31 December 2018: RMB561,159 thousand) were guaranteed by the Company and CDBC Co-Create Enterprise Management (Huzhou) Co., Ltd. ("**CCEM Huzhou**") as well as secured by the investment property.

Bank borrowings — guaranteed

As at 30 June 2019, the bank borrowings of RMB290,000 thousand were guaranteed by CDB Capital (31 December 2018: RMB325,000 thousand) and bank borrowings of US$76,968 thousand and HK$1,473,000 thousand (30 June 2019 equivalent to RMB1,824,877 thousand), were guaranteed by the Company (31 December 2018: RMB1,556,033 thousand).

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

23. LEASE LIABILITIES

RMB'000	
As at 1 January 2019	**12,583**
Additions	—
Interest expense	**152**
Payments	**(5,168)**
As at 30 June 2019	**7,567**
Amounts due in the next 12 months classified as current liabilities	**7,475**
Amounts classified as non-current liabilities	**92**

24. OTHER PAYABLES AND ACCRUALS

RMB'000	**30 June 2019 (Unaudited)**	31 December 2018 (Audited)
Payroll and welfare	**10,223**	29,958
Accrued interest on bank and other borrowings	**14,190**	22,597
Other taxes payable:		
Business tax payable	**12,715**	12,715
Property tax payable	**5,591**	1,744
Land use tax payable	**93**	47
Value-added tax payable	**707**	445
Other miscellaneous taxes	**184**	1,526
Withholding tax payable	**3,693**	10,713
Receipts in excess of the Group's estimated share of land sales proceeds	**26,477**	26,477
Amounts due to related parties	**356**	321
Payable for Intermediary and professional service charges	**1,217**	4,860
Payable for Wuxi Project	**42,250**	42,250
Other borrowings from Huzhou Tongchuang Jintai Huizhong Enterprise Management Partnership (Limited Partnership)	**177,788**	162,207
Others	**101,569**	102,937
	397,053	418,797

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

25. CONTRACT LIABILITIES

RMB'000	Note	**30 June 2019 (Unaudited)**	31 December 2018 (Audited)
Contract liabilities arising from:			
Land development	(i)	**435,854**	442,522
Property management		**4,116**	3,136
		439,970	445,658

Note:

(i) As at 30 June 2019 and 31 December 2018, the contract liabilities arising from land development for sale represents the amounts received or receivable from the land authorities that are not yet recognised as revenue, because the performance obligations of the developments of the ancillary public facilities are not satisfied. The amounts received or receivable are non-refundable unless the Group fails to complete the development work. The contract liability is classified as a current liability as the remaining development work is expected to be provided within the normal operating cycle.

26. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

RMB'000	Notes	**30 June 2019 (Unaudited)**	31 December 2018 (Audited)
Financial liabilities at fair value through profit or loss			
— Due to other interest holders of structure entities	(a)	**187,779**	187,943
— Derivatives	(b)	**4,750**	5,613
		192,529	193,556

(a) The interests of structure entities held by other interest holders are presented as financial liabilities at fair value through profit or loss in the Group's financial statements.

(b) CNTH entered into one cross currency swap contract with Shanghai Pudong Development Bank. The cross currency swap contract was not designated in hedge relationships, but was, nevertheless, intended to reduce the level of foreign currency exchange risks for the investments and borrowings nominated in foreign currencies. The fair value as at 30 June 2019 was RMB4,750 thousand (31 December 2018: RMB5,613 thousand).

27. FAIR VALUE AND FAIR VALUE HIERARCHY

Fair values of financial assets and liabilities

Fair value estimates are made at a specific point in time based on relevant market information and information about the various financial instruments. When an active market exists, such as an authorised securities exchange, the market value is the best reflection of the fair value of the financial instrument. For financial instruments where there is no active market or when current market prices are not available, their fair values are determined using valuation techniques.

The Group's financial assets mainly include debt instruments at amortised cost, cash and bank balances, financial assets at fair value through profit or loss, trade and other receivables. The Group's financial liabilities mainly include interest-bearing bank and other borrowings, financial liabilities at fair value through profit or loss, trade and other payables. The fair values of the Group's and the Company's financial instruments are not materially different from their carrying amounts.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values:

Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

The following table shows the fair value measurement hierarchy of the Group's assets and liabilities.

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

Quantitative disclosures of assets measured at fair value as at 30 June 2019:

			Fair value measurement using		
	Date of valuation	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets/liabilities measured at fair value:					
Financial assets at fair value through profit or loss *(Note 15)*	30 June 2019	**261,076**	**—**	**230,249**	**30,827**
Investment property *(Note 13)*	30 June 2019	**1,327,080**	**—**	**—**	**1,327,080**
Financial liabilities at fair value through profit or loss *(Note 26)*	30 June 2019	**192,529**	**—**	**192,529**	**—**

There were no transfers of fair value measurement between Level 1 and Level 2 during the Reporting Period.

Quantitative disclosures of assets measured at fair value as at 31 December 2018:

			Fair value measurement using		
	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets/liabilities measured at fair value:					
Financial assets at fair value through profit or loss *(Note 15)*	31 December 2018	276,571	—	242,938	33,633
Investment property *(Note 13)*	31 December 2018	1,315,244	—	—	1,315,244
Financial liabilities at fair value through profit or loss *(Note 26)*	31 December 2018	193,556	—	193,556	—

There were no transfers of fair value measurement between Level 1 and Level 2 during the year ended 31 December 2018.

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 operating mainly include land development, urbanization development and property leasing. In the first half of 2019, the Group recorded revenue of RMB198 million, an increase of 34% as compared with the same period of 2018.

In the first half of 2019, revenue from urbanization development increased by 5% to RMB154 million, which was mainly due to the increase of interest income from debt instruments by RMB14,473 thousand, the increase of asset and fund management fee of RMB1,835 thousand, and partly offset by the decrease of interest similar income from investment funds by RMB8,809 thousand. The revenue from property leasing mainly generated from property rental income of RMB28,249 thousand and property management fee of RMB9,292 thousand from Lenovo Mobile Communication Software (Wuhan) Co., Ltd. ("**Lenovo Wuhan**"), which was acquired in the second half year of 2018. Besides, we also recorded revenue of land development of RMB6,668 thousand compared with the same period of 2018 of zero.

Other income

In the first half of 2019, other income increased by RMB31,355 thousand as compared with the same period of 2018, which was mainly due to the increase of net fair value gain on financial instruments at fair value through profit or loss by RMB6,123 thousand, the increase of reversal of credit loss expenses by RMB16,374 thousand, and the increase of net foreign exchange gain by RMB8,593 thousand.

Cost of sales, and selling and administrative expenses

In the first half of 2019, the cost and expense increased by RMB14,858 thousand as compared with the same period of 2018, which was mainly due to the increase of cost of land development by RMB6,668 thousand and the increase of amortisation of right-of-use assets and depreciation of property, plant and equipment by RMB4,948 thousand.

Other expenses

In the first half of 2019, other expenses decreased by RMB70,617 thousand to RMB2,819 thousand as compared with that of the same period of 2018, which was mainly due to the decrease of the credit loss expenses by RMB5,119 thousand, the decrease of the net foreign exchange loss by RMB63,394 thousand, and the decrease of the net fair value loss on financial instruments at fair value through profit or loss by RMB4,498 thousand.

Finance costs

In the first half of 2019, the finance costs increased by 24% to RMB81,996 thousand as compared with the same period of 2018, which was mainly due to the increase of interest expense on bank and other borrowings by RMB42,971 thousand, and partly offset by the decrease of interest expense on senior guaranteed notes by RMB26,990 thousand, as a result of the repayment of the senior guaranteed notes and granted new bank borrowings at the end of 2018.

Share of losses of joint ventures and associates

In the first half of 2019, the Group recorded share of losses of RMB5,898 thousand from its joint ventures and associates, which was increased by 16.3% as compared with that of the same period of 2018. The share of loss was mainly due to the increase of losses occurred from joint ventures and associates as most of them are under construction stages with no solid income generated.

Taxation

In the first half of 2019, the Group recorded income tax of RMB23,641 thousand with an increase of 21% as compared with the same period of 2018, which was in line with the profit generated by current period.

Profit after tax

As analyzed above, profit after tax was RMB75,615 thousand in the first half of 2019.

Financial Position

Investment in associates

As at 30 June 2019, investment in associates increased by RMB6,872 thousand as compared with that of 31 December 2018, which was mainly due to the investment of RMB8,648 thousand to Kaiyuan Education Fund LP and shares of losses and other comprehensive income from associates.

Investment in joint ventures

As at 30 June 2019, investment in joint ventures decreased by RMB3,809 thousand as compared with that of 31 December 2018, which was mainly due to share of losses of RMB3,279 thousand from joint ventures.

Debt instruments at amortised cost (non-current assets)

As at 30 June 2019, debt instruments at amortised cost decreased by RMB979 million as compared with that of 31 December 2018, which was mainly due to (i) the reclassification of debt instruments from non-current assets to current assets of the following projects: the Tourism Project in Changbaishan of RMB10 million, Nanchang Science and Technology Park Project of Chinese Academy of Sciences of RMB400 million, Lianyungang Haohai R&D Centre Project of RMB100 million, Jiangsu Xuzhou Peixian County Industrial Concentration Area Construction Project of RMB156 million and Jiangsu Taizhou New Energy Industrial Park Project of RMB324 million; and (ii) the adjustment of the allowance for ECLs amounted to RMB11 million.

Financial assets at fair value through profit or loss (non-current assets)

As at 30 June 2019, the financial assets at fair value through profit or loss decreased by RMB26,621 thousand as compared with that of 31 December 2018, which was mainly due to the redemption of the Urbanization Fund of RMB17,000 thousand, the fair value loss of the Urbanization Fund of RMB1,376 thousand, the fair value loss of the equity instruments of RMB2,806 thousand and the reclassification of cross currency swap contracts with China Construction Bank (Asia) Corporation Limited of RMB5,439 thousand.

Investment property

As at 30 June 2019, the investment property increased by RMB11,836 thousand as compared with that of 31 December 2018, which was mainly due to the expenditure of investment property of RMB11,836 thousand in the first half of 2019.

Right-of-use assets

As at 30 June 2019, the right-of-use assets increased by RMB11,163 thousand as compared with that of 31 December 2018, which was mainly due to the increase of the right-of-use assets in respect of the office buildings, vehicles and prepaid land lease payments previously under operating lease, as a result of the Group's adoption of IFRS 16 on 1 January 2019.

Other receivables

As at 30 June 2019, other receivables decreased by RMB32,917 thousand as compared with that of 31 December 2018, which was mainly due to the receipt of the consideration of Wuxi Project of RMB59,940 thousand and partly offset by the payment of the deposits of RMB30,280 thousand by Shanghai Golden Luodian Development Co., Ltd. ("**SGLD**").

Trade receivables

As at 30 June 2019, trade receivables decreased by RMB990 million as compared with that of 31 December 2018, which was mainly due to the collecting of the receivables of RMB1,000 million from land development for sale, and adjustment for the allowance of ECLs of RMB10 million accordingly.

Debt instruments at amortised cost (current assets)

As at 30 June 2019, debt instruments at amortised cost increased by RMB381 million as compared with that of 31 December 2018, which was mainly due to reclassification of debt instruments from non-current assets to current assets of RMB990 million, the redemption of the debt instruments on expiration of RMB602 million, the decrease of RMB4 million due to foreign exchange and the adjustment of allowance for ECLs amounted to RMB3 million.

Interest-bearing bank borrowings

As at 30 June 2019, the bank borrowings increased by RMB234 million as compared with that of 31 December 2018, which was mainly due to the grant of new short-term loan from Bank of East Asia of HK$300 million, equivalent to RMB264 million, and the repayment of the loan of RMB35 million to Industrial and Commercial Bank of China Limited.

Trade payables

As at 30 June 2019, the trade payables decreased by RMB326 million as compared with that of 31 December 2018, which was mainly due to the payment of RMB290 million in respect of the expenditures of land development in SGLD and the payment of RMB34,450 thousand in respect of the expenditures of Lenovo Wuhan.

Dividends payable

As at 30 June 2019, dividends payable increased by RMB51,537 thousand as compared with that of 31 December 2018, which was mainly due to the appropriation of profit upon the shareholders' approval of the final dividend for the financial year 2018 at the 2019 AGM.

Lease liabilities

As at 30 June 2019, lease liabilities increased by RMB7,567 thousand as compared with that of 31 December 2018, which was mainly due to the Group adopted IFRS 16 on 1 January 2019 at the first time and the lease commitment under operating lease were recognised as lease liabilities.

Other payables and accruals

As at 30 June 2019, other payables and accruals decreased by RMB21,744 thousand as compared with that of 31 December 2018, which was mainly due to the decrease of payroll and welfare by RMB19,735 thousand, decrease of withholding tax by RMB7,020 thousand, decrease of the accrued interest on bank borrowings by RMB8,407 thousand, and partly offset by the increase of other borrowings by RMB15,581 thousand.

Contract liabilities

As at 30 June 2019, contract liabilities decreased by RMB5,688 thousand as compared with that of 31 December 2018, which was mainly due to the improvement of the construction progress of the ancillary public facilities by RMB6,668 thousand by SGLD during the Reporting Period.

Cash and bank balances

As at 30 June 2019, cash and bank balances increased by RMB1,596 million as compared with that of 31 December 2018, which was mainly due to net cash inflow from operating activities of RMB719 million, net cash inflow from investing activities of RMB738 million, net cash inflow from financing activities of RMB135 million, and effect of exchange rate changes on cash and cash equivalents of RMB4 million.

The gearing ratio (defined as net debt/the sum of shareholders equity and net debt) was decreased from 27.82% as at 31 December 2018 to 8.24% as at 30 June 2019, which was mainly due to the increase of cash and bank balances as a result of the collection of the receivables of RMB1,000 million from land development for sale and the redemption of the debt instruments on expiration of RMB602 million.

Business prospects and outlook

During the first half of 2019, China's economy continued to develop within a reasonable range and achieved overall balance and steady progress. During this period, the progress of tackling three major issues, namely preventing and defusing major risks, targeted poverty alleviation and pollution control, achieved a good beginning, and the supply-side structural reform was further promoted. More efforts were made in the reform and opening-up and people's livelihood continued to improve. However, it is noteworthy that the economic operation is stable, changing and worrying. The external environment is complicated and severe, and the economy is facing downward pressure, but the core drive of China's sustainable economic development will not be affected. On one hand, the high-quality development of China's manufacturing industry still provides tremendous investment, innovation and employment opportunities. On the other hand, the steadily expanding consumption scale and the continuous upgrade of consumption structure to the middle and high end have increasing effect on supporting China's economic growth. Among them, residents' income and economic growth have basically in a healthy state of synchronous growth, the growth of residents' consumption has gradually sped up, the driving force of consumption is gradually strengthened, and the consumption structure continues to upgrade.

With the fluctuation of economic environment domestically and abroad, the Group still insisted on the stability of investment in new type of urbanization. Leveraging on the extensive experience in risk control and the national resources advantage of the CDB system, the Group maintained a steady increase in fixed income portfolio. As of 30 June 2019, the sum of portfolio of fixed return investment in urbanization was RMB2.64 billion, securing a total contractually guaranteed annual return before tax of approximately RMB270 million, with a pre-tax average annualised rate of return exceeding 10.3%.

The Group has made milestone progress in education business. In January 2019, Reigate Grammar School held a foundation-laying ceremony in Nanjing Chilin Hi-tech Zone. As an important project of Nanjing Chilin Hi-tech Zone, it aims at introducing quality education resources and providing quality education. It is of great significance in meeting the needs of the public for quality education. The Group will actively layout in the education sector in which social capital is encouraged to participate by the State. By leveraging the advantages of the controlling shareholders, namely CDB and CDBC, the professional competence of the education team, the Group will progress existing projects, Nanjing school targeting to be opened in stages, and actively expand new projects in education sector.

On quality property sector, the Group completed the acquisition of Lenovo Wuhan Research and Development Base Project located in the Optical Valley High-Tech Development Zone in Donghu District, Wuhan from Lenovo Wuhan in 2018. Top-notch enterprises mainly from the IC industry was introduced by the Group to secure the operation quality and profitability of the targeted project. At the same time, the Group also fully leveraged on the investment capabilities of various business segments within CDB and attracted local enterprises with expansionary and upgrade needs to move into the target project, to further enhance its operating efficiency and return on investment for the target project. Currently, the project has been opened for rental comprehensively. Leveraging on the resource advantages accumulated in the IC industry, a large number of enterprises have signed lease contracts. It is expected that by the end of 2019, the project will be basically fully in rent and put into operation. The Group will continue to take the network advantages of controlling shareholders to develop new quality industrial project pipelines and continue to accumulate quality projects, so as to providing long-term stable income to the Group. For further details, please refer to the announcements published by the Company on 28 November 2017, 7 February 2018, 1 June 2018 and 30 July 2018.

Looking ahead, the Group will put the advantage of CDB's systematical network resources and extensive experience in urbanization into full play. Under the leadership of the Company's management team, it will integrate its advantages and unite with sincerity, aiming at building itself into a leading investment and operation platform in the field of livelihood improvement in China, and create long-term value for the shareholders.

The Company has made the payment of 2018 final dividend on 19 July 2019 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:

On 8 July 2019, CDB Nanjing Investment Development Co., Ltd. ("**CDB Nanjing**"), an indirect wholly-owned subsidiary of the Company, had entered into a loan agreement with Nanjing Guoying Zhongxi Development Company Limited (the "**Joint Venture**"), pursuant to which CDB Nanjing agreed to lend to the Joint Venture a loan in the principal amount of RMB70,000,000.

On the same date, CDB New Town (Beijing) Asset Management Company Limited ("**CDB New Town**") and CDB Nanjing had entered into a guarantee with Jiangsu Zijin Rural Commercial Bank Co., Ltd. (the "**Bank**"), pursuant to which CDB New Town and CDB Nanjing agreed to guarantee the punctual due payment of the loan facility up to RMB200,000,000 granted by the Bank to the Joint Venture. Please refer to an announcement of the Company dated 8 July 2019 for details.

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

In the second half of 2019, 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 2019, 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**")), which were required (a) 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 (b) pursuant to section 352 of the SFO to be entered in the register referred to therein; or (c) to be 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 Rules Governing the Listing of Securities on the HKEx (the "**Listing Rules**" and the "**Model Code**", respectively) were as follows:

Long Position in the Shares of the Company

		Number of Shares Held				
Name of Directors	Capacity	Personal Interest	Family Interest	Corporate Interest	Total	Approximate Percentage of the Issued Shares
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 2019, none of the Directors or the 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 (a) 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 (b) pursuant to section 352 of the SFO to be entered in the register referred to therein; or (c) to be notified to the Company and the HKEx pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SECURITIES

As at 30 June 2019, to the best of the Directors' knowledge, the following organizations or persons (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 of the Company, which would fall to be disclosed to the Company under the provisions of Division 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:

Long Position in the Shares of the Company

Name of Substantial Shareholders	Capacity	Number of Shares Held: Direct Interest	Corporate Interest	Other Interest	Total	Approximate Percentage of the Issued Shares
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%
CDB [(1)]	Interests of controlled corporations	–	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%

Name of Substantial Shareholders	Capacity	Number of Shares Held: Direct Interest	Corporate Interest	Other Interest	Total	Approximate Percentage of the Issued Shares
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%
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 81% 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 organizations or person (other than a Director or the chief executive of the Company) who, as at 30 June 2019, had an interest and/or short position in the shares or underlying shares of the Company, 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 2019.

MOVEMENTS IN SECURITIES

There was no movement in securities of the Company during the first half of 2019. 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 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. The Chairman, Mr. Zuo Kun ("**Mr. Zuo**"), was unable to attend the 2019 AGM due to other business engagements. In the absence of the Chairman, Mr. Liu Heqiang, an executive Director and the chief executive officer of the Company, took the chair of the 2019 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 2019, there were 138 (2018: 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 provides and arranges 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 during the Reporting Period.

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 HK$1,524,000,000 and US$100,000,000 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 this report 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, 8 August 2019