推進城鎮化投資建設

勠力同心 逐夢前行

ANNUAL REPORT 2020

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

Stock Code: 1278

NEW TOWN

Corporate Profile

OVERVIEW

China New Town Development Company Limited (SEHK stock code: 1278) (the "Company" or "CNTD") has been listed by introduction on the main board of The Stock Exchange of Hong Kong Limited since 22 October 2010.

In March 2014, China Development Bank International Holdings Limited ("CDBIH"), a wholly-owned subsidiary of China Development Bank Capital Corporation Limited ("CDBC" or "CDB Capital") completed its subscription for CNTD's 5,347,921,071 issued shares, and became CNTD's controlling shareholder. CDB Capital is a wholly-owned subsidiary of China Development Bank Corporation ("CDB"). CDB is one of the largest financial institutions focusing on development in China, and has been continuously supporting the urbanization construction in China since its establishment. Based on CDB's resources and brand advantage, CDB Capital has a national network layout in the business segment of new town development. Till then, the Company has officially become the sole listed platform of CDB and CDB Capital in the business segment of new urbanization. By giving full play to the advantage of the controlling shareholder's resources and experience, and combining with the policy orientation and opportunities of the new urbanization policy in China, we will build a leading brand in investment and operation of new urbanization in China.

We have established industry leadership through over ten years of solid track record since 2002, and are among the very first players to engage in primary land development. Upon CDB Capital becoming the controlling shareholder, with the trend of new urbanization in China and the Company's advantage in resources, the Company is gradually shaping development concepts and specifying business strategies. Going on with the basis to continuously follow the guidelines of national policy and with the demand of regional economic development and city life, we shall improve the residents' living quality and experience and introduce brand products in the field of people's livelihood such as education, tourism and healthcare, etc.

Currently, in terms of fixed income investments, our projects locate in areas with good economic development nationwide and can provide stable revenue and cash flow for the Company. In terms of livelihood improvement investments, the Company participates in developing such projects as Shanghai Luodian Project, Beijing Junzhuang Project in Mentougou District, the Optical Valley New Development International Center in Wuhan and Qilin International School Project in Jiangning District, Nanjing. Among them, the Optical Valley New Development International Center Project in Wuhan is a project located in Optical Valley High-Tech Development Zone in Donghu District, Wuhan that the Company acquired from Lenovo Mobile Communication Software (Wuhan) Co., Ltd. in 2018. Although the effect of the pandemic on Wuhan lasts longer than any other region, the Project operated in a stable manner in 2020 with occupancy rates exceeding 98% for office buildings. The kindergarten campus of Chilin Bilingual School in Jiangning District, Nanjing has officially commenced operation for elementary school in the autumn of 2020 and the total number of students enrolled in kindergartens and elementary schools was nearly 100. For projects involved development and operation after the acquisition, we usually develop such projects with our industry partners. For example, we develop the Beijing Junzhuang Project with Vanke BJ to construct a comprehensive tourist, leisure and resort project in the surrounding Beijing.

Under the background of the national policy which supports new urbanization, we have confidence to realize the steady upgrade of the Company's scale of assets and operating results by fully integrating the resource advantages of controlling shareholder and the rich experience of project teams.

GOAL

Our Goal is to become the leading town developer and livelihood investment and operation platform in China achieving long-term sustainable growth whilst we continue to strive for short to medium term profitability in order to deliver the greatest value to our shareholders.

MISSION

Our Mission is to provide urbanization and livelihood investment products which are consistent with the demand of regional economic development and city life, to enhance the region's urbanization level and citizens' living quality.

Contents

Our Business

OUR BUSINESS

Introduction

We started to enter the new town development industry in 2002. In the previous project development, we accumulated a complete operational experience in the industry chain of new town development, including preliminary planning, land consolidation and supporting construction of infrastructure facilities, resources introduction to the region, which has improved the region's urbanization level.

Upon becoming a subsidiary of China Development Bank Capital Corporation Limited ("CDB Capital"), we have made good use of these operating experience, together with the national resources advantage of the controlling shareholder, to actively make an optimization of project operation model. We have established the business model of "investment + production operation", rapidly expanded the business scale, and achieved a good scale effect and financial basis and brand advantages. On top of fixed income investment in urbanization projects, and with the opportunity and business network of in-depth cooperation with various regional governments, we introduce brands of urbanization to the region in the field of people's livelihood improvement at the same time, such as education, tourism, healthcare and etc.

In the sector of fixed income investments, the Company has participated in various kinds of urbanization projects through equity or mezzanine investment, such as the shanty-town renovation and construction of parks. In these investments, the Company shall receive a fixed investment gain based on the amount we have invested, according to the agreement.

In the sector of livelihood improvement investments, we have chosen education, tourism, and heathcare, etc. as our main downstream strategies, and fully leveraged the advantage of resources of the controlling shareholder. In October, 2016, the Company announced that it would cooperate with Beijing Vanke Enterprises Co. Ltd ("Vanke BJ") to develop Beijing Junzhuang Project in Mentougou District. By combining the premier partnership resources in the fields of healthcare, integrated tourism and international education established through the CDB Urbanization Strategic Alliance and the top-notch development and operation capability of Vanke BJ in China, the Project is positioned to be developed into Beijing's integrated tourism and consumption destination showcase project. In early 2018, the Company built and operated a K-12 international bilingual school, namely the bilingual school Reigate Grammar School Nanjing, in the Chilin High-tech Industrial Development Zone in Jiangning District, Nanjing, by cooperating with partners for development and construction, and participating in the establishment of an education industry fund. At present, the Reigate Grammar School Nanjing has commenced operation for its kindergartens and elementary schools. The Reigate Grammar School Zhangjiagang has been under construction. In June 2018, the Company completed the acquisition of Optical Valley New Development International Center Project at the High-Tech Development Zone in Donghu District, Wuhan. The project operates well in attracting investments..

Fully supported by the resource advantages of China Development Bank Corporation ("CDB") and CDB Capital, we shall continue to intensively explore the investment opportunities in the fields of urbanization and livelihood improvement. By combining with low-cost financing channels, we shall integrate a wide range of resources and optimize investments and structures to promote sustained growth in the Company's assets and results.

Our Major Projects

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 drive to downtown Shanghai.
- At the end of 2018, the Group signed a new cooperation agreement with the Baoshan District Government of Shanghai in respect to a new follow-up cooperation model.
- In December 2020, Plot H-06 in the eastern part of Luodian under the SGLD Project was listed and commenced trading at the end of December and reached an agreement in February 2021.

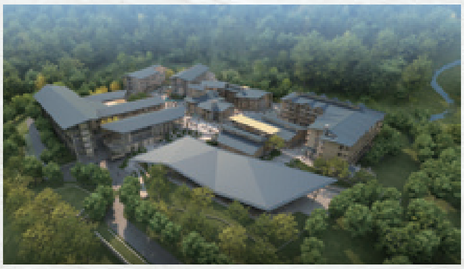
Optical Valley New Development International Center Project in Wuhan (66.4% owned)

- The total floor area of the project is 172,496 square metres ("sq.m."), of which 116,978 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 aligns with the strategic direction of the Company of developing integrated circuit industry property.
- The project has basically completed attracting investments in office buildings and commercial projects in 2019 with current good occupancy levels, and included in the first batch of "New Industrial Landmark" projects selected by Wuhan Changjiang Daily, Wuhan Municipal Economic and Information Bureau (武漢市經濟和信息化局) and other business units.

Our Major Projects

Nanjing Reigate Bilingual School Project

- Total site area of 122,233.96 sq.m.
- Situated in Chilin Technology Innovation Park, Jiangning District, 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 in the PRC, and a demonstration site of technology services in 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 Fund LP, which is initiated and established by China Development Bank Education Company Limited ("CDB 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. CDB Education is also introducing the Reigate brand into Nanjing Chilin Bilingual School, and to provide bilingual education courses that cover to K-12.
- The school has obtained licenses for operating elementary and junior high schools, and the kindergarten and elementary school have officially commenced operation.



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 western 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 healthcare, 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 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 another 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.

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.
- 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.

Our Strengths & Strategies

STRATEGIC POSITIONING

- CDB and CDB Capital's sole listed platform in new urbanization and livelihood improvement investments.
- Integrate the network and resources of CDB Capital in the segment of new urbanization, and build a leading national investment and operation brand covering financing, investment, development and operation.

BUSINESS STRATEGY

- Leverage the close relationship between CDB and CDB Capital and government and their huge customer resources, choose high-quality project across the country, improve the quality of the Company's assets and improve profitability.
- Maintain a steady growth in the portfolio of fixed return investment, and to achieve stable revenue and cash flow on top of good control of investment risk.
- On top of fixed income investments, select region and partners nationwide with caution, and develop and operate projects in the fields of urbanization and livelihood improvement. Provide high-quality township facilities to people in the region and enhance the region's business value.
- Achieve a stable-scale investment portfolio of "investment in fixed income projects" and "investment and operation of products in the livelihood".

FINANCING STRATEGY

- Fully leverage the advantage of CDB and CDB Capital in the field of credit background, and build the Company's cross-market financing channel.
- Further improve the Group's financial strength by various innovative financing methods on projects.
- Benefiting from various operations of the listed platform in capital market, increase the Company's leverage, which will enhance return on equity.

CORE COMPETITIVENESS

- Continuously supplement and improve the Group's organisation structure with CDBC's management expertise.
- Carry out cooperation with high-quality partners in respect of the investment in projects in the field of livelihood, such as education, tourism, and heath care.
- Standardize and systematically enhance project flows, accumulate relevant knowledge and experience.

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

Ms. Cheng Lucy

BUSINESS ADDRESS

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BVI PRINCIPAL SHARE REGISTRAR

Tricor Services (BVI) Limited
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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. Benny Bing Yin Cheung
since 11 August 2020

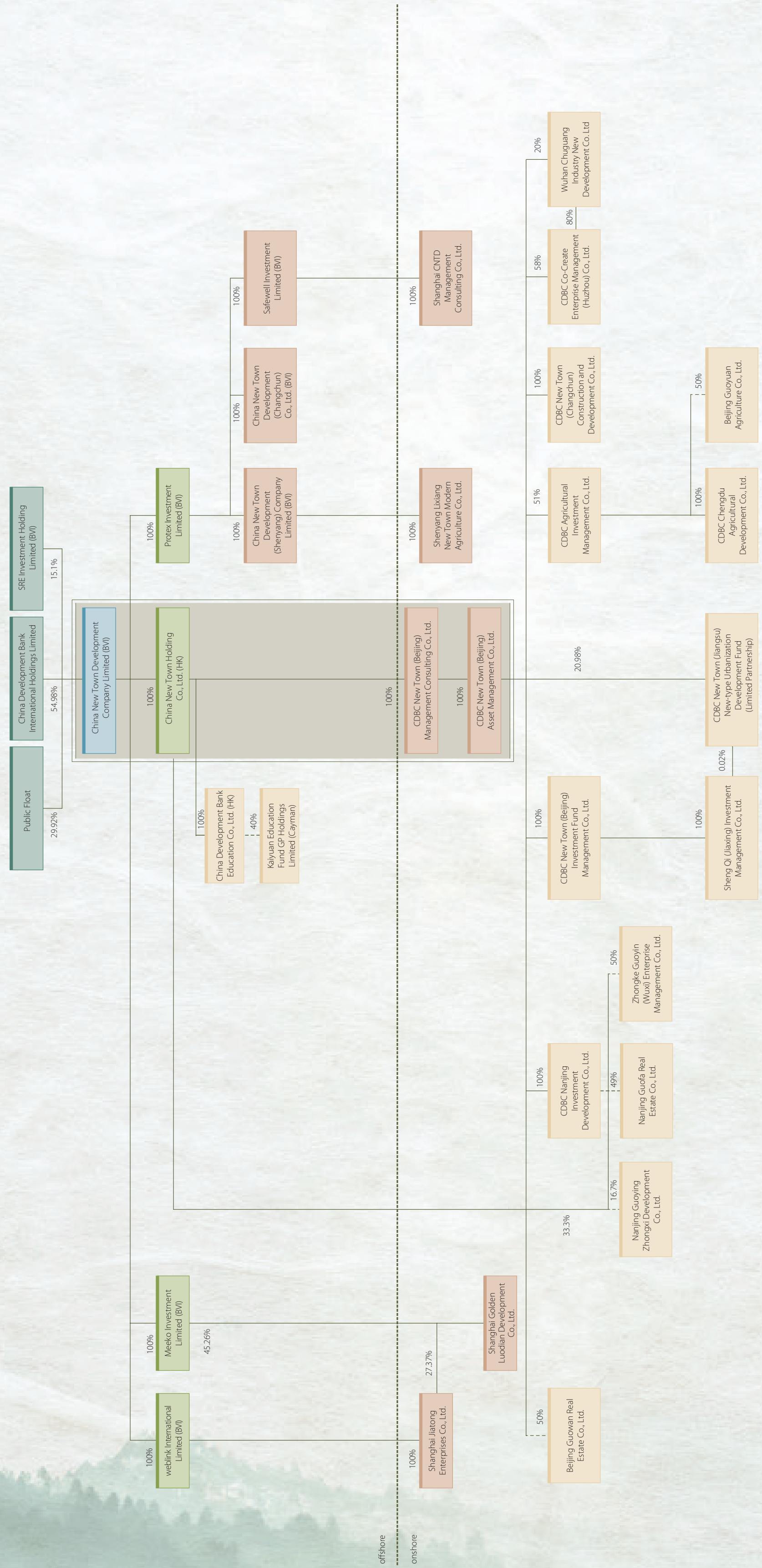
STOCK EXCHANGE LISTED

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

PRINCIPAL BANKERS

China CITIC Bank International Limited
Agricultural Bank of China Limited
China Minsheng Banking Corporation Limited
China Construction Bank (Asia) Corporation Limited
Shanghai Pudong Development Bank Co., Ltd.
Bank of Communications Co., Ltd.

Group Structure



Note: CDBC Yangzhou Jiangguang Fusion Private Investment Fund is a contract fund.

Chairman's Statement

DEAR SHAREHOLDERS,

In 2020, an exceptionally unusual year in China's history, we witnessed challenging and complicated global situations, and China's reform and development entering into a critical stage. Especially due to the impact of the COVID-19 epidemic, the production conditions of all industries at the beginning of the year were severely affected. The gross domestic product (the "GDP") growth rate in the first quarter of 2020 fell 6.8% year-on-year. Subsequently, as coordinated efforts were made to prevent and control the epidemic and to boost economic and social development by consolidating the "Six Stabilities" (六穩) initiatives and fully implementing the "Six Guarantees" (六保) tasks, the economy was on a way of stable recovery. The annual GDP exceeded RMB100 trillion for the first time, an increase of 2.3% year-on-year, making China a major economy of global economic growth in 2020; in particular, as the GDP growth returned to 6.5% in the fourth quarter of 2020, China's economy showed momentum of sustained recovery, demonstrating its strong resilience of economic development. 2020 was also the year that marked the completion of the "13th Five-Year" Plan. After five years of relentless effort, China has made new historic achievements in economic and social development, and the principal goals and tasks of the "13th Five-Year" Plan are set to be attained and completed. China has leaped to a new level in respect of economic strength, scientific and technological strength, comprehensive national strength, and people's standard of living. Success in building a well-off society in an all-round way is in sight, and a new stride has been made in the great rejuvenation of the Chinese nation, laying a solid foundation for the "14th Five-Year" Plan to develop and realize the second centenary goals.

Amid the changing complicated markets at home and abroad, China New Town Development Company Limited (the "Company", together with its subsidiaries, the "Group") adhered to the guidance of Xi Jinping's socialist ideology with Chinese characteristics in the new era, and leveraged on the extensive experience in the industry and risk control of China Development Bank Corporation ("CDB") and China Development Bank Capital Corporation Limited ("CDBC"), the controlling shareholders of the Company, to further consolidate our management foundation. While ensuring effective measures were taken to prevent and control the spread of COVID-19 epidemic, the Company continued to focus on investment in livelihood improvement, steadily advanced its reform and transformation, did the utmost to resolve risky projects to ensure the steady and smooth growth of the Company and created value for shareholders.

CONTINUOUS FOCUS ON LIVELIHOOD IMPROVEMENT AND STEADY GROWTH OF THE COMPANY'S BUSINESS

In December 2020, in the Central Economic Work Conference, it was initiated to reasonably increase China's public expense and improve the efficiency of expenditure in public services including education, medical care, elderly care, and childcare; it was also initiated that potential of the domestic market will be fully explored to increase consumption and effective investment based on the aspiration of livelihood improvement, improve the mechanisms and policies in support of engagement of social capital, give more focus on making up for shortcomings of infrastructure related to livelihood, and promote the balanced development of new urbanization and region; safeguarding measures will be carried out for the basic livelihood to facilitate employment in multi-channels for major groups and continue to improve the lives of people.

Against this background, the Group persisted in following and carrying out national policies focused on livelihood improvement by exploring and establishing business operations that correspond to livelihood improvement, and tapping into sectors such as education, fixed income and industrial properties. Our initiatives culminated in positive and encouraging developments.

In terms of education investment, as of the end of 2020, there were nearly 100 students in kindergartens and elementary schools affiliated with the Reigate Grammar School Nanjing. Meanwhile, the phase II construction of the school is accelerating; Zhangjiagang School has also officially started construction, and the structure of kindergarten building was topped out by the end of 2020. In addition, we also actively deployed in economically developed regions such as Beijing and Shenzhen and reserved potential projects, which lays a good foundation for subsequent development in the education sector.

Chairman's Statement

In terms of fixed income, amid the complex and changeable domestic and foreign economic environment, coupled with the impact of the epidemic, the Group's fixed income investments in certain sectors experienced increased credit risk, and the risk exposure of the investment portfolio has increased. Therefore, in 2020, as the Group accelerated its efforts to address risky projects, it recovered the funds from certain risky projects. Among them, Nanchang Science and Technology Park Project of Chinese Academy of Sciences Project is one of the projects exposed to risks with a large investment balance, but we are undergoing further communication and mediation with our partners.

In terms of industrial properties, in 2020, Hubei, as the province with the most severe COVID-19 epidemic and the longest period of epidemic control in the PRC, experienced an almost stagnant production and significantly contraction in demand coupled with unsmooth economic operations and the impaired market confidence. Faced with the shock caused by the epidemic earlier last year, the office building of Wuhan Chuguang Industry New Development Co., Ltd.* (武漢楚光產業新發展有限公司) of the Group located in Wuhan Optical Valley was well prepared to prevent and control the spread of epidemic, to ensure the operation of the office environment free of risks of infection and the health of tenants. A variety of scientific management methods were adopted to further enhance the property management service and improve the quality of operation of buildings. Meanwhile, the Company actively sought appropriate tax relief under relevant policies, entered into supplementary agreements with tenants who are entitled to favourable policies to alleviate their economic pressure, and gave full support to the resumption of work and production in the region. The project gradually recovered its occupancy rate and achieved positive profit growth.

* For identification purpose only

I hereby present the Chairman's Statement of 2020 on behalf of the Board of China New Town Development Company Limited.

THE TRANSFER OF EQUITY INTERESTS UNDER PLANNING BY THE CONTROLLING SHAREHOLDER

On 3 December 2020, the Company received a notice from the controlling shareholder, China Development Bank International Holdings Limited ("CDBIH"), stating that CDBIH considering to transfer less than 30% of the total issued share capital of the Company by way of solicitation of transferees through a public bidding process. As of the end of 2020, CDBC holds 54.98% of the issued share capital of the Company through CDBIH.

The reason for the proposed transfer of equity interests is that, on one hand, CDBC is undergoing strategic adjustments and on the other hand, CDBC hopes that the introduction of new shareholders will help to promote the reform of diversification of equity interests and shareholders may leverage each other's strengths, to achieve the profound development of the Company. CDBC is still optimistic about the livelihood improvement and the development prospects of the Company, and will continue to firmly support the Company's business development in the future. The proposed transfer of equity interests is under planning. This proposed transfer is not expected to have any adverse impact on the operations of the Company. On the contrary, by relying on the diversified relationships with shareholders and resource advantages, the Company will expand its business scope and continue to create more value for shareholders and investors in the future. The Company will embrace a promising future for its development.

In 2020, the Group's operating income for the year amounted to RMB476 million, and loss attributable to the equity holders of the parent company was RMB251 million, mainly due to the provision of impairment of approximately RMB324 million related to the Nanchang Science and Technology Park Project of Chinese Academy of Sciences Project.

Looking ahead, the global economy in 2021 is expected to be featured with complexity and severity, as well as unstable and uneven recovery, and various derivative risks caused by the impact of the epidemic cannot be underestimated. However, given the huge development potential of the China's economy and its economic recovery that tops other economies in the world, and the initiatives proposed in the "14th Five-Year" Plan outlining that livelihood and welfare must reach a new level, the Company will continue to steadily seek business opportunities in the face of challenges, and stick to business transformation strategies. In respond to the national policy and by focusing on the livelihood sector in market orientation, we will steadily advance the premier development of the Company, and continuously create core value for shareholders in the long run.

Finally, on behalf of the Board, I would like to express my sincere gratitude to all shareholders, investors, financial institutions and relevant partners for their unremitting support to the Company in the past year. Meanwhile, I would like to pay sincere heartfelt respects to the hard work of directors, management and all staff. We will continue to strive to create more long-term interests and value for all shareholders.

CEO's Statement

Dear Shareholders,

In 2020, China New Town Development Company Limited (the "Company", together with its subsidiaries, the "Group") maintained its stable and orderly development by focusing on the prevention and control of the novel coronavirus 2019 ("COVID-19") epidemic, the continuous advancement of remaining projects, risk mitigation and the smooth transition of the Company's reform and transformation to ensure the stable and orderly development of the Company.

In 2020, the COVID-19 epidemic has swept across the country, which has severely affected domestic and foreign production and threatened the lives and health of employees. The Company attached great importance to epidemic prevention and control, and in response to the government's call, it has formulated a targeted work plan on epidemic prevention and control to ensure the workplace safety of employees.

Under the tremendous support by the controlling shareholders, the Group explored and established its business operations in the livelihood improvement segment. The Group achieved positive development, particularly the education and industrial property while resources have been accumulated for project pipelines, which has laid a solid foundation for the long-term sustainable development in the future. As regards fixed income investments, we maintained steady investment, while strengthening the efforts to prevent and manage investment potential risk exposure and actively disposing of risky projects to recover investment funds.

The Group's operating income for 2020 amounted to RMB476 million. The loss attributable to equity owners of the parent was RMB251 million.

FURTHER IMPLEMENTING AND FOCUSING ON DETAILS TO ENSURE EFFECTIVE RESULTS IN EPIDEMIC PREVENTION AND CONTROL

In response to the COVID-19 epidemic that swept the world in 2020, the Group established a working team responsible for epidemic prevention and control, formulated a targeted work plan on prevention and control, cooperated with the local government to carry out epidemic prevention and control, conducted risk investigation in a timely manner, reasonably arranged employees to work, and performed effective cleaning and hygiene and disinfection management in office area to ensure that employees are provided with a safe and healthy working environment.

MITIGATING RISKS, PROMOTING MANAGEMENT, AND FACILITATING THE STABLE DEVELOPMENT OF THE COMPANY'S BUSINESS IN AN ORDERLY MANNER

1. **Smooth development in the education segment, to achieve the school's operating goals**

   Since 2017, the Group has recognized the education segment as an integral part of our investments in livelihood improvement. By leading the establishment of Kaiyuan Education Fund LP (the "Kaiyuan Education" or "Kaiyuan Fund") overseas, China Development Bank Education Company Limited ("CDB Education"), a wholly-owned subsidiary of the Company, is principally engaged in investments and operation of K-12 international schools in the Greater China region.

   The flagship project was launched in the Chilin High-tech Industrial Development Zone in Jiangning District, Nanjing, to operate as an international school aimed at integrating bilingual courses. The Group is responsible for school development and construction through Nanjing Guoying Zhongxi Development Co., Ltd (南京國英中西建設開發有限公司), which is established with our partners. Following nearly three years of commitment, the delivery of the kindergarten campus has been completed, and currently, we are fully committed to the construction work of a junior high school and an elementary school campus.

* For identification purposes only

Kaiyuan Education is responsible for the school operations. Kaiyuan Education has entered into the Strategic Cooperation Framework Agreement on Exclusive Operation License with Reigate Grammar School, a 300-year renowned British school, pursuant to which, the exclusivity right of school operation in the Greater China has been obtained to establish and operate a number of bilingual international schools under the Reigate brand.

By focusing on the Chinese brand of "Bosong • Reigate" and the schooling philosophy of "Global Vision with Chinese Root", Kaiyuan Education has built a team of management and faculty with extensive experience in international school operation. In 2020, the Nanjing Chilin Bilingual School Affiliated with Reigate Grammar School* (博頌•萊爵麒麟雙語學校) carried out a variety of branding and marketing activities, which achieved good results and attracted many families in Nanjing, which laid a sound foundation for enrollment. At present, the school has obtained licenses for operating elementary and junior high schools, and the elementary school has officially commenced operation in the autumn of 2020. As of the end of 2020, the total number of students enrolled in kindergartens and elementary schools was nearly 100.

Owing to the outstanding marketing results of Nanjing School, the Group carried out the second K-12 school operation project in Zhangjiagang, Jiangsu. The Reigate Grammar School Zhangjiagang, which is located in the core area of the high-tech zone with an area of approximately 120 acres, will accommodate between 1,800 and 2,000 students after completion and is a key construction project developed by the government under the PPP model. Kaiyuan Education will continue to market the Reigate brand by virtue of school operation, which will radiate out to the affluent market in Suzhou, Wuxi and Changzhou. As a result, the bilingual school strategy of Kaiyuan Education will be deeply entrenched in Jiangsu. Carrying on the resources and experiences of the Reigate Grammar School Nanjing, the Reigate Grammar School Zhangjiagang project is currently unfolding well and has officially started full construction. The structure of kindergarten building was topped out by the end of 2020. The school is forming a teaching team, starting recruitment for major positions, and gradually conducting market research. The preparatory work for early enrollment is carried out in an orderly manner to ensure the smooth commencement of the school operation in 2022.

Meanwhile, in 2020, Beijing Xicheng Education Investment Co., Ltd.* (北京熙誠教育投資有限公司), the education investment flagship indirectly wholly-owned by the Xicheng District Government of Beijing, as a strategic investor, will increase its capital to the domestic education investment platform affiliated to Kaiyuan Education by a premium investment. It has been actively deploying in economically developed regions such as Beijing and Shenzhen, looking for high-quality projects to reserve, and has made positive progress, laying the foundation for the expansion of the education segment in the PRC.

2. Due to the efforts in epidemic control, the Optical Valley New Development International Center in Wuhan maintained a good occupancy level

In 2020, Hubei, as the province with the most severe COVID-19 epidemic and the longest period of epidemic control in the PRC, experienced an almost stagnant production and significantly contraction in demand coupled with unsmooth economic operations and the impaired market confidence. In the first and second quarters, the regional GDP of Hubei province fell by 39.2% and 19.3% year-on-year, respectively, and the regional GDP of Wuhan in the first quarter fell by 40.5% year-on-year.

Wuhan Chuguang Industry New Development Co., Ltd.* (武漢楚光產業新發展有限公司), a non-wholly-owned subsidiary of the Company, adopted a variety of scientific management methods to overcome the dual difficulties of the COVID-19 epidemic and the resumption of work and production, continuous pursuit of effective industrial and commercial leasing, and continued to improve its operation and management plan with reference to the management and service standards of local high-quality Grade A offices. For attraction of specific tenant, the Company actively sought policies from the government, obtained relevant tax reductions and exemptions, entered into supplemental agreements with customers who are qualified for the policies to reduce their pressure and support the resumption of work and production.

As of the end of 2020, the tenant attraction of the project maintained well. The occupancy rate of office buildings exceeded 98% with an average monthly rent (inclusive of tax) of approximately RMB96 per square meter. The occupancy rate of commercial areas exceeded 83% with an average monthly rent (inclusive of tax) of approximately RMB132 per square meter. The smooth operation of the project contributed to the achievement of positive profit growth.

* For identification purposes only

3. **Proactively recovering fixed income investment funds and giving priority to the defusion of risky projects**

Fixed income investments, which plays an integral part of our major operating income, has been making positive contribution to the financial performance of the Group over the last couple of years. In 2020, given the challenging economic environment at home and abroad, especially in light of the rising credit risks in certain economic sectors, the Company took the initiative to recover the fixed income investment funds, controlled project investments and kept the investment scale in check for the purpose of achieving healthy investment incomes.

As of the end of December 2020, after deducting the impairment provision of potential risk projects, the Group has a portfolio of approximately RMB1.27 billion fixed income investments. These projects, excluding risky projects, secured a total contractually guaranteed annual return before tax of approximately RMB127 million, representing an average annualized pre-tax return of about 10.7%.

Given the rising credit risks in certain economic sectors in the domestic market, a portion of investment projects of the Group are subject to risk exposure. While the Company has recovered RMB30 million of Qinhuangdao Shanty-town Reformation Projects and RMB105 million of Changchun New Town risky project, the Company following due consideration provided an impairment provision for risks of approximately RMB324 million related to the Nanchang Science and Technology Park Project of Chinese Academy of Sciences Project, and recognised an impairment loss on other receivables of approximately RMB38 million.

In face of such risk exposure, the Group and corresponding investment partners maintained close communications on thorough research analysis over corresponding projects and assess the need to proceed with legal actions. For instance, as for Nanchang Science and Technology Park Project of Chinese Academy of Sciences Project, the Company proactively engaged in debt pre-restructuring and restructuring of the purchaser. The disposal of the project was promoted through judicial methods and other solutions are also encouraged. The Company strived to recover the investment incomes and principal to protect the interests of the public shareholders.

4. **Steadily promoting other projects**

In terms of other projects, the Company continuously enhanced communication with local governments and partners to facilitate the core business of projects. In particular, Plot H-06 in the eastern part of Luodian under the SGLD Project was listed and commenced trading at the end of December by actively coordinating various channels and reached an agreement in February 2021, with the transaction amount of RMB1,965 million. The Beijing Junzhuang Project is conducted with the help of partners to coordinate with local government to push forward the planning, adjustment and approval of Junzhuang Town and to determine the development direction and profit models of projects.

2021 BUSINESS OUTLOOK

In 2021, the Group will continue to prevent and control the COVID-19 epidemic while persisting in monitor risky projects and formulating solutions so as to steadily proceed with the Company's remaining projects and identify high-quality project operation opportunities to expand our project pipeline. In addition, the Group will coordinate with the controlling shareholders in the transfer of equity interests to ensure the smooth and steady operation of the Company during the transfer of equity interests.

1. **Our continuous efforts on the prevention and control of the epidemic to ensure the safety of our employees**

In 2021, the Company will continue to prevent and control the epidemic to remind our employees to keep vigilant all the time. We will conduct effective disinfection of working space for employees and proactively carry out the reserve of protective supplies to ensure the health and safety of employees.

2. **Our continued efforts to promote the development of education segment and improve management standard**
We will expedite the construction and preparation of our school projects in the pipeline, establish and strengthen our core products and concepts in the K-12 education segment, and accelerate the pace to ensure stable cash inflow of the projects and profit generation. We will continue with the construction of the other school buildings in a view to completing the inception and acceptance procedures of construction work. We will continue to communicate with the local government, ensuring Phase I of Reigate Grammar School Zhangjiagang will be delivered by 2021 and the school year starts in 2022.

While actively expanding new projects, we will strive for commencing the operation of new lightweight asset in Beijing, Shenzhen and other cities for the purpose of achieving the marketing model of the optimized lightweight asset brand and enabling our education brand to establish the benchmark project in the first-tier cities. In line with national education policies, we will explore our strategic orientation and strive for the completion of projects falling under the strategic orientation, including but not limited to study tour programs, camp education events, and liberal education curriculum as part of the synergistic extension from international education.

To improve our management standard, we will increase the efforts to develop and reserve the talent pool for education professionals, and strengthen the reputation and influence of CDB Education in the education sector by actively attending forums organised by academic committees and external education organisations.

3. **Our continued efforts to operate and manage Optical Valley New Development International Center in Wuhan and improve service standard**
We will continue to carry out epidemic prevention and control, strengthen the management of tenants, invite experts to popularize epidemic prevention knowledge for enterprises and commercial tenants in the buildings, publicize and set requirements for epidemic prevention to ensure a safe and steady operation for projects. We will continue to carry out effective commercial lease by taking the initiative to collect and identify customer requirements, improving the satisfaction rate of customers, and providing premier property management and comprehensive operation services. By improving the tenant retention rate, we will build the Optical Valley New Development International Center into a landmark property project in Wuhan.

4. **Our efforts to proactively carry out fixed income investments and effective defusion of risk projects**
In 2021, the Group will continue to strengthen the research and analysis of fixed income investment models and steadily promote project investments in line with the domestic economic development by thoroughly understanding and implementing national policies. We will strengthen post-investment management and risk control for projects, while creating cash flow and income.

As for projects that are exposed to potential risks, our team will continue to keep close watch over and mitigate such risks, and strive for recovering the principal and revenue of risk project. The Company will internally extend more resources for risk management by strengthening its capability for risk identification, test and control. Furthermore, we will continue to deepen the management and operation before, during, and after investments, and concentrate our efforts to mitigate the risk of key projects. By deepening the research on the assets of our partners, we will proactively study asset disposal and preservation measures, while fully tapping into the external and internal resources of the CDB system. Besides strengthening communications with our partners, we will explore diversified solutions, and protect the investment interests of the Group by legal means, including initiating legal actions wherever necessary.

5. **Deepening the management of remaining projects and achieving milestone**
In 2021, the Company will continue to deepen the management of remaining projects, including the execution of the new cooperation agreement between Shanghai Golden Luodian Development Co., Ltd. and the local government and the collection of funds, as well as the government negotiations and model optimization of Shenyang Lixiang Project.

Looking ahead to 2021, the Group will put the systematic advantage of shareholders into full play. Under the leadership of the Company's management team, it will integrate its advantages, serve the country's "14th Five-Year" Plan, aiming at building itself into a leading investment and operation platform in the field of livelihood improvement in China, unite with sincerity and go forward for our dreams.

Profiles of Directors and Senior Management

DIRECTORS

Mr. Zuo Kun,

aged 46, was appointed as a Non-executive Director and the vice chairman of the Board (the "Vice Chairman") on 28 March 2014. He was redesignated from a Vice Chairman to the chairman of the Board on 21 March 2019. Mr. Zuo holds a master's degree in politics and economics from Lanzhou University. Mr. Zuo is currently the vice president of China Development Bank Capital Corporation Limited* (國開金融有限責任公司) ("CDBC"), a controlling shareholder of the Company. He has extensive experience in the investment and financial industry. He joined CDBC in 2009 and has been the vice president of CDBC since March 2011. From 2001 to September 2009, Mr. Zuo had been working at, in a chronological order, the International Finance Bureau, Lanzhou Branch, and executive office of China Development Bank Corporation* (國家開發銀行) ("CDB").

Mr. Li Yao Min,

aged 70, was appointed as a Non-executive Director on 11 January 2007 and has been the Executive Vice Chairman of our Company since 1 April 2007. Mr. Li was previously appointed as Co-Vice Chairman on 1 December 2008 and has subsequently been re-designated as Chief Executive Officer and Co-Vice Chairman since 7 January 2010 and as Chief Executive Officer and Co-Chairman on 1 July 2011. Mr. Li was re-designated as a Non-executive Director and the Vice Chairman of the Board on 28 March 2014. From 1992 to 1993, he was attached to Shanghai Golden World Commercial Building Co., Ltd. as a General Manager, responsible for the overall management and development of commercial property. He has over 20 years of experience in business management and the property development industry, including over 12 years' experience in new town development in the PRC. Mr. Li is also a founder of SRE Group Limited ("SRE", Stock Code: 1207), and was reappointed as the co-chairman and executive director of SRE on 29 August 2013, and resigned on 5 February 2015. Mr. Li will be responsible for the duties in the absence of the chairman of the Board and the execution of the Group's business strategies and plans.

Mr. Liu Heqiang,

aged 51, was appointed as an Executive Director and the Chief Executive Officer on 28 March 2014. Mr. Liu graduated from University of Science and Technology Beijing with a master's degree in industrial engineering. Mr. Liu has extensive experience in banking and investment industry. From December 2009 to 1 April 2015, Mr. Liu was the general manager of the direct investment division III of CDBC, a controlling shareholder of the Company, where he was responsible for the investment in urban development related areas. From 1992 to 2009, Mr. Liu had been working at, in a chronological order, in State Raw Materials Investment Corporation (國家原材料投資公司), and Northeast Credit Department (東北信貸局), Tianjian Branch, and the Market and Investment Business Bureau, of CDB. Mr. Liu is the president of the Company and is responsible for the management of the business of the Company and its subsidiaries (the "Group"). Mr. Liu is also a director of several subsidiaries of the Company, such as China New Town Holding Company Limited.

* For identification purposes only

Mr. Wei Dongzheng,

aged 48, was appointed as a Non-executive Director on 21 March 2019 and has more than 25 years of experience in financial, information technology and management. Mr. Wei graduated from Guanghua School of Management in Peking University in the PRC with an executive master's degree in business administration. Mr. Wei is currently an official cadre of CDBC who is assigned to Guokaiyuanrong Asset Management Co., Ltd. as deputy general manager. CDBC is the controlling shareholder of the Company. He joined CDBC in 2009 and had served as general manager of integrated business department. From December 1998 to December 2009, Mr. Wei served in Nanning Branch and Guangxi Branch of CDB. CDBC is a wholly-owned subsidiary of CDB. Before joining of CDB, he worked at the information centre of the main bureau of the General Office of the Party Committee of Guangxi Zhuang Autonomous Region and the Information Department of Guangxi Branch of China Investment Bank.

Mr. Wang Jiangang,

aged 39, was appointed as a Non-executive Director on 21 March 2019 and has more than 10 years of legal experience. He obtained a master's degree in international law from the International Law Department of Foreign Affairs College. Mr. Wang is currently a deputy general manager of investment management department and head of risk and legal compliance department of CDBC. CDBC is the controlling shareholder of the Company. He joined CDBC in 2010 and successively held the positions of deputy general manager of risk management department and head of legal affairs department. Prior to joining CDBC, he had worked at the bankruptcy reorganisation department and litigation and arbitration department of Beijing Jindu Law Firm.

Ms. Yang Meiyu,

aged 38, was appointed as an Executive Director on 28 March 2014. Ms. Yang graduated from Peking University with a master's degree in finance. Ms. Yang joined CDBC in December 2009, where she was responsible for urban development related investment and served as the manager, senior manager and assistant to general manager of the Direct Investment Division III of CDBC, a controlling shareholder of the Company, respectively, and the vice general manager of the Management Department of a subsidiary from April 2015 to August 2016. Currently, she also acts as directors and supervisors of various subsidiaries of CDBC. Prior to joining CDBC, Ms. Yang worked as an investment manager at China Reits Investment, where she was involved in various fund raising and land development projects. Ms. Yang is the vice president of the Company and is responsible for corporate financing, operation and investors' relation management. Ms. Yang is also the directors of several subsidiaries of the Company, such as Weblink International Limited, Meeko Investment Limited and Protex Investment Limited.

Profiles of Directors and Senior Management

Mr. Ren Xiaowei,

aged 49, was appointed as an Executive Director on 28 March 2014. Mr. Ren graduated from Beijing Machinery and Industrial College (北京機械工業學院) with a bachelor's degree in engineering. He joined CDBC, a controlling shareholder of the Company, in December 2009. He worked as assistant general manager and chief operating officer of China Development Caofeidian Investment Company Limited (國開曹妃甸投資有限公司), the vice president and chief investment supervisor of China Development Jilin Investment Company Limited. Mr. Ren had been the senior manager of the direct investment division III of CDBC and the vice general manager of the department, respectively, from 2009 to 2014. He has extensive experience in import and export industry. Prior to joining CDBC, Mr. Ren worked as department manager of China National Machinery Import & Export Corporation (中國機械進出口公司) from 1995 to 2003 and as managing director of Bidwiin Tech from 2003 to 2009. Mr. Ren is currently the vice president of the Company and is responsible for the management of urban development projects and construction projects. Mr. Ren is also a legal representative of Shanghai Golden Luodian Development Co., Ltd. and a director of several subsidiaries of the Company.

Mr. Shi Janson Bing,

aged 37, graduated from the University of Southern California and obtained a bachelor's degree in accounting in May 2007, joined the Group in December 2007 and was an Executive Director from 12 December 2007 to 28 March 2014. Mr. Shi was appointed as an Executive Director on 12 August 2016 and is responsible for strategic cooperation of the Group. He was an executive director of SRE (Stock Code: 1207) from 17 July 2015 to 12 July 2018.

Mr. Henry Tan Song Kok,

aged 56, was appointed to our Board on 25 September 2007. He is the Lead Independent Non-executive Director and the Chairman of the audit committee of the Board (the "Audit Committee") and a member of each of the nomination and remuneration committees of the Board (the "Nomination Committee" and the "Remuneration Committee", respectively). He is the Group Chief Executive Officer of Nexia TS Public Accounting Corporation and Nexia TS Pte Ltd. He was the past Asia Pacific Regional Chairman and board member of Nexia International. He holds directorship for several companies. He is a director of YHI International Limited, BH Global Corporation Limited, Asia Vets Holdings Ltd and Dyna-Mac Holdings Ltd (these companies are listed on Singapore Stock Exchange). He is the Chairman of the Nanyang Business School (NBS) Dean's Alumni Advisory Board of NTU. Previously, he was a director of Raffles Education Corporation Limited, Ascendas Fund Management (S) Limited (Manager of Ascendas Real Estate Investment Trust) and Yinda Infocomm Limited. Mr. Tan graduated with a First Class Honours Degree in Accountancy from the National University of Singapore. He is a Fellow of the Institute of Singapore Chartered Accountants, Institute of Chartered Accountants of Australia and New Zealand, CPA Australia and Insolvency Practitioners Association of Singapore Ltd and Singapore Institute of Directors and a member of Institute of Internal Auditors, Inc (Singapore Chapter) and Singapore Institute of Accredited Tax Professional Limited. Mr. Tan was Treasurer and exco member of Singapore Fintech Association and is a current council member of Institute of Singapore Chartered Accountants.

Mr. Kong Siu Chee,

aged 74, was appointed as an Independent Non-executive Director on 30 November 2006. He is also the Chairman of the Remuneration Committee and a member of the Nomination Committee. Mr. Kong obtained a bachelor's degree in arts from the University of Hong Kong in November 1969 and a master degree in business administration from the Chinese University of Hong Kong in December 1980. He is an associate of The Chartered Institute of Bankers in the United Kingdom. Mr. Kong began his career in 1969 with Standard Chartered Bank, where he served in various managerial positions for 24 years. In 1993, he pursued his new business interest in the telecommunications sector and was a director of Champion Technology Holdings Limited from 1993 to 1994 and a director of Kantone U.K. Ltd. from 1994 to 1996. Between 1999 and 2005, he served as a director, Executive Vice President and Alternate Chief Executive Officer of CITIC Ka Wah Bank Limited (renamed as CITIC Bank International Limited in May 2010), and was also a director and the Managing Director of CITIC International Financial Holdings Limited from 2002 to 2005 and was an independent non-executive director of Harbin Bank Co., Ltd. (Stock Code: 6138) from October 2013 to October 2019. Mr. Kong has been appointed as an independent non-executive director of Chinney Kin Wing Holdings Limited (Stock Code: 1556) since 20 October 2015.

Mr. Zhang Hao,

aged 61, was appointed as an Independent Non-executive Director and a member of the Audit Committee on 13 February 2012. Mr. Zhang is currently the vice director and part-time professor of the Yangtze River Basin Development Institute of the East China Normal University. He graduated from the Department of Economics of the Nanjing University in August 1990 and then obtained a master degree in business administration from the Shanghai Jiao Tong University in March 2005. Mr. Zhang had previously served in various departments of the provincial government of the People's Republic of China for over 29 years. From August 1981 to August 1996, he worked first as the senior staff member in the Planning Commission of Chongming County and then as the superintendent of the Seawall Project Management of Chongming County. From August 1996 to December 2010, Mr. Zhang held various positions including as a senior staff member of the Cooperation Office of the Shanghai Municipal Government and a cadre of the department of district and county economy of the Shanghai Municipal Development Planning Commission.

Mr. E Hock Yap,

aged 65, was appointed as an Independent Non-executive Director on 29 May 2012. He is also the Chairman of the Nomination Committee and a member of each of the Audit Committee and Remuneration Committee. He obtained a bachelor's degree in Chemical Engineering from the University of Sheffield, United Kingdom in 1978. He is also a member of the Institute of Chartered Accountants in England and Wales and a member of the Hong Kong Institute of Certified Public Accountants. He started his career with the London office of KPMG as an auditor specializing in insolvency from August 1978 to May 1983. From May 1983 to January 1987, he worked at Chase Manhattan Bank as an investment banker and in various investment banks in the region. He later took up management roles in several financial services companies in the Asia Pacific Region. He served as the Chief Executive Officer and as the Managing Director of Prime Credit Limited during the period from August 1999 to December 2007. Mr. Yap has also been appointed as an executive director of Convoy Global Holdings Limited (Stock Code: 1019) since 9 December 2017.

SENIOR MANAGEMENT

Mr. Wu Jubo,

aged 54, has been appointed as CFO on 11 March 2015. Mr. Wu graduated from the University of Science and Technology Beijing with a bachelor degree of accounting in January 2005. Mr. Wu holds a PRC professional qualification certificate in accounting and has over 31 years of experience in accounting and finance management. Prior to joining the Company, he was the Chief Accountant at Yangzhou subsidiary of CITIC Pacific Special Steel Group from 1 May 2013 to 1 April 2014. He also worked as the director and financial controller at Kazakhstan KMK Oil Joint Stock and the deputy general manager at Wuxi Heng Yuan Investment Company Limited from 1 May 2010 to 1 May 2013. During the period from 4 April 2004 to 1 May 2010, Mr. Wu was the head of the finance department of CITIC Pacific (Hong Kong) Investment Company Limited, Chief Accountant at Xing Cheng Special Steel Co., Ltd., and director and company secretary of Daye Special Steel Co., Ltd. Mr. Wu would be responsible for matters relating to corporate finance, corporate development and assists in strategic planning, as well as other financial management duties.

Five-Year Financial Summary

A summary of the consolidated results and assets and liabilities of the Company and its subsidiaries (the "Group") of the last five financial years, as extracted from the published audited financial statements and reclassifies as appropriate, is set out below.

	For the year ended 31 December				
RMB'000	**2020**	2019	2018	2017	2016
Continuing operations					
Operating income	**475,966**	614,931	722,126	1,232,296	303,088
Revenue	**391,639**	414,941	599,286	1,151,794	244,572
Other income	**84,327**	199,990	122,840	80,502	58,516
Operating expenses	**(676,575)**	(453,396)	(853,240)	(665,085)	(334,524)
Cost of sales	**(40,865)**	(30,931)	(444,842)	(391,246)	(46,164)
Selling and administrative expenses	**(124,046)**	(124,379)	(137,585)	(125,764)	(126,207)
Finance costs	**(112,665)**	(165,238)	(149,708)	(99,145)	(104,595)
Other expenses	**(12,553)**	(2,096)	(107,649)	(48,930)	(57,558)
Impairment losses on financial assets	**(386,446)**	(130,752)	(13,456)	—	—
Operating (loss)/profit	**(200,609)**	161,535	(133,144)	567,211	(31,436)
Gain on disposal of subsidiaries and joint ventures	**—**	—	—	—	103,444
Share of (losses)/gains of joint ventures and associates	**(6,458)**	15,956	(14,954)	(4,395)	(1,204)
(Loss)/profit before tax from continuing operations	**(207,067)**	177,491	(146,068)	562,816	70,804
Income tax	**(41,098)**	(66,139)	268,320	(143,432)	(3,651)
(Loss)/profit after tax from continuing operations	**(248,165)**	111,352	122,252	419,364	67,153
Discontinued operations					
Loss after tax for the year from discontinued operations	**—**	—	—	—	(34,065)
Gain after tax on disposal of assets and liabilities relating to discontinued operations	**—**	—	—	—	301,277
(Loss)/profit for the period	**(248,165)**	111,352	122,252	419,364	334,365
Non-controlling interests	**2,760**	15,940	38,359	83,750	11,711
(Loss)/profit attributable to equity owners of the parent	**(250,925)**	95,412	83,893	335,614	322,654
Assets and liabilities					
Total assets	**7,411,263**	8,670,988	9,005,415	8,098,824	8,111,971
Total liabilities	**3,023,871**	3,991,530	4,388,007	3,493,610	3,834,104
Total equity	**4,387,392**	4,679,458	4,617,408	4,605,214	4,277,867
Equity attributable to equity owners of the parent	**3,944,280**	4,239,106	4,192,996	4,221,394	3,913,611
Non-controlling interests	**443,112**	440,352	424,412	383,820	364,256
Total equity	**4,387,392**	4,679,458	4,617,408	4,605,214	4,277,867

Management Discussion and Analysis

OPERATING RESULTS

Revenue

Our results from operation mainly include land development, urbanization development and property leasing. During the year ended 31 December 2020 (the "Year 2020"), the Group recorded revenue of RMB392 million, decreased by 6%, as compared to that of the year ended 31 December 2019 (the "Year 2019"). In 2020, the Group recorded revenue of RMB11,873 thousand from land development, decreased by 6% as compared to that of last year. In Year 2020, we recorded revenue of RMB229 million from urbanization development, which consists of interest from debt instruments at amortised cost of RMB220 million, and other income from investment funds of RMB9,133 thousand, decreased by 21% compared to that of Year 2019. Due to the maturity of funds under management in Year 2020, no income from asset and fund management fees was recorded. In Year 2020, the revenue related to investment property of RMB150 million was recorded, including rental income from property leasing of RMB119 million and property management fee of RMB31,277 thousand. Due to higher occupancy rates and higher unit rents, revenue related to investment property was increased by 42% compared with Year 2019.

Other income

For Year 2020, other income amounted to RMB84,327 thousand, decreased by 58%, as compared to that of Year 2019. It was mainly because the fair value gain on an investment property in Year 2020 was only RMB13,885 thousand, which decreased by 88% compared with the Year 2019. Besides, interest income from bank deposits decreased by RMB16,728 thousand compared with the same period in Year 2019. Net fair value gain on financial instruments at fair value through profit or loss increased by RMB7,478 thousand compared with Year 2019, and net foreign exchange gain in Year 2020 was RMB6,765 thousand.

Cost of sales

For Year 2020, cost of sales of RMB40,865 thousand was recorded, including cost of land development of RMB11,818 thousand and cost of property management of RMB21,566 thousand. The cost of sales was increased by 32% as compared to that of Year 2019, mainly due to a 53% increase in property management services expenditure in Year 2020, which was due to an increase in asset operation management services expenditure.

Other expenses and impairment losses on financial assets

For Year 2020, other expenses and impairment losses on financial assets were RMB398,999 thousand, increased by 200% as compared to that of Year 2019, mainly because expected credit loss ("ECL") expenses of RMB386,446 thousand was recorded in Year 2020, increased by RMB255,694 thousand as compared to that of Year 2019, which was caused by the provision of RMB260 million for impairment of the Nanchang Science and Technology Park Project of Chinese Academy of Sciences Project.

Finance costs

For Year 2020, net finance costs of RMB112,665 thousand was recorded, decreased by RMB52,573 thousand as compared to that of Year 2019, mainly due to the decrease of average balance of bank and other borrowings during the Year 2020. Because the short-term loan of HKD300 million was repaid to Bank of East Asia ("BEA"), the loan of RMB30,000 thousand was repaid to Bank of China, and the loan of HKD419 million and USD27,480 thousand were repaid to China Construction Bank (Asia) Corporation Limited ("CCB (Asia)") in Year 2020. No interest capitalisation was accrued for Year 2020.

Share of (losses)/gains from joint ventures and associates

For Year 2020, the Group's share of losses from joint ventures and associates was RMB6,458 thousand, among which the share of gain of RMB1,422 thousand from Kaiyuan Education Fund GP Holdings Limited ("GP Holding Co"), loss of RMB1,235 thousand from Kaiyuan Education Fund LP ("Kaiyuan Fund" or "Kaiyuan Education"), and gain of RMB1,310 thousand from Nanjing Guoying Zhongxi Development Co., Ltd. ("Nanjing Guoying"). Most of the other joint ventures and associates are under construction stages with no solid income generated.

Taxation

For Year 2020, the Group recorded an income tax charge in respect of current year of RMB41,098 thousand, such income tax mainly attributable to (i) current income tax reimbursement of RMB5,873 thousand; (ii) deferred tax charge of RMB27,317 thousand; and (iii) withholding tax charge of RMB19,654 thousand.

Financial Position

Investment in associates

The balance as at 31 December 2020 increased by RMB74,726 thousand as compared with the balances as at 31 December 2019, mainly due to China Development Bank Education Co., Ltd. ("CDB Education"), a wholly-owned subsidiary of the Company, made new contributions of USD12,082 thousand to Kaiyuan Fund (equivalent to RMB79,480 thousand), share of gain of RMB187 thousand from associates and other comprehensive loss arising from associates of RMB4,941 thousand due to foreign currency translation.

Investment in joint ventures

The balances as at 31 December 2020 decreased by RMB7,382 thousand as compared with the balances as at the end of 2019, mainly due to share of losses of RMB6,645 thousand from joint ventures. In addition, the cancellation of the liquidation of Zhejiang Kailian Investment Management Co., Ltd. in 2020 had an impact on the investment in joint ventures of RMB737 thousand.

Debt instruments at amortised cost (non-current assets)

The balances of debt instruments at amortised cost (non-current assets) as at 31 December 2020 amounted to RMB481 million, a decrease of RMB736 million as compared with the balance as at the end of 2019. Such decrease was due to (i) the following debt instruments at amortised cost (non-current assets) of RMB992 million were reclassified to debt instruments at amortised cost (current assets): Changchun New Town Automobile Project of RMB110 million, Changchun Pipe Gallery Project of RMB16 million, Taizhou Tongtai Intelligent Manufacturing Industrial Park Project of RMB305 million, Chengdu Jintang Huaizhou New City Yunding Ranch Cultural Tourism Project of RMB251 million, Shaoxing Shilihetang Comprehensive Operation Management Project of RMB2 million, the First Phase Construction Project of High-tech Science and Technology Innovation Park in Yangzhong City, Jiangsu Province of RMB201 million, Suqian Yanghe Bio-tech Industrial Park Project of RMB107 million; (ii) new investment in Lianyungang Liandao Cultural Tourism Project of RMB200 million, a new shareholder loan of RMB46,500 thousand from CDBC Nanjing Investment Development Co., Ltd. ("CDBC Nanjing") to Nanjing Guoying; (iii) adjustment of the allowance for ECLs amounted to RMB2,670 thousand; and (iv) accrued interest increased about RMB7 million.

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

The balance as at 31 December 2020 amounted to RMB72,689 thousand, increased by RMB1,472 thousand as compared to the balance as at the end of Year 2019. It was mainly because CDBC New Town (Beijing) Asset Management Co., Ltd. ("CDBC New Town") redeemed investment principal of RMB6,950 thousand from the CDB (Beijing) — BOCOMM New-Type Urbanization Development Fund in 2020, a fair value loss of RMB1,208 thousand was recorded for this year, and a fair value increase of RMB9,630 thousand of Jiangsu Hong-tu Software Venture Capital Investment Ltd.

Investment property

The balance as at 31 December 2020 was RMB1,472 million, increased by RMB24,322 thousand as compared to the balance as at the end the Year 2019. This is due to in Year 2020 the increase of the cost of the investment properties of RMB10,437 thousand and the appreciation of fair value of RMB13,885 thousand. As of 31 December 2020, the investment properties of Wuhan Chuguang Industry New Development Co., Ltd.* (武漢楚光產業新發展有限公司) ("Wuhan Chuguang") have been completed. The fair value appreciation of the investment property is an increase in fair value resulting from cost savings due to the fact that the actual completion cost is less than the expected completion cost.

Right-of-use assets

The balance as at 31 December 2020 increased by RMB13,740 thousand as compared to the balance as at the end the Year 2019, which was mainly due to the increase of RMB26,936 thousand in respect of the buildings, and depreciation of the right-of-use assets of RMB13,196 thousand in Year 2020.

* For identification purposes only

Other receivables

The balance as at 31 December 2020 decreased by RMB50,475 thousand as compared with the balance as at the end of Year 2019. This was mainly due to the additional provision of RMB46,368 thousand for ECLs in Year 2020.

In 2020, an additional provision for ECL of RMB14,010 thousand was made for receivables due from Wuxi Project and a provision for ECL of RMB24,384 thousand was made for receivables due from subsidiaries disposed of.

Trade receivables

The balance as at 31 December 2020 increased by RMB6,577 thousand as compared with the balance as at the end of Year 2019 which was mainly due to an additional RMB5 million management fee receivables from the government, receivables of rent and property management fees of Wuhan Chuguang of RMB8,104 thousand, and thus allowance for ECLs was increased by RMB6,528 thousand. In addition, part of the receivables were written off because during the epidemic period of COVID-19 pandemic, rent concessions of RMB9,871 thousand was granted to tenants.

Debt instruments at amortised cost (current assets)

The balance as at 31 December 2020 was RMB953 million, decreased by RMB995 million as compared to the balance as at the end the Year 2019. This is mainly due to reclassification of debt instruments from non-current assets to current assets of RMB992 million, the redemption of the debt instruments on expiration of RMB1,664 million, and the adjustment of allowance for ECLs of RMB323 million. It is mainly due to the further provision of ECLs for debt instruments measured at amortised cost that are in Stage 3 of ECL in 2020: an additional ECLs of RMB260 million of Nanchang Science and Technology Park Project of Chinese Academy of Sciences, RMB53 million of Changchun New Town Automobile Project, RMB5 million of Qinghuangdao Project, and RMB5 million of Tourism Project in Changbaishan in 2020.

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

The balance as at 31 December 2020 amounted to RMB1,044 million, mainly because the Group purchased wealth management products issued by Shanghai Pudong Development Bank Co., Ltd. ("Shanghai Pudong Development Bank"), Bank of Communications Co. Ltd. ("Bank of Communications") and Industrial and Commercial Bank of China Limited ("Industrial and Commercial Bank").

Other current assets

The balance as at 31 December 2020 amounted to RMB12,503 thousand, mainly due to value-added tax to be deducted in Mainland China.

Interest-bearing bank borrowings

The balance as at 31 December 2020 decreased by RMB931 million as compared with the balance as at the end of 2019. This was mainly due to the repayment of a short-term loan of HKD300 million to BEA, a repayment of loan of RMB30,000 thousand to Bank of China, and a repayment of HKD419 million and USD27,480 thousand to CCB (Asia) in 2020. All bank borrowings were mainly denominated in Renminbi ("RMB").

Trades payables

The balance as at 31 December 2020 decreased by RMB55,819 thousand as compared with the balance as at the end of 2019, which was mainly due to the payment of RMB1,848 thousand in respect of expenditures of land development in Shanghai Golden Luodian Development Co., Ltd. ("SGLD"), the payment of RMB5,809 thousand of land development project in Shenyang Lixiang New Town Modern Agriculture Co., Ltd. ("Shenyang Lixiang") and the payment of RMB48,158 thousand in respect of the expenditure of construction of Wuhan Chuguang.

Other payables and accruals

The balance as at 31 December 2020 decreased by RMB4,956 thousand as compared with the balance as at the end of 2019. This movement was mainly due to the payment of Kaiyuan Fund contribution of RMB24,960 thousand, the decrease of payroll and welfare by RMB4,414 thousand, the increase of interest payable of RMB6,857 thousand on the shareholder loan of Huzhou Tongchuang Jintai Huizhong Enterprise Management Partnership (Limited Partnership) ("Tongchuang LP"), and an increase of RMB5,071 thousand of payable for intermediary and professional service charges.

Financial liabilities at fair value through profit or loss

The balance as at 31 December 2020 increased by RMB2,846 thousand as compared with the balance as at the end of 2019, mainly because China New Town Holding Company Limited holds a foreign exchange forward contract with BEA and the fair value of the contract was RMB6,451 thousand as at 31 December 2020.

Cash and bank balances

Overall, cash and cash equivalents for Year increased by RMB585 million as compared with the balance as at the end of Year 2019, with a total balance of RMB855 million as at 31 December 2020, mainly due to net cash outflow from operating activities of RMB13 million, net cash inflow from investing activities of RMB1,669 million, and net cash outflow from financing activities of RMB1,042 million during the Year 2020. All cash and cash equivalents were mainly denominated in RMB.

Gearing ratio (defined as net debt/the sum of shareholders equity and net debt) as at 31 December 2020 was 18.3%, which decreased as compared to 34.8% as at 31 December 2019. This was mainly due to the fact that the Group repaid a large number of bank loans during the Year 2020 as a result the ending bank loan balance has decreased compared with that of the end of Year 2019 and the cash and cash equivalents increased in Year 2020.

Details of important events affecting the Company and its subsidiaries which have occurred since the end of the previous financial year:

In 2020, the international landscape was complex and had significant impact, and domestic reforms and development have entered into a critical stage. Especially due to the impact of the COVID-19 epidemic, the production conditions of all industries at the beginning of the year were severely affected. The gross domestic product ("GDP") growth rate in the first quarter of 2020 fell 6.8% compared to the same period of last year. With the determined efforts of our country to coordinate the prevention and control of the COVID-19 epidemic and actively restore economic and social development, the annual GDP exceeded RMB100 trillion for the first time, a year-on-year increase of 2.3%, becoming the main economy that achieves economy growth in 2020 globally. In particular, the GDP recovered to 6.5% in the fourth quarter of 2020, demonstrating the strong resilience of the China's economic development.

In light of the complex and changing environment domestic and abroad, the Group persisted in carrying out the national policies focusing on livelihood improvement by exploring and establishing business operations that correspond to livelihood improvement, as well as continuing development in education, tourism, and healthcare and retirement sectors. Our initiatives culminated in positive and encouraging developments.

In education sector, Kaiyuan Education, which was initiated and established by the Group, obtained the authorization from Reigate Grammar School in the United Kingdom for the business operation in the Greater China region, and as a result entered into agreements to establish two bilingual schools in Nanjing and Zhangjiagang. By the end of 2020, there were nearly 100 students in kindergartens and primary schools affiliated with the Reigate Grammar School Nanjing. Meanwhile, the phase II construction of the school is accelerating. The construction has also officially started in Zhangjiagang School, and the structure of kindergarten building had topped out at the end of 2020. In addition, the Group actively deployed in economically developed regions such as Beijing, Shenzhen, and etc., and reserved potential projects, which lays a solid foundation for subsequent development.

In industry sector, Hubei, as the province with the most severe COVID-19 epidemic and the longest period of epidemic control in the PRC in 2020, was affected by production stagnation, shrinking demand in economy generated from the epidemic. In particular, Wuhan's regional GDP in the first quarter fell year-on-year 40.5%. The Group's Chuguang Industrial Office Building (楚光產業寫字樓) project located in Wuhan Optical Valley, adopted scientific management measures to strengthen property management quality and operation quality on premise of carrying out comprehensive epidemic prevention and control and ensuring the safe operation of the office building and the health of tenants. Besides, the Company fully supported the resumption of work and production in Wuhan, and signed supplemental agreements with tenants who are qualified for the tax reduction and exemption to reduce the economic pressure of tenants. As of the end of 2020, the occupancy rate of Wuhan Chuguang Industrial Office Building (楚光產業寫字樓) exceeded 98%, and the occupancy rate of commercial shops exceeded 82%. The project profit has achieved positive growth.

In fixed income investment, under the dual effects of the complex and changeable domestic and foreign economic environment and the COVID-19 epidemic, the Group's fixed income investments in certain areas has seen an increase in credit risk, portfolio risk. The Group accelerated the recovery of fixed income investments and increased efforts to address potential risk projects to recover parts of the project funds. The Group will continue to communicate and mediate in various methods regarding the potential high-risk projects such as Nanchang Science and Technology Park Project of Chinese Academy of Sciences with significant investment balance. By the end of 2020, after deducting the impairment provision of potential high-risk projects, the Group has a portfolio of approximately RMB1.27 billion in aggregate. These projects, excluding risky projects, will secure a total contractually guaranteed annual return before tax of approximately RMB127 million, representing an average annualized pre-tax return of about 10.7%.

On 17 December 2020, CDB Nanjing Investment Development Co., Ltd. ("CDB Nanjing"), an indirect wholly-owned subsidiary of the Company, and The First Construction Company of Jiangsu Provincial Construction Group Co., Ltd. ("The First Construction Company of JPC") (a wholly-owned subsidiary of Jiangsu Provincial Construction Group Co., Ltd. ("JPC")) entered into a loan agreement with Nanjing Guoying (the "Joint Venture"), pursuant to which each of CDB Nanjing and the First Construction Company of JPC agreed to lend to the Joint Venture a loan in the principal amount of RMB22,500,000 respectively (totaling RMB45,000,000). The Joint Venture is principally engaged in the construction and development of the international school in Nanjing, which the equity interest of 50% is owned by the Group and 50% is owned by the First Construction Company of JPC.

On 21 January 2021, CDB New Town (Beijing) Asset Management Company Limited ("CDB New Town"), an indirect wholly-owned subsidiary of the Company, and JPC entered into a guarantee with Agricultural Bank of China Limited (the "Bank"), pursuant to which CDB New Town and JPC agreed to guarantee the punctual due payment of a loan facility up to RMB500,000,000 granted by the Bank to the Joint Venture. Please refer to the Company's announcements dated 21 January 2021 and 27 January 2021 for further details.

Previously on 8 July 2019, CDB Nanjing entered into a loan agreement with the Joint Venture, and agreed to lend to the Joint Venture, a loan in the principal amount of RMB70,000,000. On the same day, CDB New Town and CDB Nanjing entered into a guarantee with Jiangsu Zijin Rural Commercial Bank Co., Ltd., and have agreed to guarantee the punctual due payment of a loan facility up to RMB200,000,000 granted by the bank to the Joint Venture. Please refer to the Company's announcement dated 8 July 2019 for further details.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2020, there were 101 (2019: 121) employees in the Group. During Year 2020, the total staff cost including Directors' remuneration amounted to approximately RMB52,721 thousand (2019: RMB55,153 thousand). Staff remuneration packages are determined in consideration of market conditions and the performance of the individuals concerned, and are subject to review from time to time. The Group also provides other staff benefits including medical insurance, and grants discretionary incentive bonuses to eligible staffs based on their performance and contributions to the Group. The Company has adopted a share option scheme (the "Scheme") for the grant of share options to eligible participants and the Scheme expired on 2 September 2020. The Group also provide and arrange on-the-job training for the employees.

OUTLOOK

Looking ahead to 2021, the Group will continue to mitigate and control the impact of COVID-19 epidemic while persisting in monitoring the credit risk of the projects and formulating solutions, steadily proceed with the Company's remaining projects and identify high-quality project operation opportunities to expand our project pipeline.

We will continue to promote the development of education sector to improve our management standard, expedite the construction and preparation of our school projects in the pipeline, establish and strengthen our core products and concepts in the K-12 education segment, as well as accelerate the pace to ensure stable cash inflow of the projects and generate profit. While actively expanding new projects, we will strive for the operation of new lightweight assets in Beijing, Shenzhen and other cities for the purpose of achieving the marketing model of the optimized lightweight asset brand and enabling our education brand to establish the benchmark project in the first-tier cities. In the meantime, we will strengthen the research and analysis of fixed income investment models and steadily promote project investments in line with the domestic economic development by thoroughly understanding and implementing national policies. We will strengthen post-investment management and risk control for projects while providing cash flow and income.

The Group will continue to seek business opportunities while facing challenges and persist in its own business transformation strategy. In synchronization with national policies, we will steadily advance the premier development of the Company, and continuously create value for shareholders in the long run by focusing on the livelihood sector in market orientation.

Corporate Governance Report

The board of directors and management of China New Town Development Company Limited (the "Company" and the "Board", respectively) are committed to maintaining a high standard of corporate governance principles and practices so as to promote corporate transparency and accountability. Good corporate governance is an integral element of a sound corporation to protect and enhance shareholders' value.

The Board has reviewed its corporate governance practices and confirmed that the Company had complied with all principles and guidelines set out in the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "HKEx" and the "Listing Rules", respectively) throughout the financial year ended 31 December 2020 (the "Financial Year") except for code provision E.1.2 of the CG Code that the chairman of the Board (the "Chairman") should attend the annual general meeting. However, Mr. Zuo Kun ("Mr. Zuo") was unable to attend the annual general meeting of the Company held on 24 June 2020 (the "2020 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 2020 AGM in accordance with the articles of association of the Company (the "AoA") to ensure effective communication with its shareholders.

BOARD MATTERS

The Board

The Board has the overall responsibility for the proper conduct of the Company's businesses. The Board's primary role is to provide entrepreneurial leadership, set strategic goal and ensure that the necessary financial and human resources are in place for the Company and its subsidiaries (collectively the "Group") to meet its objectives as well as to protect and enhance long-term values for the shareholders of the Company (the "Shareholders"). It sets the overall strategy for the Group and reviews management performance. To fulfill this role, the Board is responsible for the overall corporate governance of the Group including establishing a framework of prudent and effective controls, setting its strategic direction, establishing goals for management and monitoring the achievement of these goals.

Three (3) board committees established by the Board include the audit committee (the "AC"), the nomination committee (the "NC") and the remuneration committee (the "RC") (collectively the "Board Committees") and they assist the Board in discharging its duties. The effectiveness of each Board Committee is also constantly monitored.

The Board meets at least four times a year at approximately quarterly intervals for review of the financial performance and results of each period, material investments and other significant matters of the Group. The AoA provides for the convening of the Board or Board Committee meetings by way of telephonic or similar communications.

The attendance records of the directors of the Company (the "Directors") at the meetings of the Board, the Board Committees and annual general meeting (the "AGM") during the Financial Year are set out below:

	Attendance/Number of Meetings (during director's tenure)				
Name of Directors	Board Meeting	AC Meeting	NC Meeting	RC Meeting	AGM
Executive Directors					
Liu Heqiang (Chief Executive Officer)	4/5	—	—	—	1/1
Yang Meiyu	4/5	—	—	—	1/1
Ren Xiaowei	5/5	—	—	—	1/1
Shi Janson Bing	5/5	—	—	—	0/1*
Non-executive Directors					
Zuo Kun (Chairman)	2/5	—	—	—	0/1*
Li Yao Min (Vice Chairman)	5/5	—	—	—	0/1*
Wei Dongzheng	3/5	—	—	—	0/1*
Wang Jiangang	2/5	—	—	—	0/1*
Independent Non-executive Directors					
Henry Tan Song Kok (Lead)	5/5	4/4	1/1	1/1	1/1#
Kong Siu Chee	5/5	—	1/1	1/1	1/1#
Zhang Hao	5/5	4/4	—	—	1/1#
E Hock Yap	4/5	3/4	1/1	1/1	1/1#

Note: All of the meetings of the Board and respective Board Committees were held via teleconferencing.

* Unable to attend the meeting due to other business engagements.

\# Attended AGM via teleconferencing.

Delegation by the Board

The Board's approval is required for matters such as corporate restructuring, mergers and acquisitions, major investments, material acquisitions and disposals of assets, major corporate policies on key areas of operations, release of the Group's interim and annual results, related transactions of a material nature, declaration of interim dividends and recommendation of final dividends.

All other matters are delegated to the Board Committees whose actions are reported to and monitored by the Board while the daily operations are delegated to the executive management and carried out under the supervision of the chief executives. All management and staff have defined roles and responsibilities and are subject to the Code of Conduct as set out in the Employee Manual which imposes on them specific obligations to our business.

Corporate Governance Functions

The Board is responsible for performing the functions set out in code provision D.3.1 of the CG Code.

The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of the Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") and written guidelines with more onerous requirements than the Model Code for securities transactions by employees of the Company (the "Securities Code"), and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

Corporate Governance Report

Chairman, Vice Chairman and Chief Executive Officer

Mr. Zuo Kun is the Chairman and is responsible for ensuring the effectiveness of Board matters, including the formulation, development and reassessment of the Group's strategies and policies. Mr. Li Yao Min is the Vice Chairman. He is responsible for the duties of the Chairman in the absence of the latter and the execution of the Group's business strategies and plans; and advising on the development of the Group. In addition, Mr. Liu Heqiang is the chief executive officer of the Company (the "CEO") and is responsible for overseeing the development of each new town projects and operations of the Company as a whole.

All major decisions made by the Chairman, Vice Chairman and the CEO are reviewed by the Board. As the Chairman is not an independent non-executive Director (the "INED"), Mr. Henry Tan Song Kok was appointed as the Lead INED who will be available to Shareholders when they have concerns and when the contact through normal channels has failed to resolve or for which such contact is inappropriate.

Board Composition and Balance

As at 31 December 2020, the Board comprised twelve (12) members: four (4) executive Directors (the "EDs"), four (4) non-executive Directors (the "NEDs") and four (4) INEDs. The Board is able to exercise an independent judgment on corporate affairs and provide management with a diverse and objective perspective on issues and no individual or small group could dominate the Board's decision making. There is no alternate Director appointed in the Board.

A list of the Directors and the positions held by each Director is set out in the Profiles of Directors and Senior Management on pages 16 to 20 of this Annual Report. The INEDs are expressly identified in all corporate communications pursuant to the Listing Rules.

There was no financial, business, family or other material relationship among the Directors.

During the Financial Year, the Board met the requirements of having INEDs representing at least one-third of the Board, i.e. four INEDs and exceeded the requirement of having at least one INED possessing appropriate professional qualifications or accounting or related financial management expertise being appointed under the CG Code.

The criterion of independence is based on Rule 3.13 of the Listing Rules. The Board considers an "independent" director as one who has no relationship with the Company, its related companies, its 10% shareholders or its officers who can interfere, or be reasonably perceived to interfere, with the exercise of independent judgment of the conduct of the Group's affairs by the Director.

The composition of the Board is determined in accordance with the following principles:

- the Board should comprise a sufficient number of Directors to fulfill its responsibilities and act as a group to provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge (the number of Directors may be increased where it is considered that additional expertise is required in specific areas, or when an outstanding candidate is identified); and

- the Board should have enough Directors to serve on various committees of the Board without over-burdening the Directors or making them difficult to fully discharge their duties.

The INEDs exercise no management functions in the Company or any of its subsidiaries. Although every Director has equal responsibility for the performance of the Group, the role of the INEDs is particularly important in reviewing and monitoring the performance of executive management in meeting the Group's agreed goals and objectives and ensuring that the strategies proposed by the executive management are fully discussed and rigorously examined taking into account the long-term interests, not only of the Shareholders but also of the employees, customers, suppliers and many communities in which the Group conducts businesses. The INEDs also meet regularly without management present. The Board considers its INEDs to be of sufficient caliber and number and their views to be of sufficient weight that no individual or small group can dominate the Board's decision-making processes. The INEDs have no financial or contractual interests in the Group other than by way of their fees and shareholdings as set out in the Report of Directors.

The Board is of the view that its current composition of twelve (12) Directors is appropriate taking into account the scope and nature of the operations of the Company and of the Group.

Insurance cover in respect of legal proceedings and other claims against the Directors arising from their offices and execution of their powers, duties and responsibilities has been arranged. During the Financial Year, no legal action was made against any of the Directors in relation to their duties performed for the Company.

Induction and Continuous Professional Development of Directors

Upon appointment, each Director receives appropriate induction training and coaching to develop individual skills as required. The Directors are also provided with updates on the relevant new laws, regulations and changing commercial risks in the Group's operating environment through regular presentations and meetings. They also have the opportunity to visit the Group's operational facilities and meet with management to gain a better understanding of business operations and governance practices.

The Directors have confirmed that they had complied with code provision A.6.5 of the CG Code on continuous professional training. During the Financial Year, all the Directors have participated in continuous professional development by attending seminars, in-house briefing or reading materials to develop and refresh their knowledge and skills and provided their records of training to the Company. The continuous professional development programmes received by each of the Directors during the Financial Year is summarised as follows:

Name of Directors	**Topics of training covered** Note
Mr. Zuo Kun (Chairman and NED)	B, C
Mr. Li Yao Min (Vice Chairman and NED)	A, B, C
Mr. Liu Heqiang (Chief Executive Officer and ED)	A, B, C
Ms. Yang Meiyu (ED)	A, B, C
Mr. Ren Xiaowei (ED)	A, B, C
Mr. Shi Janson Bing (ED)	A, B, C
Mr. Wei Dongzheng (NED)	A, B, C
Mr. Wang Jiangang (NED)	A, B, C
Mr. Henry Tan Song Kok (Lead INED)	A, B, C
Mr. Kong Siu Chee (INED)	A, B, C
Mr. Zhang Hao (INED)	A, B, C
Mr. E Hock Yap (INED)	A, B, C

Notes: A attending seminar(s) and/or conference on regulations and updates

B reading materials relating to business and operations of the Company, and legal and regulatory updates

C in-house briefing or training of the Company

NOMINATION MATTERS

Board Membership and NC

As at 31 December 2020, the NC comprised three (3) members, all of whom including the chairman were INEDs. The chairman and members of the NC during the Financial Year were as follows:

Mr. E Hock Yap — Chairman
Mr. Kong Siu Chee — Member
Mr. Henry Tan Song Kok — Member

The NC adopted the current terms of reference on 31 March 2017 and its principle functions are to:

1. review the structure, size and composition (including skills, knowledge and experience) of the Board at least annually and make recommendations to the Board regarding any proposed changes to complement the Company's strategy;

2. identify, review and assess individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

3. assess the independence of INEDs, on an annual basis;

4. make recommendations to the Board on the appointment or re-appointment of Directors (including the INEDs) in accordance with the AoA and succession planning for the Directors in particular the Chairman and the CEO;

5. review the Board diversity policy (the "Board Diversity Policy") on a regular basis and recommend revisions, if any, to the Board for consideration and approval; and

6. assess whether or not a Director is able to carry and has adequately carried out his duties as a Director.

The Company has received written annual confirmation of independence from each INED and reviewed the independence of each INED pursuant to Rule 3.13 of the Listing Rules and is of the view that Messrs. Henry Tan Song Kok ("Mr. Tan"), Kong Siu Chee ("Mr. Kong"), E Hock Yap ("Mr. Yap") and Zhang Hao ("Mr. Zhang") are independent.

As at the date of this Annual Report, Mr. Kong, Mr. Tan and Mr. Zhang have served as the INEDs of the Company for more than nine years from their respective dates of first appointment to the Board.

At the annual assessment carried out by the NC and with the concurrence of the Board, it was concluded that the contributions of Mr. Kong, Mr. Tan and Mr. Zhang towards the Board remain objective and independent in expressing their views and in participating in the deliberations and decision making of the Board and Board Committees. The Board holds the view that a Director's independence cannot be determined arbitrarily by reference to a set period of service. The Company has benefited from Mr. Kong, Mr. Tan and Mr. Zhang's service in terms of their knowledge of the Company's businesses and each of them has proven his commitment, experience and competence to effectively provide core competencies and independent advice to the Company. The NC has confirmed that neither Mr. Kong, Mr. Tan and Mr. Zhang nor their respective associates had any business dealings with the Company.

During the Financial Year, NC held one (1) meeting.

The NC has reviewed the training and professional development programs participated by the Directors. The NC has assessed the independence of the INEDs and reviewed and made a recommendation on the appointment of Directors and re-appointment of retiring Directors. The NC has reviewed the Board Diversity Policy which was adopted by the Board at the Board meeting held on 13 August 2013 for assessing the Board composition before publication of this Annual Report. The NC would take into account various aspects for nominating the directors as set out in the Board Diversity Policy and nomination policy, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience. The NC would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption. In identifying and selecting suitable candidates for directorships, the NC would consider the candidate's character, qualifications, experience, independence and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board. External recruitment professionals might be engaged to carry out selection process when necessary. The Board, at the Board meeting held on 26 February 2015, accepted the recommendation by the NC that the maximum number of listed company board representations which any Director may hold be eight and all Directors have complied with the Board's resolution.

Appointment, Re-election and Removal of Directors

The procedures and processes of appointment, re-election and removal of Directors are laid down in the AoA. Recommendations for the appointments and re-appointments of Directors and appointments of the members of Board Committees are made by the NC and considered by the Board as a whole. The AoA provides that one-third of the Directors (including NEDs) for the time being (or, if the number is not a multiple of three, the number nearest to but not less than one-third), who have been longest in office since their last re-election or appointment, shall retire from office by rotation at each AGM. Each Director should retire at least once every three years. A retiring Director is eligible for re-election by the Shareholders at the AGM. In addition, any Director appointed by the Shareholders or the Board, as the case may be, either to fill a vacancy or as an additional director, shall retire at the next AGM and shall then be eligible for re-election at that meeting.

The dates of initial appointment, last re-election/re-appointment and other board representations of each of the Directors of the current Board members are set out below:

Name of Directors	Date of first appointment	Date of last re-election	Nature of Appointment	Membership of Board Committee	Directorship/ chairmanship both present and those held over the preceding three years in other listed company
Zuo Kun	28 March 2014	21 June 2019	NED and Chairman	None	None
Li Yao Min	11 January 2007	24 June 2020	NED and Vice Chairman	None	None
Liu Heqiang	28 March 2014	24 June 2020	ED and CEO	None	None
Yang Meiyu	28 March 2014	21 June 2019	ED	None	None
Ren Xiaowei	28 March 2014	22 June 2018	ED	None	None
Wei Dongzheng	21 March 2019	21 June 2019	NED	None	None

Name of Directors	Date of first appointment	Date of last re-election	Nature of Appointment	Membership of Board Committee	Directorship/ chairmanship both present and those held over the preceding three years in other listed company
Wang Jiangang	21 March 2019	21 June 2019	NED	None	None
Shi Janson Bing	12 August 2016	21 June 2019	ED	None	Executive director of SRE until 12 July 2018
Henry Tan Song Kok	25 September 2007	21 June 2019	Lead INED	Chairman of AC, a member of each of NC and RC	An independent non-executive director of the following companies: • YHI International Limited; • BH Global Corporation Limited; • Asia Vets Holdings Ltd. from 1 January 2020; • Dyna-Mac Holdings Ltd. from 1 February 2021; • Yinda Infocomm Limited until 28 October 2020; and • Raffles Education Corporation Limited until 6 March 2018
Kong Siu Chee	30 November 2006	24 June 2020	INED	Chairman of RC and a member of NC	An independent non-executive director of the following companies: • Chinney Kin Wing Holdings Limited; and • Harbin Bank Co,. Ltd. until 7 October 2019
Zhang Hao	13 February 2012	24 June 2020	INED	A member of AC	None
E Hock Yap	29 May 2012	22 June 2018	INED	Chairman of NC, a member of each of AC and RC	Executive director of Convoy Global Holdings Limited

Each of the NEDs and INEDs is appointed for a specific term, subject to retirement by rotation once every three years. An appointment letter has been issued to each of the INEDs respectively and its terms are set out in the Report of Directors.

Pursuant to Articles 86(1) and 86(2) of the AoA, Mr. Ren Xiaowei, Mr. Wang Jiangang, Mr. Yap and Mr. Tan shall retire by rotation as Directors and, being eligible, have offered themselves for re-election at the forthcoming AGM.

The NC recommends the re-election of the retiring Directors after assessing their contribution, performance and, where applicable, independence.

Board Performance

The Company believes that the Board's performance is ultimately reflected in the performance of the Company. The Board should ensure compliance with applicable laws and Board members should act in good faith, with due diligence and care and in the best interests of the Company and its Shareholders. In addition to these fiduciary duties, the Board is charged with two key responsibilities: setting strategic directions and ensuring that the Company is ably led. The measure of the Board's performance is also tested through its ability to give support to management especially in the times of crisis and to steer the Company in the right direction.

The Board through the delegation of its authority to the NC, has used its best efforts to ensure that the Directors appointed to the Board possess the integrity, background, experience, knowledge and skills relevant to the Company's business and that each Director with his/her special contribution brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

The NC has an annual Board performance evaluation to assess the effectiveness of the Board as a whole. The processes identify weaker areas where improvements can be made. The Board can thus direct more effort in those areas to further enhance the effectiveness of the Board.

Access to Information

Annual meeting schedules and agenda of each meeting are normally made available to Directors in advance.

Notice of regular Board meetings is served to all Directors at least fourteen (14) days before the meetings. For ad-hoc Board and Board Committee meetings, reasonable notice period is provided.

Meeting materials together with all appropriate, complete, relevant and reliable information are sent to all Directors at least 3 days before each Board meeting or Board Committee meeting to keep the Directors apprised of the latest developments and financial position of the Company as well as ongoing reports and to enable them to make informed decisions.

All Directors have unrestricted access to the Company's records and information and received detailed financial and operational reports from senior management during the Financial Year to enable them to carry out their duties. Directors also liaise with senior management as required, and may consult other employees and seek additional information on request.

All Directors have separate and independent access to the company secretary of the Company (the "Company Secretary"). The duly appointed secretaries administer, attend, prepare and keep minutes of the Board and Board Committee meetings. The Company Secretary also assist the Chairman in ensuring that the Board procedures are followed and reviewed so that the Board functions effectively, and in compliance with the AoA and relevant rules and regulations including requirements of the HKEx. Draft minutes are normally circulated to the Directors for comment within a reasonable time after each meeting and the final versions thereof are open for the Directors' inspection.

The appointment and the removal of the Company Secretary is a matter for the Board as a whole and are considered at a Board meeting.

The AoA contain provisions requiring the Directors to abstain from voting and not to be counted in the quorum at meetings for approving the transactions in which such Directors or any of their associates have a material interest.

Should Directors, whether as a group or individually, need independent professional advice in the furtherance of their duties, the cost of such professional advice will be borne by the Company.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

As at 31 December 2020, the RC comprised three (3) members, all of whom including the chairman were INEDs. The chairman and members of the RC during the Financial Year were as follows:

Mr. Kong Siu Chee — Chairman
Mr. Henry Tan Song Kok —Member
Mr. E Hock Yap — Member

The RC adopted the current terms of reference on 31 March 2017 and its principle functions are to:

1. implement and administer any performance incentive schemes of the Company;

2. make recommendations to the Board on the Company's policy and structure for all remuneration of the Directors and senior management and on the establishment of a formal and transparent procedure for developing a policy on such remuneration; and

3. review and determine the specific remuneration packages for all EDs and senior management.

In carrying out their duties, the RC may obtain independent external legal and other professional advice as mentioned above, as it deems necessary, relating to the remuneration policy and in determining the level and mix of remuneration for the Directors and senior management. The expenses of such advice will be borne by the Company.

Level and Mix of Remuneration

The RC makes recommendations to the Board on remuneration packages of the EDs and senior management taking into account the performance of the Group, as well as the pay and employment conditions in the same industry and comparable companies, while aligning the EDs' interests with those of Shareholders and linking rewards to corporate and individual performance.

The INEDs receive Directors' fees in accordance with their contributions and taking into account factors such as efforts, time involvement and responsibilities of the INEDs. Directors' fees are subject to approval of the Shareholders at the AGM.

The remuneration of the EDs and senior management comprises a basic salary component and a variable component. The variable component comprises a variable bonus linking to the Company's and individual performance and other variable components including the grant of share options. Details of the remuneration of Directors are set out in the Report of Directors.

The annual review of the remuneration packages of the Directors is carried out by the RC and recommendation if any is made to the Board with an aim to ensure the remuneration of the EDs and senior management is commensurate with their performance, giving due regard to the financial and commercial health and business needs of the Group. No Director should involve in deciding his/her own remuneration.

During the Financial Year, the RC held one (1) meeting to review and recommend the remuneration of the EDs and the fees payable to the INEDs.

Disclosure on Remuneration

Details of the remuneration of the Directors and top five (5) key executives' of the Group paid or payable for the Financial Year are set out in Note 30 to the financial statements.

The number of senior management (other than the Directors) whose remuneration fell within the following bands during the Financial Year is as follows:

	2020
RMB1,000,001–RMB1,500,000	1
	1

ACCOUNTABILITY AND AUDIT

Accountability

The Board aims to ensure that the interim and annual financial statements and results announcements of the Company are presented in a manner which provides a balanced and understandable assessment of the Group's performance, position and prospects. The Directors acknowledge their responsibility for preparing the financial statements of the Company for the Financial Year.

The financial statements for the Financial Year have been prepared in accordance with the International Financial Reporting Standards and give a true and fair view of the state of affairs including the operations and finances of the Group and of the Company and effective risk management and sound internal control systems are in place. The Board has received assurance confirming the same from the CEO and the financial controller of the Company (the "Financial Controller"). It seeks to present a balanced and informed assessment of the Company's performance, position and prospects. The Board is not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Risk Management and Internal Control

The Board is responsible for the effectiveness of the overall risk management and internal control of the Group. The Board is fully aware that effective risk management and internal control play a crucial role in the sound operation of the enterprise. It believes that strengthening internal control is an important way to promote the reform of enterprise's management, achieve strong foundation, enhance efficiency and prevent risks. It is also an important measure to ensure the realization of the strategic objectives of the enterprise. Meanwhile, the Board is responsible for evaluating the nature and extent of risks the Group is willing to take in order to achieve strategic objectives, and is committed to the implementation of risk management procedures and the improvement of risk assessment framework.

Under the supervision and leadership of the Board, the management regularly reviews the Group's business and operation activities, identifies potential risks, evaluates the impact of risks under risk characteristics corresponding to different risks, and adopts timely and reasonable measures to control and mitigate such risks to ensure the effectiveness of risk management and internal control systems. The management and Grant Thornton Hong Kong Limited, the internal auditor, have reviewed all major control policies and procedures and will present all major potential issues to the Board and the AC.

The Board has continuously supervised the design, implementation and supervision of risk management and internal control systems of the Group, and assumed ultimate responsibility for the overall risk management and internal control systems of the Group. Meanwhile, the Board reviews the adequacy and completeness of the risk management and internal control systems of the Group and its subsidiaries every year, including all important control aspects such as finance control, operation control and compliance control. The Board also annually reviews the Company's resources, staff qualifications and competence in accounting, internal audit and financial reporting functions, as well as the adequacy of training courses and related budgets that are received by relevant staff. In addition, the Board annually reviews the change in nature and severity of major risks, the scope of work in relation to continuous monitoring of risks and internal control system by the management, and major monitoring errors or weaknesses occurred during the Financial Year.

The AC has been set up under the Board to review the Group's risk management and internal control systems so as to ensure that such systems are sound and adequate, and to protect the Shareholders' investment and the integrity, effectiveness and efficiency of the Company's assets. Internal audit of the enterprise is an important part of internal control and plays an important role in improving risk management and enhancing the value of enterprise. The Group has established an internal audit function under the management to guide, coordinate and supervise the implementation of internal control compliance by the Company and its subsidiaries. Internal audit function is responsible for ex-ante prevention, in-event coordination and planning, and ex-post supervision of risk management and internal control compliance. The Board also engaged an external institution to carry out the Group's internal control inspection in which main focus is placed on the internal control requirements by the HKEx. The Group has improved risk management and internal control systems to form an internal control inspection report and supervised and assisted the management to rectify the issues identified in time. In addition, external institution also update the comprehensive risk management manual annually to ensure the standardization and compliance of the construction of the Company's comprehensive risk management system.

The internal control system provides a reasonable (not absolute) assurance for the Group to achieve its business objectives and ensures that the Group will not be adversely affected by any reasonably predictable event in its pursuit of business objectives. However, the Board also notes the inherent limitations of internal control, and that no internal control system can provide absolute assurance in this regard, or provide absolute assurance towards major errors, misjudgement in decision-making, human mistakes, losses, frauds or other non-compliant matters. The Board believes that there is still room for further improvement in the current risk management and internal control systems. The management has pushed forwards its development and controlled risks as its main objective under internal and external changing environment and other comprehensive factors, and constantly strengthened the rationality, effectiveness and integrity of risk management and internal control systems in order to protect Shareholders' interests and safeguard the Company's assets and achieve strategic objectives.

As of 31 December 2020, according to the internal control system and enterprise's risk management framework established and maintained by the Group, and referring to the work of internal auditors and management reviews, the Board and the AC believed that the Group's internal control system and the risk management system are fully effective in coping with financial, operational, compliance and information technology risks. The Board has received written confirmations from the CEO and the CFO that the financial records are duly deposited and that the Company's financial statements are true and fair presentation of the Company's operation and financial conditions. The CEO and the CFO's confirmation also includes the effectiveness of the Company's risk management and internal control systems.

DISCLOSURE OF INSIDE INFORMATION

The Group acknowledges its responsibilities under the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong and the Listing Rules and the overriding principle that inside information should be announced immediately when it is the subject of a decision. The procedures and internal controls for the handling and dissemination of inside information are as follows:

- the Group conducts its affairs with close regard to the disclosure requirement under the Listing Rules as well as the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission of Hong Kong in June 2012;
- the Group has implemented and disclosed its policy on fair disclosure by pursuing broad and non-exclusive distribution of information to the public through channels such as financial reporting, public announcements and its website;
- the Group has strictly prohibited unauthorised use of confidential or inside information; and
- the Group has established and implemented procedures for responding to external enquiries about the Group's affairs, so that only the EDs, the Company Secretary and investor relations officers are authorised to communicate with parties outside the Group.

Audit Committee

As at 31 December 2020, the AC comprised three (3) members, all of whom including the chairman were INEDs. The chairman and members of the AC during the Financial Year were as follows:

Mr. Henry Tan Song Kok — Chairman
Mr. Zhang Hao — Member
Mr. E Hock Yap — Member

Mr. Henry Tan Song Kok possesses accounting and related financial management expertise and experience. The Board considers that Mr. Zhang Hao and Mr. E Hock Yap has sufficient financial knowledge and experience to discharge his responsibilities as a member of the AC.

The AC adopted the current new terms of reference on 31 March 2017 and its principal functions are to:

(a) review the financial reporting process, management of financial risks and the audit process;

(b) review the audit plans and results of the external auditors' examination and evaluation of the Group's systems of internal accounting control and any matters which the external auditors wish to discuss (in the absence of management, where necessary);

(c) review the scope and results of the internal audit procedures;

(d) review the financial statements of the Company and the consolidated financial statements of the Group before their submission to the Board and the external auditors' report on those financial statements;

(e) review the interim and annual announcements on the results and financial position of the Company and of the Group;

(f) review the co-operation and assistance given by the management to the Group's external auditors;

(g) evaluate the cost effectiveness, independence and objectivity of the external auditors of the Company and the nature and extent of the non-audit services provided by them;

(h) make recommendations to the Board on the appointment, re-appointment and remuneration of the external auditors of the Company;

(i) evaluate the adequacy and adherence of the risk management and internal control systems including administrative, operating and internal accounting control of the Group; and

(j) review connected transactions to ensure that they are on normal commercial terms and not prejudicial to the interests of the Company or its Shareholders.

The AC is authorised to investigate any matter within its terms of reference, and has full access to the management and resources which are necessary to enable it to discharge its functions properly. It also has full discretion to invite any Director or executive management to attend its meetings. The AC meets with the internal auditors and the external auditors separately, at least twice a year, without the presence of management, to discuss the reasonableness of the financial reporting process, to monitor and review the adequacy of audit arrangements with particular emphasis on the observations and recommendations of the external auditors.

During the Financial Year, the AC held four (4) meetings to, among others, review the scope and quality of audit by the Company's independent auditor, Ernst & Young ("EY"), the independence and objectivity of EY as well as the cost effectiveness of its audit. The AC also reviewed the service fee to EY. The details of annual audit fee and other assurance service fees to EY for the financial years ended 31 December 2019 and 2020 are set out below:

	2020	2019
	RMB'000	RMB'000
Annual audit fee	**3,800**	3,500
Other assurance service fee	**700**	—
Total	**4,500**	3,500

Through the AC, the Company has an appropriate and transparent relationship with EY. In the course of audit of the Group's financial statements, EY has highlighted to the AC matters that require the AC's attention. EY is invited to attend meetings of the AC for the purposes of presenting their audit plan and report as well as their comments on the audited financial statements.

The Company's annual results for the Financial Year have been reviewed by the AC.

EY's audit opinion on the consolidated financial statements of the Group for the Financial Year is set out in the "Independent Auditor's Report" on pages 99 to 104 of this Annual Report.

The AC is satisfied that EY is able to meet the audit obligations of the Company and has recommended to the Board the re-appointment of EY as the Company's independent auditor for the year ending 31 December 2021 subject to the approval of the Shareholders at the forthcoming AGM.

The Group has appointed different independent auditors for its subsidiaries in the People's Republic of China (the "PRC") in order to meet its local statutory regulations. The Board and the AC are satisfied that the appointment does not compromise the standard and effectiveness of the audit of the Company. The AC members takes measures to keep abreast of the changes to accounting standards and issues which have a direct impact on the financial statements through attendance at training and update on recent developments to accounting standards provided by professionals.

Whistle Blowing Policy

The Company has adopted a whistle blowing policy which provides a channel for employees to report serious concerns relating to financial reporting and unethical or illegal conduct.

Throughout the Financial Year, no whistle blowing report was received.

Internal Audit

To assist the Board in maintaining a sound system of internal control for the purposes of safeguarding Shareholders' investment and the Group's assets, the AC has also appointed an internal audit function team to enhance the internal controls of the Group. The internal audit function team reports to the chairman of the AC on any material weakness and risks identified in the course of the internal audit are also communicated to the management. The management will accordingly update the AC the status of the remedial action plans.

The AC reviews and approves the annual internal audit plans and reviews the scope and the results of the internal audit according to the procedures issued by the internal audit function team.

COMPANY SECRETARY

Pursuant to the code provision F.1.1 of the CG Code, Ms. Cheng Lucy ("Ms. Cheng") of Boardroom Corporate Services (HK) Limited, the external service provider, was appointed as the Company Secretary with effect from 30 March 2020. During her engagement period, she reports to the Board and maintains contacts with the CEO, Mr. Liu Heqiang or his delegate.

Ms. Cheng has taken no less than 15 hours of relevant professional training during the Financial Year pursuant to Rule 3.29 of the Listing Rules.

COMMUNICATION WITH SHAREHOLDERS

The Group acknowledges the importance of timely and equal dissemination of material information to the Shareholders, investors and public at large. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly as soon as practicable.

The AGM remains the principal forum for dialogue with Shareholders. Shareholders are encouraged to participate in the proceedings and ask questions about the resolutions being proposed at the AGM and the operations of the Group.

The Company has conducted roadshows regularly in Hong Kong and the PRC for business update and actively arrange for communications with Shareholders/investors in the light of specific progress of various projects in Hong Kong and other regions and areas. The Company strived to enable a comprehensive exchange of opinions and mutual understanding between Shareholders/investors.

The AoA allows a member of the Company (the "Member") entitled to attend and vote at the meeting of the Company to appoint one or more proxies to attend and vote on behalf of him/her and also provides that a proxy need not be a Member. Voting in absentia by facsimile or email is not currently permitted to ensure proper authentication of the identity of Shareholders and their voting intentions.

The chairmen of the AC, RC and NC are usually available at the AGM to answer any questions from the Shareholders relating to the work of these Board Committees. The Company's independent auditor is invited to attend the AGM and will assist the Directors in addressing queries from the Shareholders relating to the conduct of the audit and the preparation and content of the independent auditor's report.

During the Financial Year, notice of at least 20 clear business days was given to the Shareholders for the 2020 AGM. Sufficient notice was given in accordance with the AoA, the laws of British Virgin Islands in which the Company is incorporated, and the CG Code.

To safeguard Shareholders' interests and rights, a separate resolution is proposed for each substantial issue at Shareholders' meetings, including the election of individual Director. All resolutions put forward at Shareholders' meetings will be voted by poll pursuant to the Listing Rules and poll results will be published on the respective websites of the Company and HKEx after each Shareholder's meeting.

Minutes of general meetings include substantial and relevant queries or comments from the Shareholders relating to the agenda of meeting and responses from the Board and management. These minutes would be available to the Shareholders upon their request.

The Company organises briefings and meetings with analysts and fund managers regularly to provide them with a better understanding of its businesses. In addition, the Company appointed Strategic Financial Relations Limited as its investor relations consultant to promote investor awareness for the Company.

The Group maintains a corporate website at www.china-newtown.com which contains the Company's publicly disclosed financial information, annual reports, interim reports, news releases, announcements and corporate developments.

Shareholders and potential investors are welcome to communicate with the Company or put forward enquiries to the Board by any of the following ways:

Email	:	ir@china-newtown.com
Contact Number	:	+852 3643 0200
Fax Number	:	+852 3144 9663
Address	:	8203B-04A, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.

Policy on Payment of Dividends

The Company has adopted a dividend policy (the "Dividend Policy"), pursuant to which the Company gives priority to distributing dividend in cash and shares its profits with its shareholders. The dividend payout ratio shall be determined or recommended, as appropriate, by the Board at its absolute discretion after taking into account the Company's financial results, future prospects and other factors, and subject to:

- the AoA;
- the applicable restrictions and requirements under the laws of the British Virgins Islands;
- the availability of dividends received from the subsidiaries in the PRC;
- earnings and financial performance;
- operating requirements; and
- capital commitments.

The Board will review the Dividend Policy from time to time and reserve its right in its sole and absolute to update, amend, modify and/or cancel the Dividend Policy. There can be no assurance that dividends will be paid in any particular amount for any given period.

SHAREHOLDERS' RIGHTS TO CONVENE AND PUT FORWARD PROPOSALS AT EXTRAORDINARY GENERAL MEETING ("THE EGM")

Pursuant to the AoA, EGMs may be convened by the Board on requisition in writing of the Shareholders holding not less than one-twentieth of the total voting rights of the matter for which the meeting is being requested. The written requisition shall be made to the Board or the Company Secretary at the business address or registered office address which are set out in the Corporate Information of this Annual Report, to request an EGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionists themselves may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

COMPLIANCE WITH MODEL CODE AND SECURITIES TRADING

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

The Company has also established the Securities Code for its employees who are likely to be in possession of unpublished price-sensitive information of the Company. It prohibits the Directors and employees from dealing in the Company's shares on short-term considerations and during the period commencing 30 days before the publication of the Company's financial results for each of the first six months of the financial year and 60 days before the publication of the Company's full year financial results (or, if shorter, the period from the end of the relevant financial period or year up to the publication date of the results).

No incident of non-compliance of the Securities Code by the employees was noted by the Company.

CONSTITUTIONAL DOCUMENTS

There were no changes in the constitutional documents of the Company during the Financial Year.

Pursuant to Rule 13.90 of the Listing Rules, the Company has posted its memorandum of association and AoA on the respective websites of the HKEx and the Company.

MATERIAL CONTRACTS

Save as the service agreements between the Directors and the Company, there were no material contracts entered by the Company or its subsidiaries involving the interests of the CEO, any Director or controlling shareholders subsisting during the Financial Year or at the end of the Financial Year.

CONCLUSION

The Company recognizes the importance of good corporate governance practices for maintaining and promoting investor confidence. The Board will continue to review and improve its corporate governance practices on an ongoing basis.

Environmental, Social and Governance Report

I. PREAMBLE

2020 was an extraordinary year. As the year of the link between five-year plans, 2020 remarked the end of the 13th Five-Year Plan (2016–2020), as well as starting point of the 14th Five-Year Plan (2021–2025) that will draw the blueprint for China to embark on a new journey toward its second centenary goal of building a modern socialist country, which is prosperous, strong, democratic, culturally advanced and harmonious. As China keeps taking a holistic approach in advancing its high-quality development, the industrial landscape will be reshaped and all enterprises will see more strategic opportunities. As laid out in the Proposals for Formulating the 14th Five-Year Plan (2021–2025) for National Economic and Social Development and the Long-Range Objectives Through the Year 2035 (中共中央關於制定國民經濟和社會發展第十四個五年規劃和二零三五年遠景目標的建議), the new urbanisation strategy that stresses the promotion of people-oriented urbanisation, giving full play to the leading role of central cities and urban agglomerations, and building a modern metropolitan area, will guide the development of China's urbanisation process that conforms to the principles of the high-quality development, management and governance of cities.

Making use of its 18 years' the operational experience in the industry chain of new town development from preliminary planning, land consolidation, all the way to the efficient allocation of valuable resources to regions in which its projects are rooted, China New Town Development Company Limited and its subsidiaries (collectively as the "Group") have long been committed to leveraging its financial strength, systematic network resources, extensive experience in urbanisation and importantly, a sustainability mindset together with the effective implementation of environmental, social and governance ("ESG") policies, in an effort to maintain a strong momentum in growth while enhancing the region's urbanisation level and advancing livelihood improvement. The Group has never approached the ESG regulatory requirements neither as a tick-box exercise nor a legal burden, but a positive driver and useful tool guiding its operations towards sustainability, robustness and resilience. To integrate a comprehensive ESG management strategy into its business model of "investment + downstream operation", the Group keeps alert of any significant changes to the market through ESG lens. As a leading enterprise in the industry, the Group is fully aware of its duty for understanding the implications of infrastructure within the context of cities' environment, resources, long-term costs and asset sustainability, and committed to identifying the nature, scale, and complexity of the opportunities and challenges behind the fast trend of urbanisation from the perspective of sustainability.

In the past year, the world was facing a nearly unprecedented pandemic situation, with the COVID-19 crisis gripped almost every country, with cities at the epicentre. As a result, the process of globalisation and collaboration were adversely affected. While the impact was detrimental and multi-dimensional, we have also seen the cities, especially China's responses to the challenge, unearthed their potential for collective action and resolution to conquer the disaster. Although the restrictions due to epidemic and the suspension of economic activities slowed population flow, as the recovery in the domestic economy accelerates, it is believed that the rate of urbanisation will maintain at a stable level soon. Under the leadership of central government and in partnership with local authorities, the Group stayed strong when facing challenges and remained focused in its urbanisation investment products that meet the citizen's demand and enhance their living quality, while upholding its faith in "Stay United and Overcome Difficulties Together (精誠團結，共克時艱)" unswervingly.

Since the epidemic further pushed sustainability into the spotlight, seeking long-term sustainable growth whilst striving for delivering the greatest value to our stakeholders has been an indispensable part of Group's development goals. As such, adhering to the commitments to fulfilling its environmental and social responsibilities, and scaling up efforts at various aspects to transition towards low-carbon development, the Group endeavours to incorporate ESG concepts and matters alongside financial factors in its decision making process and aim to support its long-term business strategy to build more sustainable, inclusive and resilient towns and cities in China, and more importantly take on the opportunities to drive positive changes within the organisation and throughout the whole industry at this recovery period.

II. ABOUT THE REPORT

In strict compliance with the requirement under Appendix 27 — ESG Reporting Guide ("ESG Guide") of Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange"), the Group is pleased to present its fifth ESG report for the year ended 31 December 2020 ("FY2020"), which demonstrates the Group's approach and performance in terms of ESG management and corporate sustainable development for FY2020. For corporate governance section, please refer to the Group's 2020 Annual Report (Page 28 to 43).

Boundary Setting

Setting a clear and appropriate reporting boundary from the outset of the entire reporting process can help report preparers and users of information to have a fuller and clearer picture of the effectiveness of the implementation of relevant ESG policies, while allowing the Group to lower the risks of inadvertently neglecting the material activities or business operations in which the Group was engaged during the year under review. Given the business nature and development plans of the Group, this ESG report covers the performance and management policies of major operations of the Group under the operational control approach, including the Group's office in Hong Kong Special Administrative Region ("Hong Kong"), offices in Beijing, Nanjing, Shanghai, Wuhan and Shenyang in the People's Republic of China (the "PRC") and the project under the operation of the Group's subsidiaries in FY2020, namely the Optical Valley New Development International Centre (光谷新發展國際中心).

Wuhan Optical Valley High-tech Development Zone is a nationwide renowned optoelectronic and semi-conductor industry base. The Group's Optical Valley New Development International Centre, with the total floor area of 172,496 m^2, was included in the first batch of "New Industrial Landmark" projects by Wuhan Municipal Economic and Information Bureau (武漢市經濟和信息化局) and other business units. Since the project basically completed attracting investments in office buildings and commercial projects in 2019, the Group summarises and includes the management approach and performance Optical Valley New Development International Centre (光谷新發展國際中心) in FY2020 in the ESG report, to demonstrate the Group's endeavours in broadening the boundaries in ESG monitoring and management, as well as seeking a higher degree of influence along its value chain.

Reporting Principles

As the reporting principles underpin the preparation of the ESG report, the main content of this ESG report has been determined under the principles of Materiality, Quantitative, Balance and Consistency, which specified therein were utilised as a basis for the preparation of this ESG report.

Materiality:

The Group has implemented a broad, inclusive and science-based materiality assessment by gathering the feedback of various stakeholder groups about their concerns and expectations in terms of the company's sustainable development. With the outcome from an evidence-based assessment of the potential impacts of different ESG topics on the Group's overall strategies, the Board of Directors of the Group (the "Board") are presented with a picture reflecting the material ESG issues which may impact the Group's ability to develop in a sustainable way, and can, therefore, access sufficient information to make strategic decisions of allocating more resources and putting more focus on topics including "Occupational health and safety", "Employee development and training" and "Number of legal cases filed against the company about bribery, extortion, fraud and money laundering" that were regarded material to the Group's business. Further, as a supporter of Task Force on Climate-Related Financial Disclosure ("TCFD"), the Group analysed and prioritised the climate-related risks and their financial implications.

Quantitative:

The application of the reporting principle of Quantitative was primarily reflected throughout the ESG report. To ensure that readers can have a deep understanding of the Group's ESG performance under environmental and social subjects, a summary of the Group's performance in greenhouse gas emissions, consumption of various energy resources and distribution of employees in terms of age, geographic locations and position types was shown in the measurable format. Notably, a Sankey Diagram depicting the patterns of the Group's greenhouse gas ("GHG") emissions was presented as well, enabling audiences to obtain a thorough knowledge of the GHG emission data under various categories.

Balance:

In order to present an unbiased landscape of the Group's sustainable development, the Group objectively summarised its performance during the year under review and unreservedly revealed the areas where further improvements will be made in the future.

Consistency:

For better comparability, the Group based the presentation of its ESG management, especially the calculation and disclosure of greenhouse gas ("GHG") emissions on a coherent approach and adopted a consistent reporting framework that was in alignment with its previous ESG reports.

Information Disclosure:

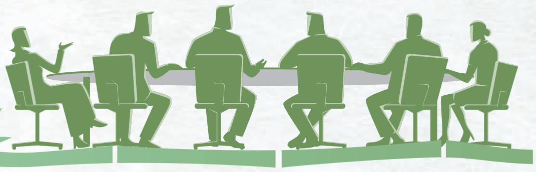
The information in this ESG Report was gathered through channels including the review of internal policies from different subsidiaries of the Group, the factual evidence of the implementation of ESG practices in the Group, the feedback from staff via online surveys in the format of quantitative and qualitative questions based on the reporting framework, and the verified statistics of the Group's annual performance in business operations and sustainable development. To deliver a more formalised ESG report that appeals to our local and global readership, the Group referenced the Global Reporting Initiative Standards ("GRI Standards") and Sustainability Accounting Standards. A complete content index and a GRI linkage table are available at the end of the ESG report for readers' convenience to check its integrity. If there is any conflict or inconsistency, the English version shall prevail.

III. SUSTAINABILITY MANAGEMENT

Being a responsible corporation, the Group is fully aware of the importance to building and maintaining a strong governance structure and management approach to issues relating to how the Group interacts with the environment, its employees, daily business operations and the communities in which it operates, which significantly influences the effectiveness of the Group achieving long-term success and operational resilience. To carry out the Group's sustainability strategy from top to bottom and disseminate the sustainability concept into all business divisions, a top-down structure has been established and the Board takes the lead on and has oversight of the execution of relevant ESG issues. While the Group continuously opts for improvement of its governance structure in accordance with relevant policies and regulations, the Board assumes ultimate responsibility for ensuring the effectiveness of the implementation of the Group's ESG policies and reporting matters. Specifically, the Board formulates corporate strategies, sets up policies and tracks the progress of sustainability building with appropriate ESG indicators and metrics. The Board also recognises and evaluates the potential ESG-related risks within the organisation, which has been firmly put on the agenda and acted upon. The Management delegated by the Board is responsible for supervising and monitoring the implementation of sustainability practices, and advises on the solutions to various problems arising from the execution, whilst the general employees are responsible for the execution of plans and sum up practical experience during daily operations. To ensure that the Board can be timely informed of the latest corporate ESG performance, including the major plans of action, risk management policies, annual budgets as well as the organisation's progress of ESG performance objectives, thereby making informed decisions, the Group has been in process of building an ESG committee to assist the Board in managing ESG policies. Each part of the Group performs its respective responsibilities orderly and collaborates with others effectively to promote the sound ESG management.

BOARD

- Evaluating the Group's environmental and social impacts;
- Championing the integration of ESG factors into the business;
- Overseeing the Group's ESG management and make informed decisions on business development;
- Providing strategic direction on material ESG issues; and
- Setting strategic ESG objectives and metrics for monitoring.



Top-down: decision making and leadership

MANAGEMENT

- Developing and implementing the Group's communication strategy and policies with key stakeholders;
- Overseeing the implementation of ESG policies at the operational level;
- Tracking and reporting on the progress towards well-established ESG goals and sub-targets; and
- Adjusting operational modes appropriately with reference to internationally recognised frameworks and principles.

Bottom-up: experiences and feedback

GENERAL EMPLOYEES

- Studying and implementing the development plans from the top;
- Integrating ESG concepts and solutions into investment analysis and portfolio construction;
- Making use of innovative methods for financing and managing projects with considerations of ESG criteria; and
- Reporting any barriers and risks in the execution of policies to the Management.

The Group deeply understands that compliance and risk management are the basic requirements for enterprise operations. With an improved internal control system running for years to accelerate the building of business resilience in order to prevent and mitigate the risks in advance that might adversely affect the Group's ability to create the long-term value, the Group keeps enhancing its risk consciousness by carrying out evaluations of the implications of a vast universe of external variables on the efficiency of its business models and investment portfolios. The Board supervises and oversees the compliance and risk management of the Group, as well as reviews internal sustainability policies to satisfy the ever-changing needs of its stakeholders, so as to meet the national and industrial regulatory rules and the requirements under the Corporate Governance Code. Details of its management approach in both environmental and social aspects can be found throughout different sections of this ESG report.

IV. BOARD STATEMENT

Nowadays, urbanisation is seen as not only an inevitable trend, but also an opportunity to create a brighter future for humanity as a whole. Being the huge magnets for talent and investment, there is no denying the fact that cities have become the world's major growth engine and constituted a significant proportion of global economy. With an increasing number of people in the world migrating and living in cities than ever before, significant and basic infrastructure, including communication networks, transportation, social infrastructure, amenity spots and housing are urgently required and believed to be essential. China has experienced an unprecedented rate of urbanisation since the opening up in 1978, which resulted in the growth of urban populations and spatial expansion of built-up areas.

However, the speed and scale of urbanisation also brings tremendous environmental and social challenges, such as heightening pollution levels and widening income gaps that thwart the city dwellers' desire for a sustainable, prosperous future. Encouragingly, the various parties responsible for designing, planning, investing in, building and operating the cities' development are up to the challenge. With the regulatory authorities working more closely with the private sector these years in an effort to make our cities more secure, more sustainable, more diverse and more connected, the Group has been aware of its pivotal role to play in fostering the healthy urban development and advancing livelihood improvement, including education, tourism and healthcare.

Being enshrined in the DNA of the Group, sustainable investing that has moved in recent years from the margins to the mainstream of the global investment landscape is the way the Group carries out business activities. Not only have we focused on the ESG management of our own business operations, our investment strategy has also been built upon our founding philosophy for responsible investment, which is evaluating and facilitating the development of the projects in which we invest towards sustainability with considerations of ESG factors through our "investment + downstream product operation" model. The research-driven investments and full analysis through ESG lens such as the United National Global Compact (UNGC) on the projects undertaken by our professional teams aim to drive the long-term value and create positive impacts on the environment and society. Taking into account the material sustainability topics around the investment, we have long been committed to leveraging our expertise in sustainable investment and ambition to influence the projects of urbanisation and livelihood improvement positively by adopting an integrated approach to incorporating ESG factors into every decision we make.

Our active ESG management framework has been evolving from years' of experience in knowledge of sustainability and the objective to contribute to sustainability-related projects through the integration of principles for sustainable investment. At the bedrock of our approach to sustainability is the robust leadership and encouragement to collaboratively work across departments, teams and staff, which is central to the creation of the corporate culture of the Group in promoting ESG.

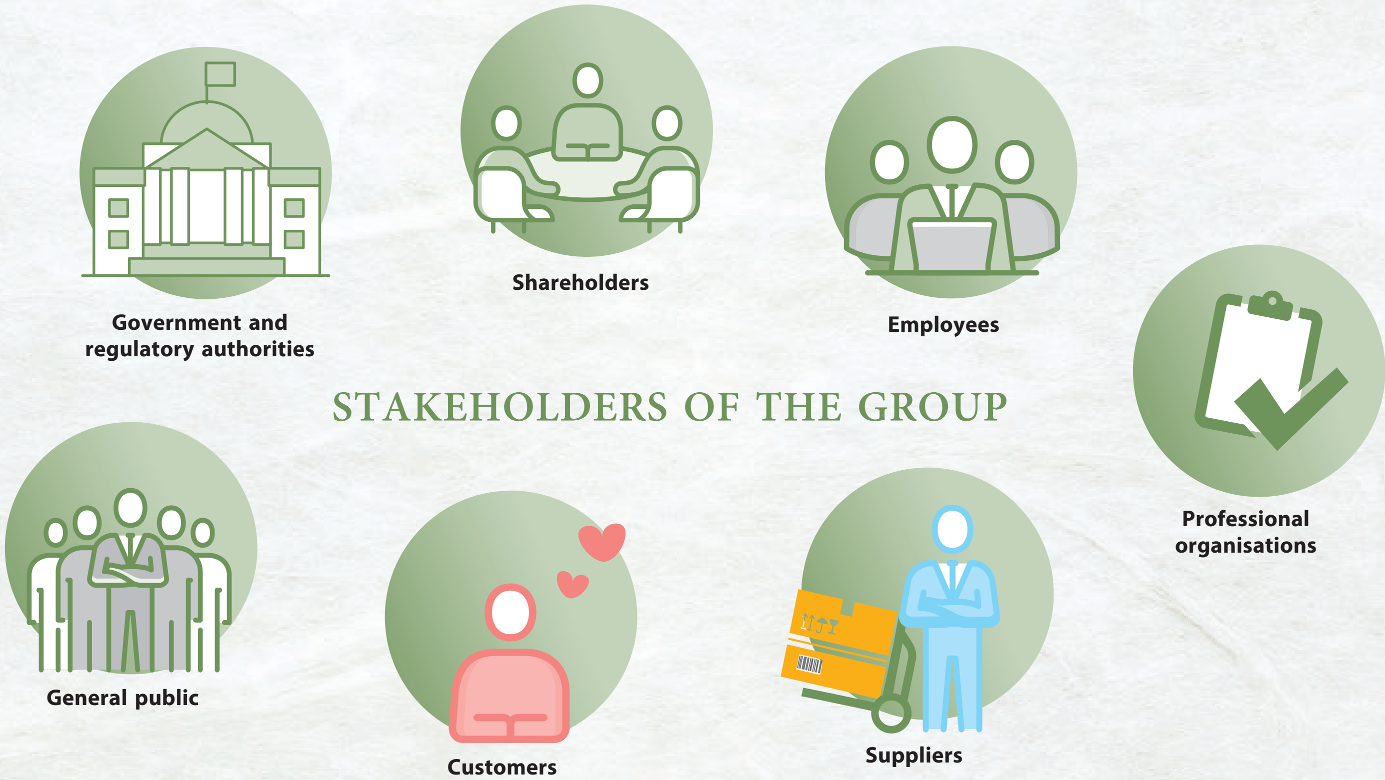
Under the overarching ESG visions and purposes in pursuit of sustainable development, the Board takes a top-down management approach to oversee the ESG issues of the Group. The dedicated management team of the Group is responsible for executing, monitoring and supervising the in-house conduct, ensuring that ESG considerations are routinely and effectively integrated into the entire range of business operations. Through the implementation of the Group's communication strategy that allows for an on-going dialogue with all stakeholders, the management team organises board briefings and reports on the material ESG matters in the Group to the Board for discussion and prioritisation.

The pillars of our environmental commitments, fulfilment of social responsibilities and determination to build a strong governance framework are the foundation to our long-lasting reputation in the industry and regarded as the prerequisite of our capability of long-term value creation for our stakeholders. In our journey towards sustainability over years, especially under such unprecedented times where acute geopolitical tensions and the outbreak of COVID-19 are slowing down our pace, we have remained fully committed to being a part of the global family to address global sustainability crisis. Following the instructions of the Proposals for Formulating the 14th Five-Year Plan (2021–2025) for National Economic and Social Development and the Long-Range Objectives Through the Year 2035 (中共中央關於制定國民經濟和社會發展第十四個五年規劃和二零三五年遠景目標的建議) that puts forward the importance of promoting regional coordinated development, the Group will unwaveringly adhere to the guiding ideology of economic and social development in 14th Five-Year Plan, and be in constant pursuit of sustainable development.

On behalf of the Board of Directors, we appreciate the support from all stakeholders who encourage and facilitate us to insist on sound ESG stewardship, and would like to thank all the contributors that offer their insights, advice and expertise on our strategic directions and practical efforts towards sustainable development.

Best regards,
Liu Heqiang
Executive Director and Chief Executive Officer
China New Town Development Company Limited

V. STAKEHOLDER ENGAGEMENT



The Group believes that maintaining ongoing and effective stakeholder engagement is vital to the Group building effective and purpose-aligned strategy, strengthening accountability for sustainable value creation and fostering trust in the community. As such, the Group has put immense efforts into its stakeholders' inclusiveness and communication with both internal and external stakeholders. Through a wide range of communication channels below, the Group has sustained two-way dialogues to further understand its stakeholders' concerns and expectations, which can facilitate the Group to better position itself in the market and respond to the broader expectations of the stakeholders.

Stakeholders	**Expectations and concerns**	**Communication Channels**
Government and regulatory authorities	— Compliance with laws and regulations — Anti-corruption policies — Occupational health and safety — Fulfilment of tax obligations — Social contribution	— Supervision on the compliance with local laws and regulations — Routine reports and tax payments
Shareholders	— Return on investments — Corporate governance — Business ethics — Information disclosure	— Regular reports — Announcements — General meetings — Official website of the Group — Investor briefings — Research reports

Stakeholders	Expectations and concerns	Communication Channels
Employees	— Employees' remuneration and benefits — Customer satisfaction — Health and safety in the workplace — Eco-friendly daily operations — Internal training and development opportunities	— Performance appraisals — Regular meetings and training — Emails, notice boards, hotline, team building activities with the management — Focus groups
Customers	— Production quality assurance — Protection of customers' privacy and rights — Insistence on sustainable development strategy	— Customers' satisfaction surveys — Face-to-face meetings and onsite visits — Customer service hotline and emails
Suppliers	— Fair and open procurement — Win-win cooperation — Environmental protection — Protection of intellectual property rights — Long-term business relationship	— Open tender — Contracts and agreements — Suppliers' satisfaction assessment — Telephone discussions — Face-to-face meetings and on-site visits — Industry seminars
Professional organisations	— Policy formulation regulating the practice of employees and business operations — Resilience building and adaptability enhancement	— Telephone discussions — Questionnaires & Online engagement — Face-to-face meetings (private or AGMs)
General public	— Involvement in communities — Business ethics — Environmental protection awareness	— Media conferences and responses to enquiries — Public welfare activities — Face-to-face interview — Corporate website

To further enhance its corporate governance and ESG reporting framework, and more importantly, to align its objectives with global sustainable development, thereby shift to a more efficient manner of operating, the Group has evaluated its stakeholders' opinions on corporate sustainability stewardship, especially the ESG-related topics that are material to stakeholders and the United Nations Sustainable Development Goals ("SDGs"). This analysis allows the Group to

- Understand the globally-agreed sustainable development goals that act as an articulation of the world's latest and most pressing environmental, social and economic issues of which all companies should be aware;
- Identify and seek potential business opportunities by addressing sustainability-related risks through business innovation and operational optimisation; and
- Solidify a common language for reporting the company's business impact on climate change and social welfare, and promoting a sustainability culture throughout the organisation.

According to the results, it was found that Goal 3 (Good health and well-being), Goal 4 (Quality education), Goal 6 (Clean water and sanitation) and Goal 7 (Affordable and clean energy) topped the list among all 17 SDGs in terms of the degree of stakeholders' attention and interest. In response to the call and concerns from stakeholders, the Group has been laying its emphasis on the management of relevant areas in its business operations, and setting out rational targets and metrics in either directional or quantitative ways.

3 GOOD HEALTH AND WELL-BEING

Central to sustainable urbanisation is addressing the problems from deficient infrastructure that may adversely affect the natural and built environments and exacerbate poverty given its detrimental impacts on the health and living environments, in particular of the vulnerable groups. Adhering to the targets and principles under Goal 3, the Group has been committed to facilitating the elderly healthcare service development and rendering social support for universal access to childcare services through healthcare and retirement projects, such as the specific planning approval and construction of the Junzhuang Project based on the approval of the overall planning of Mentougou District.

Further, the Group respects the basic rights of all employees by providing medical care and necessary caring support. The Group endeavours to create a secure and cosy working environmental for its staff, and has formulated a series of internal policies in regulating the matters in relation to occupational health and safety in the workplace. Safety-related training programmes are arranged on a regular basis by the Group for its employees. In early 2020, the outbreak of COVID-19 put considerable pressure on the health of all humankind. The Group was concerned about the well-being of its employees, and implemented emergency plans including allowing for flexible working hours, to protect the health and safety or its staff.

4 QUALITY EDUCATION

Quality education has already been engrained in one of the core businesses of the Group. In response to the direction of "developing a fair and quality education system" by the central government, the Group has participated in managing Kaiyuan Education Fund LP to build an international bilingual K-12 school, which aims to provide top-notch bilingual education courses and comprehensive education solutions for the kids.

Internal training is also one of many ways the Group has integrated Goal 4 into operations. The Group believes that the provision of professional training courses can significantly equip its employees with the skillset to accomplish the tasks and realise self-value. The Group also pays attention to the genuine needs of local community groups, and provided vocational training to people in remote areas where the access to quality education is lacked. For example, the Group made donations to Beijing Huairou Zhipei School and Changping School for Children or Migrant Works, offering stationery and materials for education to the children in need.

6 CLEAN WATER AND SANITATION

Given the business nature with most operations being performed in offices, the Group has not faced nor contributed to any water sourcing problems. Notwithstanding that, the Group has still put its focus on water conservation through the formulation of internal policies for effectively managing its water usage. Recognising that improper ways of property development may be highly water-intensive, and with more understanding about the water footprint across its value chain, the Group strives to promote the spirit of water conservation throughout all levels within the Group's business. For Instance, the environmental elements, in particular water efficiency-related issues, will be taken into consideration by the Group in its investment and management of projects in a systematic manner in the future.

7 AFFORDABLE AND CLEAN ENERGY

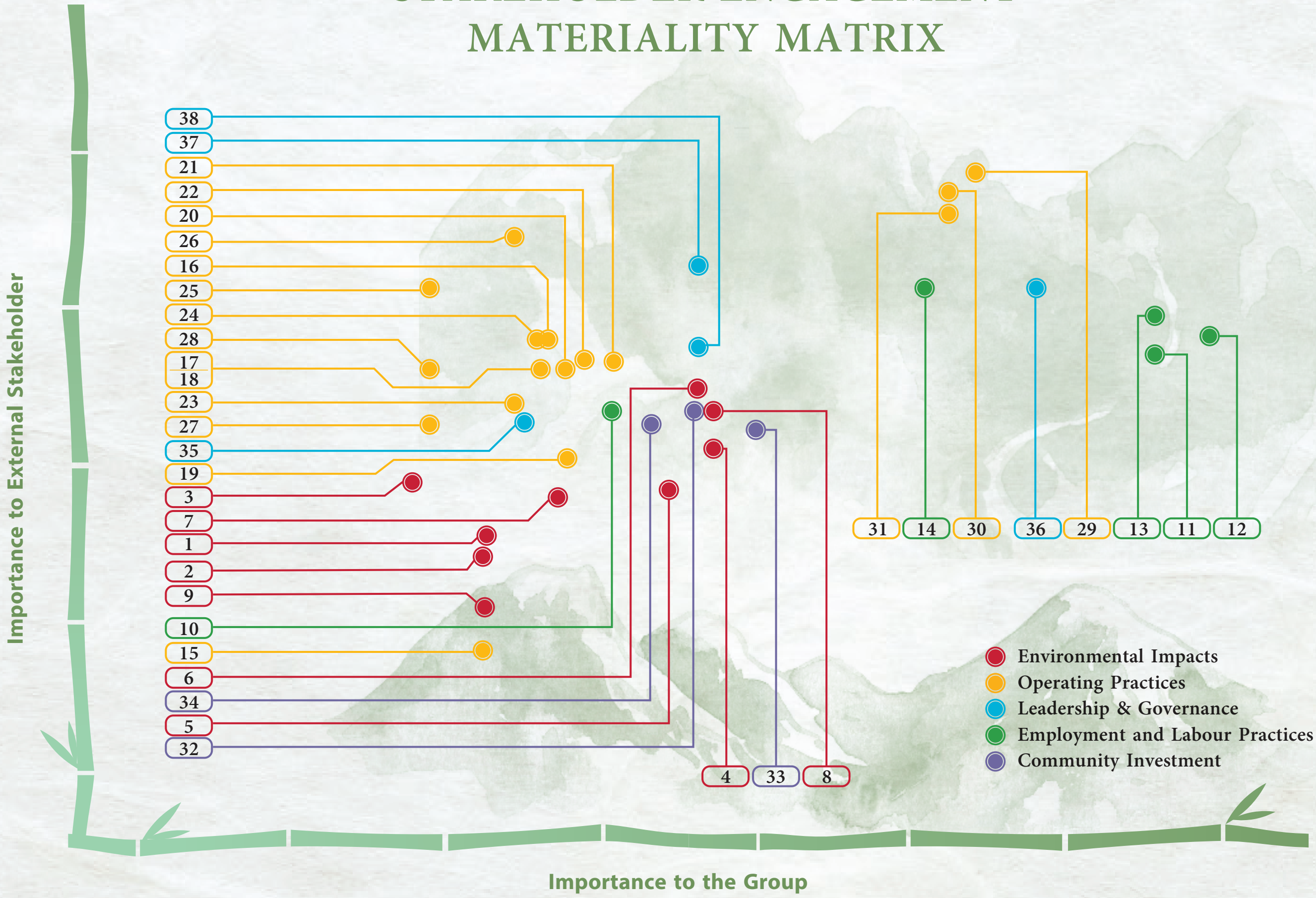
Modern society depends on reliable and affordable energy services to function smoothly and to develop equitably. Yet the traditional source of energy is leading the world to an almost irreversible demise. As the transformation of existing cities through the design of low-carbon urban systems is increasingly vital in this day and age, how to upgrade cities through innovative technologies and sustainable energy consumption behaviour remains a key priority to the Group. As a pioneer in urban development in China, the Group hopes to accelerate the transition to an affordable, reliable and sustainable energy system by investing in projects which prioritise energy efficient practices and making use of clean energy technologies. Aiming to make its investment strategy consistent with a pathway towards low GHG emissions and climate-positive development, the Group will remain committed to playing a bigger part in tacking climate change integrating climate-related risks into project analysis, and accelerating the global momentum towards urban sustainability and resilience.

Materiality Assessment

As ESG risks and opportunities for companies vary across industries and depend on corporate business models, the Group undertook an annual review to identify its stakeholders' main concerns and material interests about ESG issues. In FY2020, the Group engaged its stakeholders to a materiality assessment survey. A group of internal and external stakeholders were identified, prioritised and selected based on their influence and dependence on the Group. Specifically, the Group referenced ISO 26000 (Guidance on Social Responsibility) and chose its stakeholders against criteria including legal obligations, power of influence, significance in the value chain and willingness for engagement. The selected stakeholder representatives were invited to take part in an ESG online survey, which was comprised of numerous questions around ESG topics that were regarded financially material and relevant to the Group's business development. Such an objective, transparent and decision-useful materiality assessment allowed the Group to give priority to the management under certain ESG topics and to map the results out in a materiality matrix as shown below. With the continuous and effective stakeholders' engagement, the outcome of the materiality assessment survey functioned as a powerful tool that facilitate the Group to develop its action plans for more effective ESG management.

Among a wide range of internal and external stakeholders, the Group believes engaging the most relevant and material stakeholders through a fair and proper process is key to the accuracy of the materiality assessment that can further inform the decision-making. As such, the "Analytic Hierarchy Process" (AHP), which is a structured technique of assigning weights to different groups by pairwise comparisons was used to prioritise the Group's stakeholder groups. Specifically, six criteria namely Vulnerability, Influence, Legitimacy, Willingness for engagement, Contribution and Necessity of involvement were chosen for the comparison amongst six stakeholder groups, including the Group's supplier, customer, managerial staff, general employee, senior management and professional organisation. The final outcome was generated with a permissible limit of Consistency Ration ("CR") and the weights of each stakeholder group were applied to the topic materiality assessment.

STAKEHOLDER ENGAGEMENT MATERIALITY MATRIX



1 Air and greenhouse gas emissions
2 Sewage treatment
3 Land use, pollution and restoration
4 Solid waste treatment
5 Energy use
6 Water use
7 Use of other raw/packaging materials
8 Mitigation measures to protect environment and natural resources
9 Climate-related risks
10 Diversity of employees
11 Employee remuneration and benefits
12 Occupational health and safety
13 Employee development and training
14 Preventing child and forced labour
15 Selection of local suppliers
16 Smooth communication and sound relationship with suppliers
17 Environmental risks (e.g. pollution) of the suppliers
18 Social risks (e.g. monopoly) of the suppliers
19 Procurement practices
20 Environmentally preferable products and services
21 Health and safety relating to products/services
22 Customers satisfaction (Welfare)
23 Marketing and promotion
24 Observing and protecting intellectual property rights
25 Product quality assurance and recall percentage
26 Protection of consumer information and privacy
27 Labelling relating to products/services
28 Product design & Lifecycle management
29 Number of legal cases filed against the company about bribery, extortion, fraud and money laundering
30 Anti-corruption policies and whistle-blowing procedure
31 Anti-corruption training provided to directors and staff
32 Community engagement
33 Participation in charitable activities and support public welfare
34 Cultivation of local employment
35 Business model adaptation and resilience to environmental, social, political and economic risks and opportunities
36 Management of the legal & regulatory environment (regulation-compliance management)
37 Critical incident risk responsiveness
38 Systemic risk management

Through the materiality analysis, the Group identified "Occupational health and safety", "Employee development and training" and "Number of legal cases filed against the company about bribery, extortion, fraud and money laundering" as issues of high importance. Given the high degree of concern on the material issues mentioned above, the Group has carefully priced the risks and opportunities in relation to these matters and elaborated in detail under different sections of this ESG report.

Stakeholders Feedback

As the Group strives for excellence, the Group welcomes stakeholders' feedback and advice on the improvement of corporate ESG approach and performance, especially under the topics listed as the highest importance in the materiality assessment. Readers are also welcome to share their views with the Group at http://www.china-newtown.com/Contact-Us/Contact-Us.

VI. ENVIRONMENTAL SUSTAINABILITY

To seek the sustainability of the environment and community where it operates, the Group has made an effort in controlling its emissions as well as its consumption of resources, ensuring that its projects and daily operations comply with relevant environmental laws and regulations in cities of the PRC and Hong Kong in FY2020, including but not limited to the following:

- Waste Disposal Ordinance (Cap. 354 of the Laws of Hong Kong);
- Environmental Protection Law of the People's Republic of China (中華人民共和國環境保護法);
- Environmental Impact Assessment Law of the People's Republic of China (中華人民共和國環境影響評價法); and
- Energy Conservation Law of the People's Republic of China (中華人民共和國節約能源法).

This section primarily discloses the Group's policies, practices, and quantitative data on emissions, use of resources, the environment and natural resources in FY2020.

A.1 Emissions

In FY2020, the Group was in compliance with applicable laws and regulations concerning air and GHG emissions, discharges into water and land, generation of hazardous and non-hazardous wastes, and noise that have a significant impact on the Group. Bearing in mind its responsibility to protect the ecosystem and refine its business operations and investment decisions towards sustainability, emission control has been an integral part to the Group's business in the portfolio of "urbanisation investment" and "downstream operation". Specifically, the Group strives to operate in an eco-friendly manner and has extensively advocated the smart control of consumption of natural resources and the promotion of energy-efficient equipment during its daily operations, while in its investment in livelihood improvement projects, environmental compliance and ecological benefits have been integrated in the objectives and management approach of the Group to delivering the greatest value to our shareholders.

During the year under review, air pollutants from the Group including sulphur oxides ("SO_X"), nitrogen oxides ("NO_X") and particulate matter ("PM") were mainly generated from vehicles for transportation for business affairs. Specifically, the Group's air emissions of SO_X, NO_X and PM amounted to 2.70 kg, 142.17 kg and 31.27 kg respectively in FY2020. It is widely acknowledged that an increase in atmospheric concentrations of greenhouse gases ("GHGs") produces a positive climate forcing, or warming effect that leads to the climate change nowadays. To further quantify and address the risks of climate change and capitalise on the opportunities of the transition to a low-carbon economy, tackling the threats posed by climate change remains a top priority to the Group. In FY2020, the GHG emissions from the Group were primarily caused by the combustion of fossil fuels for transportation and the electricity consumption supporting office operations. During the year under review, the Group's total GHG emissions amounted to 7,402.15 tonnes of CO_2e. In addition, the Group generated a total of 17.20 tonnes of non-hazardous solid commercial wastes, while 121,655.96 m^3 of non-hazardous wastewater was discharged from different offices and project under operations of the Group. In FY2020, the Group did not generate any hazardous wastes (solid waste or sewage) during its operations. The Group's total emissions in FY2020 are summarised in Table 1 below. To better illustrate the GHG emissions of the Group, especially from the perspective of geographical locations, use of resources, and emission scopes, a GHG emissions Sankey diagram has been formulated. It visualises the patterns of corporate GHG emissions with the width of the flows representing the magnitudes of the amount of emissions.

Table 1 The Group's total emissions by category in FY2020[8]

Emission Category	Key Performance Indicator (KPI)	Unit	Amount in FY2020	Intensity[1] (Unit/Million RMB) in FY2020	Amount in FY2019	Intensity[1] (Unit/Million RMB) In FY2019
Air Emissions[2, 9]	SO_x	Kg	2.70	5.67×10^{-3}	0.46	7.48×10^{-4}
	NO_x	Kg	142.17	0.30	20.28	0.03
	PM	Kg	31.27	0.07	1.49	2.42×10^{-3}
GHG Emissions[9]	Scope 1[3] (Direct Emissions)	Tonnes of CO_2e	604.44	1.27	74.59	0.12
	Scope 2[4] (Energy Indirect Emissions)	Tonnes of CO_2e	6,723.43	14.13	439.78	0.72
	Scope 3[5] (Other Indirect Emissions)	Tonnes of CO_2e	74.28	0.16	13.84	0.02
	Total (Scope 1 & 2 & 3)	Tonnes of CO_2e	7,402.15	15.55	528.21	0.86
Non-hazardous Waste	Solid Wastes[6]	Tonnes	17.20	0.04	20.29	0.03
	Wastewater[7, 9]	M^3	121,655.96	255.60	4,979.74	8.10

1 Intensity was calculated by dividing the amount of air, GHG and other emissions by the operating income of the Group in FY2020 and FY2019 respectively, which was 475,966 RMB'000 in FY2020 and 614,931 RMB'000 in FY2019. For better comparison throughout recent years, the operating income was adopted as the denominator for the calculation of intensity;

2 Air emissions in FY2020 included the air pollutants in the vehicle exhaust gas from the combustion of petrol and liquefied petroleum gas (LPG) for business transportation;

3 The Group's Scope 1 (Direct Emissions) included only the consumption of gasoline, natural gas and LPG in motor vehicles, and carbon offset by GHG removals from newly planted trees;

4 The Group's Scope 2 (Energy Indirect Emissions) included only the electricity consumption and heating;

5 The Group's Scope 3 (Other Indirect Emissions) included only the emissions from paper waste disposed of at landfills, electricity used for processing fresh water and sewage by government departments and business air travel. In FY2020, emissions caused by business air travel was incorporated into the calculation of Scope 3 GHG emissions. Due to the pandemic, limited business travel data was recorded and organised, as such only the data from the Hong Kong and Shenyang offices were included. Aiming for improvements on a yearly basis, more detailed and complete information about business air travel of the Group will be recorded for the calculation of Scope 3 GHG emissions next year;

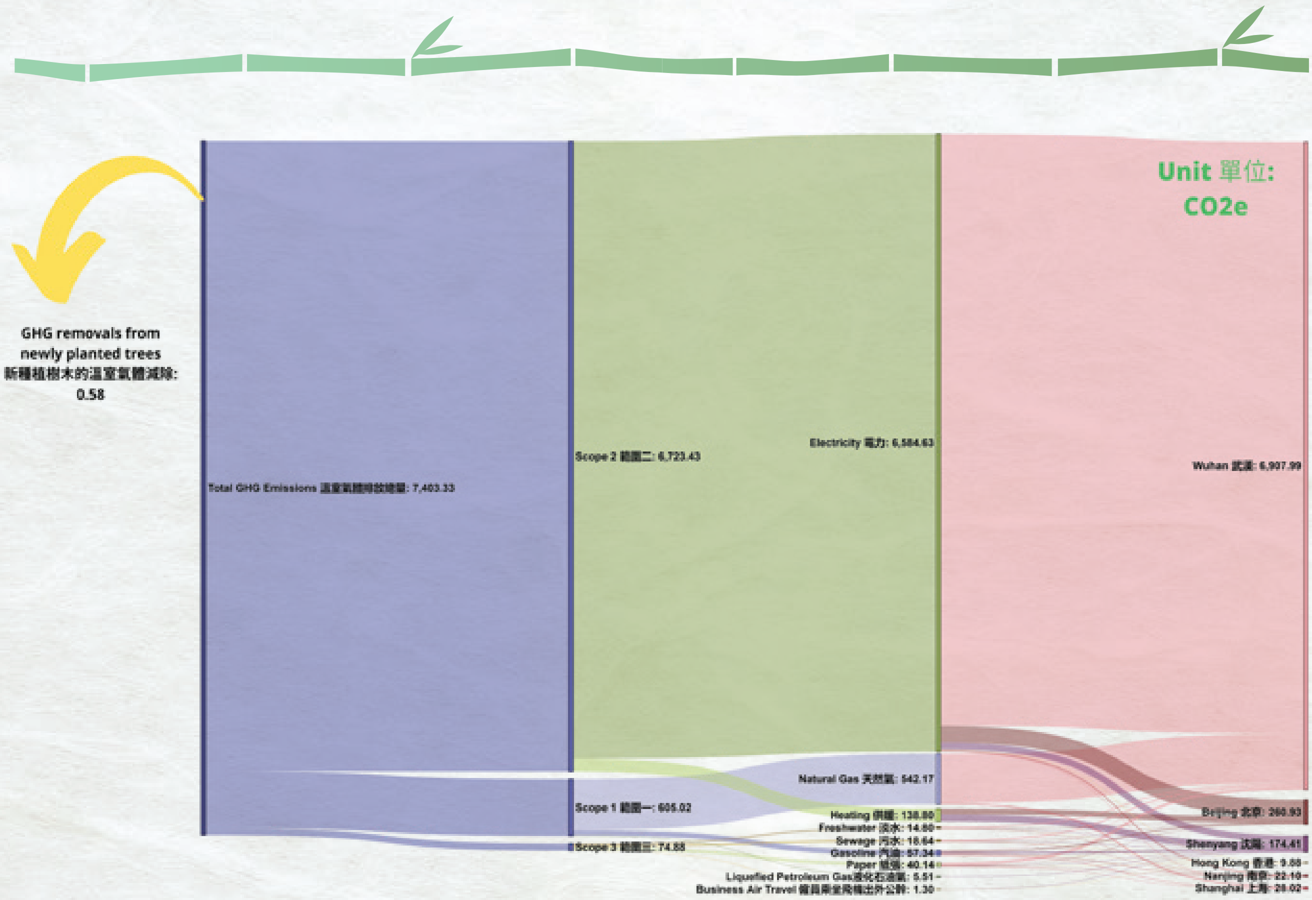
6 The solid wastes only covered commercial wastes from the property buildings where the Group's employees worked;

7 Since the wastewater generated from the Group in FY2020 that was incorporated in the calculation only covered commercial sewage from employees, which was directly handled by the management unit of property buildings, the total amount of wastewater discharged from the Group in FY2020 was based on the assumption that 100% of the consumed fresh water entered the municipal drainage system;

8 The methodology adopted for reporting on GHG emissions set out above was based on "How to Prepare an ESG Report? — Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange and the IPCC Emission Factor Database; and

9 To pursue more transparency and a high-degree of disclosure in sustainable development, the reporting scope for environmental data calculation of air emissions, GHG emissions and wastewater was expanded to include Optical Valley New Development International Centre (光谷新發展國際中心) in FY2020, which caused the dramatic increase of relevant figures.

Sankey Diagram for GHG Emissions of the Group in FY2020



Air & GHG Emissions

In FY2020, the air and GHG emissions of the Group mainly came from the use of gasoline and liquified petroleum gas (LPG) for vehicles for business affairs, electricity for daily operations in the offices and natural gas consumption for boilers in project management. To optimise its operating practices towards sustainable consumption, the Group has implemented its internal policies and in particular required the following practices to be carried out:

- Monitor the outsourced projects by requiring sub-contractors to consider ESG criteria and take eco-friendly measures in operations, such as cleaning the wheels of the vehicles before leaving the construction site and rinsing the ground or sprinkling water daily to settle the dirt and avoid sludge accumulation;
- Advocate low-carbon transportation and encourage employees to use public transportation services instead of driving to work;
- Replace outmoded vehicles with energy efficient or electric ones for business trips;
- Strengthen the management of vehicle use in the Group; and
- Appoint specific staff for the management of electricity consumption and water usage in the subsidiaries of the Group.

The Group has consistently espoused the need to pull together to address the scale of the challenge that climate change poses. Therefore, to further minimise its GHG emissions, the Group continued to bring forward effective policies and measures in daily operations in FY2020, motivating all its employees to pay attention to their behaviour, such as switching off the lights when leaving the office, in order to lower GHG emissions at source. During the year under review, the GHG emissions of the Group remained at the same level as last year, although the total figure rose significantly due to the inclusion of Optical Valley New Development International Centre (光谷新發展國際中心) for measurement and reporting. In particular, the Scope 2 GHG emissions from electricity consumption for office operations declined moderately as compared to that in FY2019. The GHG emissions caused by the use of gasoline for transportation also descended substantially by around 30%. The expansion of data collection scope this year by including the Optical Valley New Development International Centre (光谷新發展國際中心) was the main reason that led to a surge in various figures, which the Group believes, however, can deliver on the Group's commitment to presenting a fuller complete picture about its sustainability building process to its stakeholders. The Group will continue its unswerving efforts in the regulation of the use of vehicles for business affairs, in order to address the existential threat of climate change to our planet and society, thereby changing towards cleaner and more resilient development.

The policies and actions taken by the Group are further described in the subsections headed "Electricity" and "Other energy resources" below.

Wastewater

Given its business nature, the Group did not consume a significant volume of water in its office operations and thus did not generate a material amount of commercial wastewater nor any hazardous wastewater during the year under review. In FY2020, the wastewater from the Group was mainly commercial wastewater from offices and wastewater from the project building. However, with a clear message of water conservation signalled from the top, the Group has put its emphasis on water consumption control and encouraged its employees to reduce, reuse and recycle water in an appropriate way. The Group believes that it has the responsibility to implement water conservation programs to improve water use internally and reduce demand on the world's limited water resources. The advocacy of water conservation has garnered its employees' support and yielded energy savings through a clear path defined by the Group to minimise its water footprint.

- Understand the prioritise measures for water conservation;
- Record and document water consumption data through systemic management in subsidiaries' environmental performance;
- Analyse water consumption results and implement water-saving tactics; and
- Strengthen internal communication and commit to employ a monitoring and control approach to report progress and reward achievements.

For instance, wastewater was collected and reused for irrigation of plants in offices. Non-reusable wastewater was directly discharged into the municipal sewage network of property buildings and handled by the property management. Since the amount of wastewater highly depends on the amount of water that has been used, the Group has adopted specific measures and aims to proactively explore effective ways to save the water consumption, further described in the next subsection headed "**Water**", to improve water efficiency.

Solid Wastes

In response to the pledge to promote trash classification nationwide as part of the move to establish a mechanism for efficient utilisation of resources and move towards ecological civilisation in China, the Group has also been ramping up its waste management as a means to embrace the concept of circular economy.

In FY2020, the solid waste generated by the Group were primarily non-hazardous commercial solid waste. To better control and managed the waste disposal behaviour, the Group has implemented the Sustainable Waste Management, of which the goal is to connect those threads in tangible and effective ways to help its employees to understand that even a small change can lead to a huge difference in the mission of environmental stewardship. Following the waste policy of China, the Group has encouraged its employees to learn and implement rubbish sorting. To this end, the Group, for instance, has fully based its Sustainable Waste Management on the principle of efficient implementation of "Waste Hierarchy", which is to

- **ELIMINATE** the use of materials, e.g. electronic document and digital materials were highly recommended; educated all employees to reduce the use of disposable items such as plastic tableware.

- **REDUCE** the amount of materials used, e.g. double-sided printing mode was set as default in printing device; purchased microwaves in the offices to encourage employees to take own lunch boxes instead of ordering takeaway food if possible.

- **REUSE** materials, e.g. non-confidential printing paper was used as draft paper; reused office supplies.

- **RECYCLE** materials, e.g. outdated electronics or materials were sent to professional organisations for recycling.

- **DISPOSAL** of the solid waste which cannot be reused or recycled through sorting.

While the majority of commercial solid waste generated from the Group's offices were classified, regularly collected and effectively handled by the professional third parties, the Group still paid attention to the waste management in the value chain in FY2020 and will tighten up its requirements on subcontractors and exert positive influence on business partners to embed the concept of circular economy into operations and adopt environmentally-friendly measures in the waste management including the development of sustainable solution to managing construction & demolition wastes.

As part of the "investment + downstream product operation" model that the Group has been employing for development, the assessment of the environmental features and sustainability-related elements of projects in which the Group plans to invest is an important criterion for preliminary analysis. Nanjing Reigate Bilingual School Project, for example, leveraged the opportunities brought by new industries including smart manufacturing, big data and eco-friendly materials for energy conservation and environmental protection. Further, prior to the construction work, environmental impacts, particularly waste stewardship, are taken into consideration and regarded as the primary task by the Group, as the Group believes that the financial risks arising from downstream operations may present unique challenges to its investment returns, which require a strategic approach to effective financial risk management.

In FY2020, the total amount of solid wastes generated from the Group's offices dropped by 15.2% compared to the figure in FY2019.

A.2. Use of Resources

In FY2020, the primary resources consumed by the Group were electricity, gasoline, liquefied petroleum gas, water, paper and heating supply. For the operation of boilers in project management, natural gas was a major energy resource. Given its business nature, the Group did not use any packaging material during the year under review. Table 2 illustrates the amount of different resources used by the Group in FY2020.

Table 2 Total Resource Consumption in FY2020[5]

Use of Resources	Key Performance Indicator (KPI)	Unit	Amount in FY2020	Intensity[1] (Unit/Million RMB) in FY2020	Amount in FY2019	Intensity[1] (Unit/Million RMB) in FY2019
Energy	Electricity[4]	MWh	12,336.9	25.92	360.6	0.88
	Gasoline	MWh	208.5	0.44	271.3	0.66
	LPG	MWh	5.8	0.01	—	—
	Natural gas[4]	MWh	2,665.7	5.60	—	—
	Heat[2]	MWh	632.9	1.33	681.8	1.67
	Total energy consumption	MWh	15,849.8	33.30	1,313.7	3.21
Water[4]	Water	m^3	121,656.0	255.60	4,979.7	12.18
Paper	Paper[3]	Kg	8,362.5	17.57	2,528.9	6.18

1 Intensity was calculated by dividing the amount of resources that the Group consumed in FY2020 and FY2019 by the operating income of the Group in FY2020 and FY2019 respectively, which was 475,966 RMB'000 in FY2020 and 614,931 RMB'000 in FY2019. For better comparison throughout the years, the revenue was adopted as the denominator for the calculation of intensity;

2 Heat consumption included Beijing headquarter and Shenyang office;

3 Paper consumption = paper inventory at the beginning of reporting period + paper added to inventory during reporting period – paper collected for recycling purposes – paper inventory at end of the reporting period;

4 To pursue more transparency and a high-degree of disclosure in sustainable development, the reporting scope for environmental data calculation of electricity, natural gas and water consumption was expanded to include Optical Valley New Development International Centre (光谷新發展國際中心) in FY2020, which caused the dramatic increase of relevant figures; and

5 The methodology adopted for reporting on the total resource consumption of the Group in FY2020 was based on "How to Prepare an ESG Report? — Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange and the IPCC Default Net Calorific Values Database.

Electricity

In FY2020, the Group purchased electricity from local public utilities and the total electricity usage shoot up due to the scope expansion covering the electricity consumption throughout the offices of all subsidiaries and from the Optical Valley New Development International Centre (光谷新發展國際中心). Specifically, the amount of electricity consumption supporting the Group's office operations was 330,331 kWh in FY2020, which fell by approximately 5%. As an enterprise whose primary operations are completed in the office, electricity consumption is believed to be a major contributor to GHG emissions by the Group. As such, the Group has been committed to further controlling the consumption of electricity so as to diminish its GHG emissions by embedding the slogan of "Saving Electricity" into its business strategy and daily operations, and aims to lower the electricity intensity on a yearly basis. In pursuit of the target, the Group will continue to implement the following practices:

- Switch off all idle lights and air conditioners (e.g. most electrical equipment is turned off during lunch time or when staff leaves the office);
- Maintain and repair electrical appliances in the offices regularly to ensure that all device functions efficiently (e.g. some subsidiaries of the Group have designated specific staff to provide M&R solutions when needed);
- Adjust the temperature of air conditioners manually in offices when necessary (e.g. some subsidiaries of the Group have regulated that the temperature of air conditioners in the offices should not lower than 26℃ in summer and higher than 20℃ in winter;
- Purchase energy-efficient equipment with labels of good environmental performance in the offices;
- Adopt centralised approach for the control of all lighting fixtures in public areas;
- Control the use of equipment and facilities including those in the basement by time intervals;
- Encourage employees to adopt natural ventilation or ventilation fans for areas instead of air-conditioning when applicable; and
- Establish effective supervision mechanism and promote the idea of energy conservation among all employees.

Other energy resources

The Group's consumption of other energy resources mainly came from the combustion of fossil fuels for transportation. In FY2020, the Group consumed a total of around 21,175 litres gasoline, which was recorded as a significant fall of about 30% as compared to the figure in FY2019. Insisting on the exploration of innovative solutions and the application of feasible environmentally friendly technologies into its business operations, the Group believes that sound management of vehicles for business affairs can not only drive down the operational costs, but also lower its GHG emissions as well as minimising the air pollution. In FY2020, the consumption of natural gas in the Optical Valley New Development International Centre (光谷新發展國際中心) accounted for over 95% of the total natural gas consumption of the Group. The Group will continue to monitor the use of energy resources in various forms and set appropriate targets and metrics for more efficient management.

In pursuit of a "low carbon" business model, the Group strengthened its internal regulation of the use of vehicles for business affairs and provided detailed guidance to employees about how to save energy resources in transportation. For example, the subsidiaries of the Group kept the vehicle washed and waxed on a regular basis to improve the aerodynamics and therefore save fuel consumption. Meanwhile, the Group encouraged drivers to optimise driving routes in advance and keep the vehicle traveling at a constant speed to avoid any unnecessary brake. Furthermore, the use of vehicles was under the strict control of different subsidiaries and employees were highly motivated to share vehicles for business affairs when appropriate.

Water

Water scarcity is one of the most difficult issues challenging the quality of rapid urbanisation in China. Seeing water as the most precious resource in the world, the Group is conscious of its role of being a leading enterprise in improving water efficiency during operations. During the year under review, the Group did not face any problem in sourcing water that was fit for its purpose. The Group has been insisting on the "3R Principles — Reduce, Reuse and Recycle" in its water management. Some subsidiaries of the Group, for instance, have recycled the greywater for toilet flushing. To improve the utilisation efficiency of water resources and cultivate the habit of water conservation among employees, the Group has further adopted the following practices:

- Designate employees to manage the water equipment and fix dripping taps timely once any leakage of water supply system is spotted;

- Strengthen the maintenance and repairment on malfunctional water taps and water pipelines;

- Adopt the measures of metering and measuring facility water use appropriately to capture any water-saving opportunities; and

- Advocate the importance of saving water among employees through training, educational programmes and striking posters in various areas of the Group.

In FY2020, the total amount of water consumption by the Group was higher than the figure in FY2019, primarily due to the inclusion of the data from the Optical Valley New Development International Centre (光谷新發展國際中心). However, the water consumption by the Group's offices decreased by around 15% as compared to FY2019 as stringent policies and measures were advocated to be implemented among subsidiaries and employees. The Group will further its monitoring on water usage throughout the entire organisation and keep delving into practical measures of water conservation, aiming to be a more effective environmental steward in the near future.

Paper

Paper was mainly used for administrative work in the offices of the Group, which was under strict management for years, with effective policies being enforced internally. In FY2020, the Group strengthened its management of paper consumption and recorded the amount of paper used in all its subsidiaries and operating sites. Embracing the concept of "Green office", the Group has implemented a wide variety of brilliant procedures in paper recycling at offices and committed to continuously engaging its employees to execute the policies and monitor the progress. In FY2020, the Group recycled approximately 42 kg of paper during the year under review. To make the use of paper more efficient, the Group advocated "paperless office" and office automation, and took the following actions in its daily operations in FY2020:

- Purchase recycled paper and reuse paper bags for filing;

- Keep the normal setting of the printer to the mode of printing on both sides;

- Spread the idea of "think before print" by using posters and stickers in the offices to remind the staff of avoiding unnecessary printing;
- Reduce paper consumption through the application of computer technology (e.g. emails, electronic documents, etc.);
- Use boxes and trays as containers beside photocopiers to collect single-sided paper for reuse and recycling;
- Use the back of single-sided documents for second printing or draft paper; and
- Re-design the paper into artistic handicrafts.

A.3 The Environment and Natural Resources

Aiming to practise green management in the office, the Group did not cause significant impacts on the environment and natural resources in FY2020. Through an annual review and evaluation of its environmental performance, the Group took GHG emissions resulting from business travels and development projects, and the purchase and consumption of electricity as its major impacts on the environment, among others. With an aim to forge a resource-saving and environmentally-friendly enterprise, the Group believes that it is of equal importance to formulate and implement relevant policies in its management of resources, thereby curbing the massive generation of waste and lowering the emissions at source. To this end, the Group has paid attention to managing its day-to-day housekeeping process in the office and adopted multiple creative ideas for the establishment of a green office mechanism, including promoting a "food wise" culture, launching energy-saving campaigns, maintaining good indoor air quality, studying and implementing green procurement, and appointing specific employee to oversee and supervise the daily practices.

The Group has been undertaking risk assessment and optimising its risk management system during its operations, aiming to timely identify and address the potential ESG risks. For instance, to avoid the waste from procurement and replacement process, the Group has advocated the spirit of "saving", ensuring that all malfunctioning equipment can be reused through repairment. Office stationaries and waste including ink cartridges are also collected, classified and recycled to reduce the burden of landfilling. Meanwhile, the reuse of internal resources and materials, such as folders, is a common practice that all subsidiaries of the Group have taken for environmental protection. To standardise the internal practice in energy and resource conservation, the Group has formulated the policy of "Measures on Administrative Properties Management" (行政物品管理辦法), regulating the management of properties internally and eliminating any behaviour that may result in the waste of resources.

Undoubtedly, GHG emissions are inherently linked to climate-related crises nowadays and believed to be the culprit climate change. In response to the national ambitious pledge to achieve carbon neutrality by 2060, the Group has made an effort in the promotion of carbon reduction through various educational activities and efficient management of daily practice. Employees are highly encouraged to take public transport instead of driving cars. The Group has supported the tree planting projects as well, which forms a valuable part of its corporate environmental stewardship to go carbon neutral. In FY2020, a total of 25 trees that have been planted by the Group for years sequestered 0.58 tonnes GHGs from the atmosphere. What is more, by selecting energy-efficient machinery and device, the Group is committed to further lowering its electricity consumption and speeding up its progress towards the company-wide use of electric vehicles in the near future.

A.4 Climate change

2020 is a year full of challenges to the world and a critical year for our future and for the climate as well. The average temperature rise leads to dramatic changes at the extremes and is having disruptive effects that we have already perceived. Recognising the climate-related risks that are financially material to the business development in the long run, the Group supports the TCFD framework and its recommendations by identifying, evaluating and managing both the physical risks and transitional risks imposed by global warming it faces. In terms of physical risks, as the extreme climate events may pose serious threats to the construction sites and progress, the urban development projects of the Group may possibly be affected due to property loses or delay in project delivery if climate-related factors are not fully taken into considerations. In terms of transitional risks, tougher environmental laws, regulations and requirements may cause the increase of the costs of projects in which the Group invests, which has already surfacing in recent years, such as the initiatives of advancing the energy-efficiency in construction through the implementation of more comprehensive green building standards in new buildings in urban areas of Beijing, Jiangsu and other cities, and the trend of promoting climate investment and financing in a systematic response to China's climate change policies and goals.

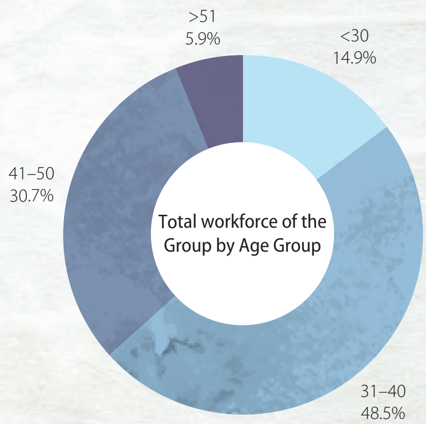
Confronting the climate-related risks that might adversely affect corporate development, the Group has been dedicated to integrating the concept of "Sustainable Development" into its investment decision-making process and business operations. A thorough analysis of the project background with respect to its environmental impacts, in particular the climate-related issues, will be factored into investment analysis. Looking ahead, the Group will remain steadfast in the building of internal sustainability management system and incessantly focus on establishing a detailed climate policy in project investment, operation and management, and business development.

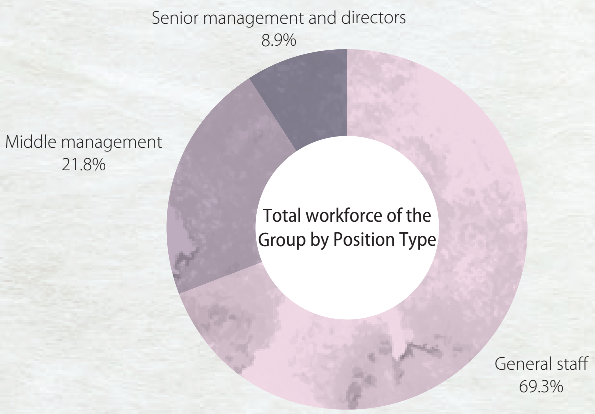
VII. SOCIAL SUSTAINABILITY

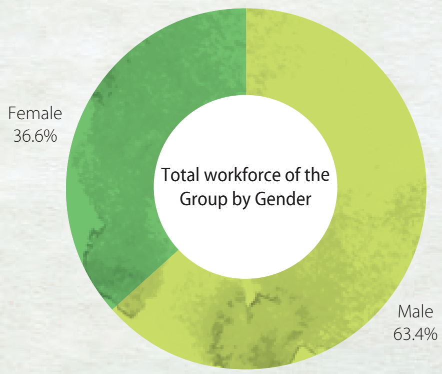
Employment and Labour Practices

B.1 Employment

With almost two decades of experience in the industry, the Group is deeply aware of the fact that the success and competitiveness of its business are highly dependent on its talented workforce, which has invariably recognised as the Group's lifeblood. As such, the Group not only relies on its technological advancement and improvement on professional skills in its business development, but also values the establishment of mature employment management within the organisation and believes that sound capital management and the implementation of appropriate employment policies can facilitate talent recruitment and retention. Therefore, the Group prioritises the health, vocational career and welfare of its employees, and endeavours to provide them with a suitable platform and working environment. As at the end of FY2020, the Group had a total of 101 full-time employees, with 96 employees in the PRC and 5 employees working in Hong Kong.







Law compliance

The Group's employment policies have been periodically updated and adjusted to cater to social changes since the inception of the Group, and importantly, to abide by the relevant laws and regulations in the PRC and Hong Kong. In FY2020, the Group complied with all relevant laws and regulations, including but not limited to the following:

- Employment Ordinance (Cap. 57 of the Laws of Hong Kong);
- Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong);
- Labour Law of the People's Republic of China (中華人民共和國勞動法);
- Labour Contract Law of the People's Republic of China (中華人民共和國勞動合同法); and
- Insurance Law of the People's Republic of China (中華人民共和國社會保險法).

Recruitment and promotion

The Group considers talent acquisition as an essential aspect to maintain the vitality of the Group in the industry and has strictly implemented its internal policies in the process of recruitment and employee management, including the "Measures on Recruitment and Dismissal Management" (員工招聘與離職管理辦法) under "China New Town Development Company Limited Policy Compilation" (中國新城鎮發展有限公司制度彙編), which specifies the important matters needing attention during the recruitment process, including the recruitment standards, procedures and methods.

The principle of "Prioritising Both Ability and Virtue To Pursue Meritocracy" (德才兼備、以德為先、任人唯賢) is the tenet that the Group adheres to when selecting candidates so as to build a strong and loyal team. Recruitment procedures are clearly outlined in the document, comprised of six steps of a standardised recruitment process. The procedures are planning, employment advertising, resume filtration, written and oral examination, candidate identification and notice issuing. The department with needs should submit "Staff Demand Application Form" (人員需求申請表) to the Human Resource Department for review and directors for approval before starting the recruitment process. Three different recruitment methods are normally adopted by the Group according to the position types. Campus recruitment focuses on fresh graduates who achieve bachelor's degrees or above, while social recruitment targets at talents with a high professional level and rich working experience. Internal recommendation is often used to encourage its employees to utilise the network and recommend outstanding talents to the Group. Due to the pandemic, no on-site recruiting job fairs were organised in FY2020.

The Group refers to market benchmarks in relation to staff promotion and provides equal opportunities for promotion to eligible employees who have shown excellent performance and made giant contributions to the Group. Any promotion within the Group should be based on clear and legitimate procedures, including the requirements in the Group's "Staff Manual" (員工手冊) and "Measures on Staff Promotion Management" (員工晉升管理辦法).

Compensation and dismissal

As maintaining a stable and loyal workforce is fundamental to a company's business development, the Group periodically reviews its compensation packages and performs regular appraisals of the capability and performance with its employees, aiming to continuously offer fair and competitive salary packages and benefits according to applicants' educational backgrounds, personal attributes, job experiences and career aspirations, in order to attract high-calibre candidates. The Group sticks to its "Measures on Compensation Management" (薪酬管理辦法) in determining and adjusting the salary packages of its employees, which details the salary structure, grade difference, salary composition, fixed-float ratio and a series of key indicators supporting the functioning of the Group's salary system. The Group ensures that all employees can be recognised by the Group properly and timely with respect to their efforts and contributions. The Group strictly prohibits any kind of unfair or illegitimate dismissals. For those who have poor working performance, the Group would warn verbally before issuing a warning letter. For those who remain untamed despite repetitively making the same mistakes, the Group dismisses the person according to procedures in the "Measures on Staff Discipline and Code of Conduct Management" (員工紀律和行為規範管理辦法) and "Measures on Recruitment and Dismissal Management" (員工招聘與離職管理辦法). In FY2020, the employee turnover rate of the Group was 18.9%.

Working hours and rest periods

The Group has formulated internal policies based on local employment laws including the "Provisions of the State Council on Employees' Working Hours" (國務院關於職工工作時間的規定) to regulate appropriate working hours and rest periods for its employees. Specifically, the Group keeps revising its "Measure on Staff Attendance and Vacation Management" (員工考勤和休假管理辦法) in accordance with relevant laws and regulations, and monitoring its employee's working hours and compensating those who work overtime. In addition to statutory holidays, employees can also enjoy special leaves including maternal leave, medical leave, bereavement leave, etc.

Equal opportunity and anti-discrimination

As an equal opportunity employer, the Group has been committed to creating a fair, respectful and diverse working environment by promoting anti-discrimination and equal opportunity in all its human resources and employment decisions, which are enshrined in Goal 5 of SDGs. In the Group, training and promotion opportunities, dismissals and retirement policies are based on factors irrespective of the employees' age, sex, marital status, pregnancy, family status, disability, race, colour, descent, national or ethnic origins, nationality, religion or any other non-job related elements. The Group follows the "Staff Manual" (員工手冊) and ensures that any workplace discrimination, harassment or vilification is prohibited in accordance with local ordinances and regulations, such as Disability Discrimination Ordinance (Cap. 487 of the Laws of Hong Kong). Employees are encouraged to report any incidents involving discrimination or harassment to the Human Resource Department of the Group. The Group will take responsibility for investigating, dealing with, recording and taking any necessary disciplinary actions on such incidents.

Other benefits and welfare

In addition to the compensation and remuneration package provided, the Group also provides staff benefits to its employees in various forms including medical subsidies, continuous education fund, supplementary insurance and special seasonal bonus (for heatstroke prevention).

To empower its employees to be the best version of themselves, the Group respects and pays special attention to the well-being of its staff. Believing that it holds the responsibility to secure both the physical and mental health of its employees, the Group has put forward effective policies to keep making the lives of its employees and their families better.

As such, the Group arranged a number of meaningful activities for its employees during the year under review. In FY2020, after-work activities such as calligraphy and dancing classes, basketball, badminton and swimming matches were organised to promote its employees' health in all-round ways and to cultivate their team spirit. On special holidays, the Group also arranged festive and meaningful activities for employees and their families such as parent-child activities on Children's Day and female-oriented training courses on Women's Day.

2020

EMPLOYEE ACTIVITIES-
BADMINTON

In FY2020, the Group was in compliance with relevant laws and regulations in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, welfare and other benefits that have a significant impact on the Group.

B.2 Health and Safety

Ensuring the health and safety of the team remains a top priority to the Group. To provide practical advice and eliminate the exposure to the hazard in all workplace according to relevant standards, the Group has formulated internal safety and health policies including the "Measures on Security and Emergency Management" (安全保衛和應急管理辦法), "Measures on Safety in Construction Management" (安全文明施工管理辦法) and "Measures on Security Management" (安全保衛工作管理辦法), and complied with relevant laws and regulations in the PRC and Hong Kong, including but not limited to:

- Occupational Safety and Health Ordinance (Cap. 509 of the Laws of Hong Kong);
- Law of the People's Republic of China on Prevention and Control of Occupational Diseases (中華人民共和國職業病防治法); and
- Regulation on Work-Related Injury Insurance (工傷保險條例).

To minimise the occupational health-related risks and create a secure working environment, the Group rigorously follows the instructions of its internal policies. On top of the provision of annual health examinations to its employees, the Group has arranged relevant training seminars in topics of fire control, food safety and occupational health and safety. For example, a training course regarding the prevention of cervical spondylosis, a common disease caused by long-time sedentary work, was organised to encourage all employees to pay more attention to strengthen their physique. On Fire Publicity Day of FY2020, the Group arranged a seminar about fire safety for its employees, in which topics in fire hazards, classification of fire types, common fire-fighting tools and emergency response were covered.

HEALTH & SAFETY TRAINING

Furthermore, the safety check on fire control facilities and emergency exit is normally regulated and performed by the local fire department on a regular basis, followed by the unified supervision of Group's internal departments on the actions for rectification. In addition, the Group strictly prohibits smoking and drinking liquor in the workplace and disinfects the air-conditioning systems regularly, endeavouring to create a comfortable and safe working environment. The General Department is in charge of monitoring the implementation of safety measures and responsible for regularly testing the functionality of each facility with documented records.

During the past three years, there were no work-related fatalities in the Group. In FY2020, the Group was in compliance with relevant laws and regulations in relation to providing a safe working environment and protecting the employees from occupational hazards that have a significant impact on the Group.

Response to COVID-19

Since the beginning of 2020, the spread of COVID-19 has ravaged the world, seriously threating the lives of citizens and commercial activities. To survive the pandemic, under the centralised and unified leadership of our country, the Group responded to the national and local government's measures in implementing effective policies to prevent the spread of virus while maintaining its business operations.

A series of internal policies, such as the "Measures To Strengthen Epidemic Prevention and Control From The Beijing Office" (關於進一步嚴格落實防控責任做好北京地區疫情防控有關工作的通知), were set up and used as the guide for the Group to tide over the crisis.

Strengthen the awareness of major responsibility: All units must fully understand the high risks of the wide spread of COVID-19, and must not let the thoughts or feelings of exhaustion, fluke or relaxed attitude affect the effectiveness of the control measures. The commissioners of all units must perform and fulfil their duties by strengthening supervision and inspection, and remembering that the string of epidemic prevention and control must be tightened at all times.

Strict personnel investigation: Daily health monitoring of employees and their co-living personnel should be strengthened. For example, body temperatures should be measured every day before entering the workplace. If any of the staff needs to be quarantined according to the community requirements, they should strictly abide by the policy of control measures and report the situation to the responsible department in a timely manner.

Pay close attention to the implementation of epidemic control plans: All units should adhere to the spirit of the leading group and strictly implement measures according to relevant requirements for office areas and property communities under their management. The Administrative Department should make arrangements for the dispatch of materials for epidemic prevention and ensure that the control measures are not slack.

Strict catering management: The Catering Management Departments of all units should strengthen supervision and inspection, comprehensively sort out the food procurement process and strengthen the sourcing management of food procurement. They should also supervise and ensure that important points such as food purchases and inspections are properly monitored.

Strengthen the management of outsourced personnel: All units should urge the outsourcing units to fulfil their responsibility in ensuring the health and safety of outsourced personnel and to strictly meet the requirements of the Epidemic Prevention and Control Responsibility Agreement, including controlling the number of employees working simultaneously, standardising on-job behaviour and trying to ensure that the business activities can be carried out at different time, on different floors and in different areas.

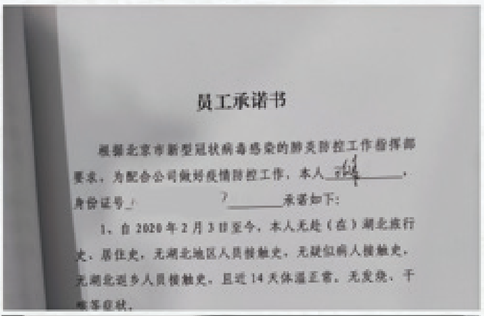
Strengthen employee health education: All units should further strengthen the health education for staff on epidemic prevention so as to raise their awareness and urge staff to consciously comply with the control measures including maintaining social distance and wear personal protective equipment like surgical masks.

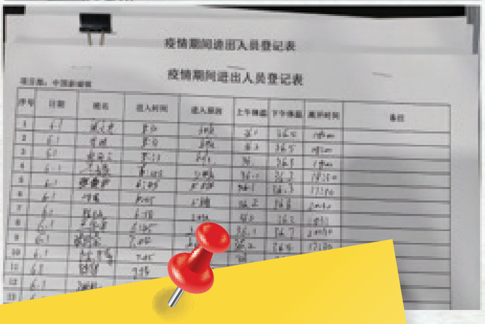
Prepare emergency plans in response to the epidemic: All units should further improve its emergency response plan to ensure that in case of any abnormal situation, all emergency responses can be performed swiftly and responsibilities can be fulfilled effectively.

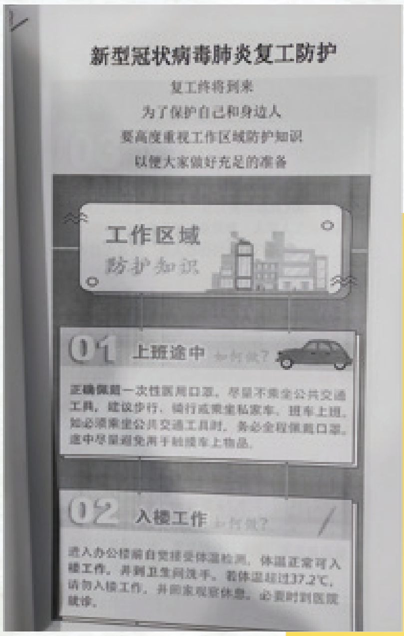
To limit the further spread of the virus and ensure the health and safety of its employees, the Group has implemented various internal policies and sanitation measures.

CASE STUDY: Beijing Office —

To maintain and strengthen the hygiene of public spaces such as meeting rooms, office areas, front desk, elevators, canteens, toilets etc., disinfectants that meet the standards were used to clean all places that people probably touched on a regular basis.

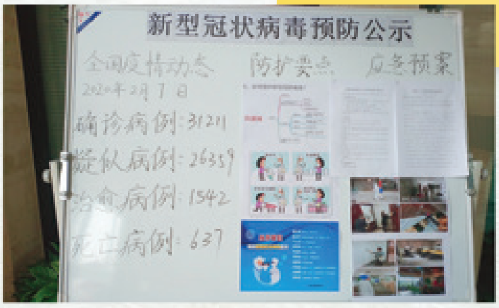






In order to raise the awareness of its employees, the Group has strengthened the promotion and education of epidemic prevention knowledge, such that everyone can return to work in a safe condition. Not only did the Group distribute the personal protection guidelines to employees, it also posted key messages of personal protection and related emergency plans in conspicuous places.

The Group also strengthened the monitoring of its employees' health condition, including recording the time of entry and exit from the workplace, measuring their body temperature twice a day, and requiring them to sign the health commitment letter to ensure they were healthy and capable of resuming work.



Based on the internal policies, to ensure the health and safety of its staff, the Group regulated that the number of people on duty in various departments not exceed 25% in initial stage and be kept below 50% until the epidemic prevention was normalised. Moreover, the Group spent more than RMB100,000 in purchasing epidemic prevention materials like personal protection equipment. In addition, the Group arranged all of its staff to attend nucleic acid tests and prepared the vaccination for more comprehensive protection in an orderly manner.

B.3 Development and Training

Recognising that training not only helps employees to expand their knowledge base, but also benefits the Group with increased innovation in business operations, improved service quality and reduced employee turnover rate, the Group regards training as a valuable strategic investment instead of extra expenditure.

The Group carefully selects and arranges different types of training courses for its staff in order to accomplish its vision of "Learning often, Learning in daily life" (學在經常、學在日常) and make it take root throughout the entire organisation, so as to form a positive atmosphere of "extensive learning, huge improvement and strict implementation" (大學習、大提升、大落實) in the Group. The Group also hopes that through the provision of extensive training programmes, it can develop a team comprised of high-calibre professional cadres who are loyal and responsible, and can effectively integrate what they have learnt into the tools for improving internal management, promoting business development, and serving as an important support and guarantee for national strategies.

In FY2020, the Group followed its "Staff Manual" (員工手冊) and "Measures on Training Management" (培訓管理辦法), organising a multitude of training programmes that covered subjects including but not limited to Department Position Introduction (部門崗位説明), Rules Training (制度培訓) and Corporate Strategy Training (公司戰略培訓). Course participants need to register their attendance via attendance forms. A well-designed induction is provided to all new hires, introducing the corporate culture, organisational structure and relevant rules, while profession-oriented courses are offered on a regular basis to the experienced staff who are expected to obtain advanced working skills and expand their thinking for work.

Due to the COVID-19 outbreak in FY2020, online training was one of the many innovative training techniques that the Group adopted. During the year under review, the Group arranged a host of online courses for its employees via platforms including Xuexi Qiangguo (學習强國), HuiXianJiangTan (匯賢名家講壇), QingXueTang (輕學堂) and LeBanBan (樂班班). With the implementation of the "Learn weekly" (周周學) initiative, the Group was committed to keeping the annual online learning hours of its employees no less than 50 hours, with all the training hours been included into the annual performance appraisal of employees.

To further equip its employees with professional skillset and meet the Group's development goals, employees are highly encouraged to attend external training programmes and take professional qualification examinations. Meanwhile, the Group often invites external organisations and experts to provide relevant training to its employees.

In FY2020, the total training time of the Group reached 7,070 hours, in which general staff spent 4,900 hours on the training programmes, the middle management received 1,540 hours of training, and 630 hours of training courses were provided to the senior management and directors, respectively.

B.4 Labour Standards

As the UN Framework on Business and Human Rights makes it clear that companies do have the responsibility to respect the human rights, including labour rights, of all people involved in or affected by the business, the Group benchmarks itself against a range of international frameworks relevant for labour rights and has been committed to the integration of the policies in the employment, business operations and engagement with suppliers, with effective tools and processes for due diligence and any remediation that is required. In FY2020, the Group abided by the Employment Ordinance (Cap. 57 of the Laws of Hong Kong), the Labour Law of the People's Republic of China (中華人民共和國勞動法) and other applicable labour laws and regulations in the PRC and Hong Kong to prohibit any child and forced labour employment. To combat illegal employment of child labour, underage workers and forced labour, the Group's Human Resource Department requires all job applicants to provide valid identity documents to ensure that they are lawfully employable prior to confirmation of any employment. The Group and the labour union conduct inspections of the background and age of employees periodically. The Group's Human Resource Department is responsible for the compliance of corporate policies and practices with the relevant laws and regulations that prohibit child labour and forced labour. According to the "Measures on Recruitment and Dismissal Management" (員工招聘與離職管理辦法) and the "Measures on Labour Contract Management" (勞動合同管理辦法), once any case which fails to conform to the relevant labour laws, regulations or internal standards is found, the relevant employment contract will be immediately terminated and the individuals responsible for the management of human resources will be disciplined accordingly.

In FY2020, the Group was in compliance with applicable laws and regulations in relation to the prevention of child and forced labour that have a significant impact on the Group.

Operating Practices

B.5 Supply Chain Management

The Group firmly believes that sustainability commitments of an organisation is largely reflected in the quality of the relationship with its suppliers, and achieving sustainability outcomes often requires developing a long-term vision in the management of the partnership with suppliers. As an enterprise engaged in "urbanisation investment" and "downstream operation", the Group has made an effort to lower its potential environmental and social risks that may adversely influence its value chain.

To maintain an efficient operation and a sustainable supply chain, the Group has deployed an effective supplier management system to properly assess the qualifications and performance of its suppliers. During supplier selection, the Group carefully considers the supplier's business scale, management regularity, market reputation and relevant legal compliance procedures. Compliance with material environmental and social laws and regulations, and adherence to corporate ethics are also required, otherwise the supplier will be blacklisted. Following the principles of sustainable procurement, the Group has carried out extensive market research on the comparison among suppliers and products, and taken into considerations a wide range of sustainability subjects including supplier's organisation governance, respect for human and labour rights, mitigation of environmental risks, fair operating practices and community involvement in its sourcing strategy.

Maintaining close and solid relationship with suppliers through various communication channels including mails and telephone conferences is crucial for building a stable and reliable supply chain. Therefore, the Group endeavours to perform ongoing performance monitoring for the duration of the contract, making sure that its suppliers consistently continue to deliver in accordance with contract terms and plans. Reviews, approvals and evaluations of suppliers' service and product quality are conducted strictly in accordance with the Group's in order to minimise potential risks. The Group is committed to cooperating with suppliers who are technically capable, reliable, and socially responsible in the provision of raw materials or services.

Social risks management

Given its business nature, the focus of the Group's supply chain management is on administrative procurement such as office supplies. To regulate the purchasing practice and enhance the capital efficiency for procurement, the Group has fully followed its "Measures on Administrative Procurement Management" (行政採購管理辦法) in its procurement, which defines the division responsible for procurement, the step-by-step implementation from supplier identification to ledger management, and the process for the supervision of procurement practice. To ensure the effectiveness and efficiency of procurement, the Group regularly performs onsite inspections or comprehensive online comparisons to assess candidate suppliers based on a series of factors including their reputation, service/product quality, business track record, price and law compliance.

Environmental risks management

The commitment to "Green Procurement", which refers to the purchasing products and services that cause minimal negative environmental impacts, has long been engrained in the Group's business operations. With an ambitious goal to increase its resilience to climate change, the Group has dug deeper into its supply chain from the perspective of environmental protection. For instance, one subsidiary of the Group in Shenyang has fully adhered to and implemented the principle of "Green Procurement", taking into account environmental considerations when purchasing goods and regarding local suppliers as the first choice for being its business partners, in order to have a more efficient communication with its suppliers and importantly minimise its environmental footprints during procurement. In addition, cost has never been the only indicator against which the procurement decision is made by the Group. Rather, the Group considers the implicated environmental benefits from purchasing practices, such as giving priority to equipment and products with improved recyclability, reduced packing material consumption and longer lifespan.

B.6 Product Responsibility

To ensure that the investment decisions are not engulfed by law non-compliance and downstream operations are not covertly undermined by the poorly product/service quality management of which the Group is not aware, the Group has strictly abided by the following laws and regulations, including but not limited to:

- Tort Liability Law of the People' s Republic of China (中華人民共和國侵權責任法);
- Patent Law of the People's Republic of China (中華人民共和國專利法);
- Law of the People's Republic of China on the Protection of Consumer Rights and Interests (中華人民共和國消費者權益保護法); and
- Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong).

To deliver on its long-standing commitment to corporate stewardship and our track record in responsible investing, the Group insists on fulfilling its fiduciary duty and integrating ESG considerations into its investment analysis and decision-making processes. With the mission of enhancing the level of urban development and the living quality of citizens, the Group has prioritised livelihood improvement in its project investment, in particular put its focus on ecological welfare, education, tourism and healthcare. An in-depth background research and due diligence is a must-do before investing in any development projects. In the quest to be consistent and competitive on the high level of product/service quality and reliability, the Group has formulated and implemented a series of internal policies that regulate business operations. Under "China New Town Development Company Limited Policy Compilation" (中國新城鎮發展有限公司制度彙編), for instance, the Group has formulated and implemented the "China New Town Development Company Limited Risk Management Regulation" (中國新城鎮發展有限公司風險管理規定), "China New Town Development Company Limited Project Due Diligence Practice Procedures" (中國新城鎮發展有限公司項目盡職調查操作章程), "China New Town Development Company Limited Investment Business Practice Procedures" (中國新城鎮發展有限公司投資業務操作規程), "Measures on Contract Document Management" (合同檔案管理管理辦法) and "Measures on National Confidential Information Management" (國家秘密管理辦法), which provide the Operation and Management Department, General Department and other core divisions of the Group an guidance on how to handle businesses professionally and improve the quality of operations with effective risk management that prevents any violation of industrial standards or relevant laws.

Given the business nature, customer privacy and the protection of confidential information, as compared to labelling, advertising, and health and safety issues, are playing a relatively more important part in the Group sustainable operations, as such policies regulating labelling, advertising, and health and safety issues are not discussed in this section.

Following the procedures in internal policies including the "Measures on Business Confidential Information Management" (業務秘密管理辦法) and "Measures on IT Management" (IT管理辦法), the General Department of the Group is mainly responsible for the supervision and management of matters concerning customer's privacy. Personal data collected will only be used for the purposes as defined, while all employees are required to obey the rules and strictly prohibited from disclosing any confidential information to external parties without customers' authorisation. The IT Department checks and upgrades the Group's system regularly to prevent any attack by viruses or any data leakage.

The Group welcomes both positive compliment and suggestions from its clients. Once any complaint or feedback is received, the Group's improved response mechanism and handling procedures allow it to resolve any substantiated complaints efficiently. The responsible department needs to promptly notify the complainant of the handling results. During the year under review, the Group did not receive any complaint regarding either product quality or customer data breach.

In FY2020, the Group was in compliance with relevant laws and regulations regarding health and safety, advertising, labelling and privacy matters of its products and services that have a significant impact on the Group.

B.7 Anti-corruption

The Group believes that it is axiomatic that every director and employee of the Group should act towards the company with honesty, integrity and candour and exercise due care, skill and diligence. Promoting honesty, fairness and transparency in all business activities is vital for the Group's business. The Group is committed to creating a fair, honest, open and standardised internal management atmosphere, requiring its staff to be trustworthy and perform duties according to the code of conduct, with integrity, to act fairly and professionally, and to abstain from engaging in bribery or any activities which might exploit their positions against the Group's interests. Since anti-corruption is regarded as a priority topic from materiality assessment, the Group keeps reinforcing its actions on stamping out corruption. To maintain a fair, ethical and efficient working environment, the Group strictly abided by the local laws and regulations relating to anti-corruption and bribery, irrespective of the region in which the Group operates in FY2020, including the Anti-Corruption Law of the People's Republic of China (中華人民共和國反腐敗法), the Law of the People's Republic of China on Anti-money Laundering (中華人民共和國反洗錢法), the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615 of the Laws of Hong Kong), and the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong).

As the leadership of China has vigorously combated corruption, strictly enforced laws and regulations, and established a complete anti-corruption system from the grassroots to the central government, the Group has resolutely embraced the promotion of anti-corruption building anti-corruption, thereby formulating and implementing internal anti-corruption policies such as the "Measures on Staff Discipline and Code of Conduct Management" (員工紀律和行為規範管理辦法), which specifies the strict requirements and tough punishment of the violation of discipline that will be imposed on employees who have broken the rule, in order to root out any illegal practices including corruption, extortion and money-laundering within the Group. The Group has zero tolerance on all forms of bribery and corruption and requires all its employees to follow the relevant codes of professional ethics.

In FY2020, the subsidiaries of the Group held various activities and lectures about anti-corruption to facilitate all employees to unswervingly push forward the undertaking of combating corruption and creating a clean working environment. For instance, four anti-corruption themed seminars were organised in FY2020, with more than 400 employees (including outsourced personnel) receiving education each time. In addition, many subsidiaries of the Group also arranged its employees to watch educational movies and attend lectures regarding anti-corruption for a couple of times in FY2020. Specifically, 8 staff were trained for 6 hours on video materials such as "The Corruption and Regret of A County Party Secretary" (一個縣委書記的貪和悔), "State Surveillance" (國家監察), "The Transformation" (蛻變的初心), "The Story Behind the Net" ("打傘破網"背後的故事) and "Red Wanted" (紅色通緝), so as to strengthen the construction of the culture of integrity within the organisation. During the year under review, no legal cases regarding corrupt practices were brought against the Group or any of its employees.

Whistle-blowers can report verbally or in writing to the Human Resource Department of the Group for any suspected misconduct with full details of the incident and supporting evidence. The Human Resource Department of the Group carries out investigations against any suspect or illegal behaviour to protect the Group's interests. While the investigation is conducted in confidential, the Group has also established an effective grievance mechanism to protect whistle-blowers from unfair dismissal or victimisation. Where any crime is substantiated by the Group, a report will be submitted promptly to relevant regulators or law enforcement authorities when the management of the Group considers it necessary.

In addition to strengthening internal control, the Group pays special attention to regulating the behaviour of its external business partners, so as to minimise the overall risks along its value chain. For instance, the business partners of the Group are required to sign the "Corporate Cooperation and Clean Practice Agreement" (企業合作廉潔從業協議) and the "Corporate Cooperation and Clean Practice Notice" (企業合作廉潔從業告知書), which is an effective way to eradicate any corrupt behaviour that might be involved. If anyone discovers any improper behaviour or tendency to use improper means to receive any benefits from business collaboration, one can immediately report to the headquarter of the Group in writing.

In FY2020, the Group was in compliance with relevant laws and regulations in relation to bribery, extortion, fraud and money laundering that have a significant impact on the Group.

Community

B.8 Community Investment

The Group has already been committed to building a culture of sustainability by facilitating the engagement with local communities and recognising the needs of underprivileged groups in the society. As China is en route to achieving its ambitious target of eradicating poverty and its footsteps to seek poverty alleviation has never been stopped, the Group, in response to the grand goal, has been committed to making city dwellers live better and trying its utmost to contribute to ending poverty.

Due to the pandemic and its long-lasting ripple effects in FY2020, the Group was unable to organise or participate in any physical charitable activities. Facing such unprecedented crisis, however, the Group still cared about those people in need, especially the ones in the affected areas that have been severely affected by the epidemic and the "heroes in harm's way" on the front lines of fighting against the virus. To this end, the Group actively solicited donations and raised RMB38,100, which the Group believed not only represented a donation, but symbolised the wishes, spirit and strength that all staff of the Group would like to convey to Wuhan and its citizens, to be strong and eventually tide over the epidemic.

DONATION CERTIFICATE

The Group believes that an enterprise with the business model to deliver on its commitment to making its communities better can unlock the extraordinary competitive advantages in the market that drives brand awareness and promotes value production. Being an integral part of local communities, the Group has been dedicated to weaving the harmony, wellbeing and development of communities into the fabric of businesses, and is already on the way to fulfil its social responsibilities in playing a leading role, supporting the development of societies. Looking ahead, the Group will stick to the principle of "Remain true to our original aspiration and keep our mission firmly in mind" (不忘初心，牢記使命), bearing in mind its founding mission and repaying the society with its efforts.

Appendix I

Hierarchy with Consolidated Priorities

Goal	Criteria	Global Privatisation	Supplier	Customer	Managerial staff	General employee	Senior management	Professional organisations
Prioritisation of Stakeholder Groups in the Materiality Assessment	Vulnerability 0.11	11.20%	0.03	0.11	0.33	0.04	0.37	0.11
	Influence 0.04	4.10%	0.03	0.17	0.24	0.08	0.41	0.06
	Legitimacy 0.40	40.10%	0.14	0.24	0.14	0.07	0.33	0.08
	Willingness for engagement 0.29	29.30%	0.08	0.11	0.36	0.04	0.3	0.12
	Contribution 0.07	6.50%	0.08	0.04	0.28	0.28	0.26	0.05
	Necessity of involvement 0.09	8.80%	0.1	0.05	0.12	0.32	0.36	0.04
		100.00%	**9.82%**	**15.48%**	**23.72%**	**9.39%**	**32.71%**	**8.89%**

Vulnerability — The likelihood of stakeholders being seriously affected (either positively or negatively) by the Group's decisions and activities;

Influence — The power of stakeholders whose activities and decisions can greatly affect or even change the Group's operations and business;

Legitimacy — The extent to which the organisation has legal obligations in the relationship with its stakeholders;

Willingness for engagement — The willingness, initiative and friendliness of the Group's stakeholders to express their concerns and participate in the events and activities leading to the Group's sustainable development;

Contribution — The level of expertise, power, information and knowledge of stakeholders that allow them to help the Group address certain risks and specific issues regarding ESG;

Necessity of involvement — The extent to which the exclusion of certain stakeholder in engagement could derail or delegitimise the process or undermine the Group's interest in its sustainable development.

Appendix II

TABLE A — Number of Employees by Age Group, Gender, Employment Type, Position Level and Geographical Location of the Group in FY2020

Unit: Number of employees	Age group				
Gender	Aged 30 or below	Aged between 31 and 40	Aged between 41 and 50	Aged 51 or above	Total
Male	6	29	24	5	64
Female	9	20	7	1	37
Total	15	49	31	6	101

Employment type		
Full time	Part time	Total
101	0	101

Position Level			
General staff	Middle-level management	Senior management and directors	Total
70	22	9	101

Geographical location	
Locations	Number of employees
PRC	96
Hong Kong	5
Total	101

TABLE B — Employee Turnover Rate by Age Group, Gender and Geographical Location in FY2020

Unit: Number of employees	Age group				
Gender	**Aged 30 or below**	**Aged between 31 and 40**	**Aged between 41 and 50**	**Aged 51 or above**	**Total**
Male	6	6	2	2	16
Employee turnover rate* (percentage)	5.4%	5.4%	1.8%	1.8%	14.4%
Female	0	4	1	0	5
Employee turnover rate* (percentage)	0%	3.6%	0.9%	0%	4.5%
Total	6	10	3	2	21
Total employee turnover rate* (percentage)	5.4%	9%	2.7%	1.8%	18.9%

Geographical locations

Locations	Employee turnover	Employee turnover rate* (percentage)
PRC	21	18.9%
Hong Kong	0	0%

TABLE C — Number of Training Participants of the Group by Gender and Position in FY2020

Unit: Number of employees	Position			
Gender	**General employee**	**Middle-level management**	**Senior management and directors**	**Total**
Male	38	18	8	64
Female	32	4	1	37
Total training participants	70	22	9	101

TABLE D — Training Hours of the Group by Gender and Position in FY2020

Unit: Hours	Position			
Gender	**General employee**	**Middle-level management**	**Senior management and directors**	**Total**
Male	2,660	1,260	560	4,480
Female	2,240	280	70	2,590
Total training hours	4,900	1,540	630	7,070
Training hours per employee on average	70	70	70	70

VIII. REPORT DISCLOSURE INDEX

Aspects		ESG Indicators	Description	GRI Standards 2018 and Disclosures*	Page
A.	*Environmental*				
A1:	Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	GRI 103: Management Approach: Disclosure 103–2 (c-i) (used together with GRI 305: Emissions, and GRI 306: Effluents and Waste) GRI 305: Emissions: Management approach disclosures guidance GRI 307: Environmental Compliance: Disclosure 307–1	58
		KPI A1.1	The types of emissions and respective emission data.	GRI 305: Emissions: Disclosures 305–1, 305–2, 305–3, 305–6, and 305–7	58
		KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	GRI 305: Emissions: Disclosures 305–1, 305–2, 305–3, 305–4	59
		KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	GRI 306: Effluents and Waste: Disclosure 306–2 (a)	58
		KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	GRI 306: Effluents and Waste: Disclosure 306–2 (b)	59
		KPI A1.5	Description of measures to mitigate emissions and results achieved.	GRI 103: Management Approach: Disclosure 103–2 (used together with GRI 305: Emissions) GRI 305: Emissions: Clause 1.2 and Disclosure 305–5	60
		KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	GRI 103: Management Approach: Disclosure 103–2 (used together with GRI 306: Effluents and Waste) GRI 306: Effluents and Waste: Disclosures 306–2 and 306–4	61

Aspects		ESG Indicators	Description	GRI Standards 2018 and Disclosures*	Page
A2:	Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	GRI 103: Management Approach: Disclosure 103–2 (c-i) (used together with GRI 301: Materials, GRI 302: Energy, and GRI 303: Water)	64
		KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	GRI 302: Energy: Disclosures 302–1 and 302–3	63
		KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Not covered by the GRI Standards	63
		KPI A2.3	Description of energy use efficiency initiatives and results achieved.	GRI 103: Management Approach: Disclosure 103–2 (used together with GRI 302: Energy) GRI 302: Energy: Disclosures 302–4 and 302–5	64
		KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	GRI 103: Management Approach: Disclosure 103–2 (used together with GRI 303: Water) GRI 303: Water: Disclosure 303–3	65
		KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	GRI 301: Materials: Disclosure 301–1	63
A3:	The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	GRI 103: Management Approach: Disclosure 103–2 (c-i) (used together with GRI 301: Materials, GRI 302: Energy, GRI 303: Water, GRI 304: Biodiversity, GRI 305: Emissions, and GRI 306: Effluents and Waste).	66
		KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	GRI 103: Management Approach: Disclosures 103–1 and 103–2 (used together with GRI 301: Materials, GRI 302: Energy, GRI 303: Water, GRI 304: Biodiversity, GRI 305: Emissions, and GRI 306: Effluents and Waste) GRI 303: Water: Disclosure 303–2 GRI 304: Biodiversity: Disclosure 304–2 GRI 306: Effluents and Waste: Disclosures 306–3 (c) and 306–5	66

Aspects		ESG Indicators	Description	GRI Standards 2018 and Disclosures*	Page
B.	*Social*				
Employment and Labour Practices					
B1:	Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	GRI 103: Management Approach: Disclosure 103–2 (c-i) (used together with GRI 202: Market Presence, GRI 401: Employment, GRI 405: Diversity and Equal Opportunity, GRI 406: Non-discrimination) GRI 419: Socioeconomic Compliance: Disclosure 419–1	68
B2:	Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	GRI 103: Management Approach: Disclosure 103–2 (c-i) (used together with GRI 403: Occupational Health and Safety) GRI 419: Socioeconomic Compliance: Disclosure 419–1	71
B3:	Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	GRI 103: Management Approach: Disclosure 103–2 (c-i) (used together with GRI 404: Training and Education) GRI 404: Training and Education: Disclosure 404–2 (a)	74
B4:	Labour Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	GRI 103: Management Approach: Disclosure 103–2 (c-i) (used together with GRI 408: Child Labour and GRI 409: Forced or Compulsory Labour) GRI 419: Socioeconomic Compliance: Disclosure 419–1	75

Aspects		ESG Indicators	Description	GRI Standards 2018 and Disclosures*	Page
Operating Practices					
B5:	Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	GRI 103: Management Approach: Disclosure 103–2 (c-i) (used together with GRI 308: Supplier Environmental Assessment and GRI 414: Supplier Social Assessment)	76
B6:	Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	GRI 103: Management Approach: Disclosure 103–2 (c-i) (used together with GRI 416: Customer Health and Safety, GRI 417: Marketing and Labelling, and GRI 418: Customer Privacy) GRI 416: Customer Health and Safety: Disclosure 416–2 GRI 417: Marketing and Labelling: Disclosures 417–2 and 417–3 GRI 418: Customer Privacy: Disclosure 418–1 GRI 419: Socioeconomic Compliance: Disclosure 419–1	77
B7:	Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	GRI 103: Management Approach: Disclosure 103–2 (c-i) (used together with GRI 205: Anti-corruption) GRI 205 Anti-corruption: Disclosure 205–3 GRI 419: Socioeconomic Compliance: Disclosure 419–1	78
Community					
B8:	Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	GRI 103: Management Approach: Disclosure 103–2 (c-i) (used together with GRI 413: Local Communities)	79

* The linkage between the GRI standards and disclosures that relate to each aspect in HKEX ESG Reporting Guide refers to the summary table from the 'Linking the GRI Standards and HKEX ESG Reporting Guide'.

Report of Directors

The directors of China New Town Development Company Limited (the "Company" and the "Directors", respectively) are pleased to present the annual report (the "Annual Report") together with the audited consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the financial year ended 31 December 2020 (the "Financial Year").

PRINCIPAL ACTIVITIES

The Group is a new town developer in the People's Republic of China (the "PRC") and was principally engaged in planning and developing large-scale new towns in the largest cities in the PRC among which the activities include designing the master plan, relocating and resettling incumbent residents and businesses, clearing and preparing the land and installing infrastructure. Since 2014, as China Development Bank Capital Corporation Limited ("CDBC" or "CDB Capital") becoming the controlling shareholder of the Company, the Company's business model has been further optimized to diversify from land development into nationwide urbanization projects that cover investment, development, and operation. The Group focuses on core national economic regions such 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 principal activities of its principal subsidiaries are set out in Note 3 to the financial statements on pages 137 to 143 of this Annual Report.

BUSINESS REVIEW

As regards to the detailed review of the Company's business, principal risks and uncertainties facing, important events affecting the Company that have occurred since the end of the Financial Year, the likely future development in the Company's business and analysis using financial key performance indicators, please refer to the sections headed "Chairman's Statement", "CEO's Statement" and "Management Discussion and Analysis" on pages 9 to 15 and pages 22 to 27 of this Annual Report, respectively.

Environmental Policies and Performance

The Group is highly aware of the importance of environment protection and has implemented environmental protection measures and also encouraged staff to be environmental friendly at work by consuming the electricity and paper according to actual needs, so as to reduce energy consumption and minimize unnecessary waste. The Company has complied with the relevant environmental laws, regulations and policies in the PRC during the Financial Year.

Details of the environmental policies and performance are set out in "ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT" on pages 44 to 86 of this Annual Report.

Compliance with the Relevant Laws and Regulations that Have a Significant Impact on the Company

During the Financial Year, the Company was not aware of any non-compliance with the relevant laws and regulations that had a significant impact on it.

Relationships with Employees, Customers, Suppliers and Others

The Group has good relationships with its employees, customers and suppliers. The Group maintains continuous dialogue with key internal and external stakeholders, including employees, shareholders, investors, banks, business partners, suppliers, clients and local community, via various channels such as meetings, seminars and site visits. Their feedback and suggestions are reviewed regularly by the Group to identify and prioritise any emerging environmental, social and governance risks, and devise future action plans to turn risks into opportunities. Ongoing professional development is important to the employees given the competitive business environment in which the Group operates. To ensure that employees continue to cultivate skills and knowledge for the fulfillment of their duties and responsibilities, the Group has provided various training programs to its staff. Information about their remuneration package is set out in the paragraph headed "EMOLUMENT POLICY" in this report.

Major Customers and Suppliers

We operate on a distinctive business model and the usual concept of customers under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "HKEx" and the "Listing Rules", respectively) is not applicable to us. We receive a certain portion of the land PREMIUM from the relevant PRC land authorities when they sell land use rights over the land we develop to third party property developers through public auction, tender or listing.

During the Financial Year, purchases from our single largest supplier accounted for approximately 28% of our total purchases, while purchases from our five largest suppliers accounted for approximately 76% of our total purchases. The Directors were not aware of any interests of any Directors, their respective close associates (as defined under the Listing Rules) or any substantial shareholders (including any Director who held more than 5% of the number of issued shares) in the five largest suppliers or customers.

PERMITTED INDEMNITY PROVISION

Insurance cover in respect of legal proceedings and other claims against the Directors arising from their offices and execution of their powers, duties and responsibilities has been arranged during the Financial Year and remained in force as of the date of this report.

Pursuant to the articles of association of the Company (the "AoA"), if a Director acted honestly and in good faith and in what he believed to be the best interests of the Company and, in the case of criminal proceedings, he had no reasonable cause to believe that his conduct was unlawful, the Directors shall be indemnified against all expenses including legal fees, and against all judgment, fines and amounts paid in settlement and reasonably incurred in connection with legal administrative or investigative proceedings.

RESULTS AND APPROPRIATIONS

The Group's results for the Financial Year are set out in the consolidated statement of profit or loss and other comprehensive income on page 105 of this Annual Report.

The board of Directors (the "Board") has resolved not to recommend any payment of final dividend for the Financial Year (2019: HKD0.0044 per ordinary share).

RESERVES

Details of the movements in the reserves of the Group and the Company during the Financial Year are set out in Note 23 to the financial statements on pages 170 and 171 of this Annual Report.

DISTRIBUTABLE RESERVES

Subject to the BVI Business Companies Act 2004, the Company may declare final dividends in any currency, but no dividend may be declared in excess of the amount recommended by the Board. The AoA provide that before recommending any dividends, the Board may set aside out of the profits of the Company such sums as it determines as reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied and pending such application may, also at such discretion, either be employed in the business of the Company or be invested in such investments as the Board may from time to time think fit and so that it shall not be necessary to keep any investments constituting the reserve or reserves separate or distinct from any other investments of the Company. The Board may also without placing the same to reserve carry forward any profits which it may think prudent not to distribute.

Having reviewed the Company's Statement of Financial Position and the Group's Consolidated Statement of Financial Position as at 31 December 2020, cash flow position and the likely business conditions of the Group, the Directors are of the opinion that the Company will continue to satisfy the solvency test in that the value of the assets of the Company exceeds its liabilities and that the Company is able to pay its debts as they fall due immediately.

SHARE CAPITAL

Details of movements in the share capital of the Company during the Financial Year are set out in Note 22 to the financial statements on page 170 of this Annual Report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the AoA which would oblige the Company to offer new shares of the Company (the "Shares") on a pro-rata basis to the shareholders of the Company (the "Shareholders").

TAXATION IN THE BRITISH VIRGIN ISLANDS ("BVI")

The Company is a BVI business company. A BVI business company is exempt from all provisions of the Income Tax Ordinance of the BVI (including with respect to all dividends, interests, rents, royalties, compensations and other amounts payable by the company to persons who are not resident in the BVI). Capital gains realized with respect to any shares, debt obligations or other securities of the company by persons who are not resident in the BVI are also exempt from all provisions of the Income Tax Ordinance of the BVI.

No estate, inheritance, succession or gift tax is payable by persons who are not resident in the BVI with respect to any shares, debt obligations or other securities of the company, save for interest payable to or for the benefit of an individual resident in the European Union.

DONATIONS

During the Financial Year, the Group has not made any donations (2019: Nil).

BANK BORROWINGS

Details of the movements in bank borrowings of the Group during the Financial Year are set out Note 24 to the audited consolidated financial statements on page 172 of this Annual Report.

FIXED ASSETS

Details of the movements of the Group during the Financial Year for property, plant and equipment are set out in Note 16 to the financial statements on page 164 of this Annual Report.

GROUP'S FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past five financial years is set out on page 21 of this Annual Report.

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

During the Financial Year, 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 listed securities.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float as required under the Listing Rules during the Financial Year and as at the date of this Annual Report.

EQUITY-LINKED AGREEMENT

The Group has not entered into any equity-linked agreements during the Financial Year or existed as at the end of the Financial Year.

DIRECTORS

The Directors in office during the Financial Year and up to the date of this report are:

Executive Directors
Liu Heqiang *(Chief Executive Officer)*
Yang Meiyu
Ren Xiaowei
Shi Janson Bing

Non-executive Directors
Zuo Kun *(Chairman)*
Li Yao Min *(Vice Chairman)*
Wei Dongzheng
Wang Jiangang

Independent Non-executive Directors
Henry Tan Song Kok
Kong Siu Chee
Zhang Hao
E Hock Yap

Pursuant to Articles 86(1) and 86(2) of the AoA, Mr. Ren Xiaowei, Mr. Wang Jiangang, Mr. E Hock Yap and Mr. Henry Tan Song Kok will retire by rotation at the forthcoming annual general meeting of the Company (the "2021 AGM").

The nomination committee of the Board recommends the re-election of Mr. Ren Xiaowei, Mr. Wang Jiangang, Mr. E Hock Yap and Mr. Henry Tan Song Kok after assessing their contribution and performance. All the aforesaid retiring Directors, being eligible, have offered themselves for re-election thereat.

None of the Directors proposed for re-election at the forthcoming 2021 AGM has a service contract with the Company or any of its subsidiaries, which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

The profiles of the Directors and senior management are set out on pages 16 to 20 of this Annual Report.

MANAGEMENT CONTRACTS

No contracts, other than employment contracts and directors' contract of service, concerning the management and administration of the whole or any substantial part of the Company's business were entered into or in existence as at end of the Financial Year and at any time during the Financial Year.

DIRECTOR'S INTEREST IN COMPETING BUSINESS

From the beginning of the Financial Year and up to the date of this report, none of the Directors is considered to have an interest in the businesses, which competed or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the Listing Rules.

INTERESTS IN SIGNIFICANT CONTRACTS OF DIRECTORS, CHIEF EXECUTIVES AND CONTROLLING SHAREHOLDERS

Save as disclosed below and under the sections headed "Connected Transactions" and "Continuing Connected Transactions" of this report, none of the Directors, chief executives or controlling shareholders (as defined in the Listing Rules) of the Company or any of its subsidiaries or an entity connected with a Director has entered into any transaction, arrangement or significant contract (whether for the provision of services to the Group or not) in relation to the business of the Group to which the Company or its holdings company or any of its subsidiaries or fellow subsidiaries, in which they had a material interest, directly or indirectly and which subsisted at the end of, or at any time during the Financial Year.

EMOLUMENT POLICY

The Group remunerates its employees including the Directors, based on their performances, experiences and the prevailing market rate. Other employee benefits include insurance, medical cover and selective subsidized training. Emoluments of the Directors are determined after taking into consideration of their expertise and job specifications.

Pension Schemes

In Hong Kong, we operate a defined contribution retirement benefits scheme under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all of our employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to our profit and loss account as they become payable. Our contributions as employer vest fully with the employees when we contribute to the scheme. We contribute 5% of the relevant monthly salary to such scheme and our employees contribute the lower of HKD1,500 or 5% of their monthly salary to such scheme as employee mandatory contributions.

In the PRC, we participate in the relevant social insurance contribution plans organised by the relevant local governmental bodies. In accordance with relevant PRC laws, members of our Group operating in the PRC are required to pay a monthly social insurance premium covering pension insurance, medical insurance, unemployment insurance, occupational injury insurance and maternity (where applicable) for their relevant employees. We are also required by the relevant PRC regulations to register with a competent housing provident fund management centre and make contributions to the respective housing provident funds for our employees.

Details of the employer's pension cost for the Financial Year are set out in Note 30 of the financial statements on pages 175 and 176 of this Annual Report.

CORPORATE GOVERNANCE

The Corporate Governance Report for the Financial Year is set out on pages 28 to 43 of this Annual Report.

RELATED PARTY TRANSACTIONS

The related party transactions set out in Note 31 to the financial statements did not constitute one-off connected transactions or continuing connected transactions, which are required to comply with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

There were no connected transaction and continuing connected transaction between the Group and its connected persons (as defined under the Listing Rules) which are subject to the reporting, announcement and the independent shareholders' approval requirement under the Listing Rules for the Financial Year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the Financial Year was the Company, its holding companies, or any of its subsidiaries or fellow subsidiaries, a party to any arrangement whose objects are, or one of whose object is, to enable the Directors to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DISCLOSURE PURSUANT TO RULES 13.18 AND 13.21 OF THE LISTING RULES

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

SECURITIES INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at 31 December 2020, 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 Listing Rules (the "Model Code") were as follows:

Long Position in the Shares

		Number of Shares held				Approximate percentage of the issued
Name of Directors	**Capacity**	**Personal interest**	**Family interest**	**Corporate interest**	**Total**	**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 31 December 2020, 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 31 December 2020, to the best of the Directors' knowledge, the following persons who (other than a Director and the chief executive of the Company) or organisations which had or were deemed or taken to have an interest and/or a short position in the Shares or the underlying Shares, which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO or were required to be entered in the register kept by the Company under the SFO:

Long Position in the Shares

Name of substantial shareholders	Capacity	Number of Shares held: Direct interest	Corporate interest	Other interests	Total	Approximate percentage of the issued Shares
China Development Bank International Holdings Limited ("CDBIH")(1)	Beneficial owner	5,347,921,071	—	—	5,347,921,071	54.98%
CDB Capital(1)	Interests of a controlled corporation	—	5,347,921,071	—	5,347,921,071	54.98%
China Development Bank Corporation ("CDB")(1)	Interests of controlled corporations	—	5,347,921,071	—	5,347,921,071	54.98%
SRE Investment Holding Limited ("SREI")	Beneficial owner	1,468,356,862	—	—	1,468,356,862	15.10%
Shi Jian ("Mr. Shi")(2)	Beneficial owner and interests of a controlled corporation	6,104,938	1,468,356,862	—	1,474,461,800	15.16%
Jia Yun Investment Limited ("Jia Yun")(3)	Person having a security interest in shares	—	—	1,027,849,803	1,027,849,803	10.57%
Jiabo Investment Limited ("Jiabo")(3)	Interests of a controlled corporation	—	1,027,849,803	—	1,027,849,803	10.57%
China Minsheng Investment Corp., Ltd. ("China Minsheng")(3)	Interest of controlled corporations	—	1,027,849,803	—	1,027,849,803	10.57%
China Minsheng Jiaye Investment Co., Ltd. ("China Minsheng Jiaye")(3)	Interest of controlled corporations	—	1,027,849,803	—	1,027,849,803	10.57%
Jiasheng (Holding) Investment Limited ("Jiasheng")(3)	Interest of controlled corporations	—	1,027,849,803	—	1,027,849,803	10.57%
Jiashun (Holding) Investment Limited ("Jiashun")(3)	Interest of controlled corporations	—	1,027,849,803	—	1,027,849,803	10.57%
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 person who (other than a Director or the chief executive of the Company) or organisations which, as at 31 December 2020, had an interest and/or short position in the Shares or underlying Shares, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or were required to be entered in the register kept by the Company under the SFO.

CNTD SHARE OPTION SCHEME (THE "SCHEME")

(a) Purpose of the Scheme

The purpose of the Scheme is to provide the participants working for the interest of the Group with an opportunity to obtain equity interest in the Company, thus linking their interests with the interests of the Group and thereby providing them with incentives to work better for the interests of the Group and/or rewards for their contribution and support to the Group's success and development.

(b) Participants and Eligibility

The remuneration committee of the Board (the "RC") may, at its discretion, invite any executive or non-executive Directors including independent non-executive Directors (the "INEDs") or any employees (whether full-time or part-time) of any member of the Group or the parent group to take up share options to subscribe for Shares and in determining the basis of eligibility of the participants, the RC would take into account such factors as the RC may at its discretion consider appropriate and recommend to the Board for approval.

The controlling shareholders of the Company and their spouse, child, adopted child, step-child, brother, sister and parent shall not be eligible to participate in the Scheme.

(c) Maximum Number of Shares Available for Subscription

As at the date of this Annual Report, the total number of shares available for issue under the Scheme is 389,480,492 Shares, representing approximately 4% of Shares in issue as at the date of this Annual Report.

Notwithstanding the provision above, all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of the Company must not exceed 15.0% of the Shares in issue from time to time.

(d) **Maximum Entitlement of Shares of Each Participant**

Subject to the statement below, the total number of Shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1.0% of the total number of Shares in issue. The total number of Shares issued and to be issued upon exercise of the options granted for any participant who is a director, chief executive or substantial shareholder, or any of their respective associates, in the 12-month period shall not representing in aggregate more than 0.1% of the total number of Shares in issue on the relevant date and having an aggregate value, based on the closing price of the Shares as stated in the HKEx's daily quotations sheet on the relevant date, in excess of HKD5 million.

Subject to the statement below, the grant of any option to an executive or non-executive directors including independent non-executive directors or any employees (whether full-time or part-time) of any member of the parent group of the Company (the "Parent Group Participant"), which together with options already granted to such Parent Group Participant in his capacity as such under the Scheme, represents 5.0% or more of the total number of options available to Parent Group Participants under the Scheme, the approval of the independent shareholders of the Company must be obtained for each such Parent Group Participant and on the aggregate number of options to be made available for grant to all Parent Group Participants.

(e) **Period for Taking up an Option**

The Scheme is subject to the administration of the RC. The RC would take into account the factors in compliance with the listing requirements and the provisions of the Scheme as the RC may at its discretion consider appropriate. As at the date of this Annual Report, the RC has not granted any option nor considered the terms and conditions of the grant of options since the adoption of the Scheme.

(f) **Minimum Period for Holding an Option Before Exercise**

Subject to the terms and conditions upon which such option was granted, an option may be exercised by the original participant (the "Grantee") at any time during the period to be determined by the RC at its absolute discretion and notified by the RC to each Grantee as being the period during which an option may be exercised and in any event, such period shall not commence until after the first anniversary of the date on which an offer is made to a participant (the "Offer Date") and shall not be longer than 10 years from the Offer Date.

(g) **Amount Payable on Acceptance of the Option**

The option to which the offer relates shall be deemed to have been granted and to have taken effect when the duplicate of the offer letter comprising acceptance of the offer duly signed by the Grantee together with a remittance in favor of the Company of HKD1.00 by way of consideration for the granting thereof is received by the Company within the acceptance period. Such remittance shall in no circumstances be refundable or be considered as part of the subscription price.

(h) **Exercise Price**

The subscription price in respect of each Share issued pursuant to the exercise of options granted shall be a price solely determined by the RC and shall be at least the higher of:

(i) the closing price of the Shares as stated in the daily quotations sheet of the HKEx on the Offer Date; and

(ii) a price being the average of the closing prices of the Shares as stated in the daily quotations sheet of the HKEx for the 5 business days immediately preceding the Offer Date.

(i) **Duration of the Scheme**

The Scheme shall be valid and effective for a period of 10 years commenced since the adoption date of 3 September 2010.

During the Financial Year, no option of the Company or any corporation in the Group was granted under the Scheme. Therefore, no share options were exercised or cancelled or lapsed during the Financial Year and there were no outstanding options under the Scheme as at 31 December 2020. The Scheme expired on 2 September 2020.

DIRECTORS RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the Financial Year, no Director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the audited consolidated financial statements of the Group for the Financial Year and except that each of Mr. Zuo Kun, Mr. Li Yao Min, Mr. Liu Heqiang, Mr. Wei Dongzheng, Mr. Wang Jiangang, Ms. Yang Meiyu, Mr. Ren Xiaowei and Mr. Shi Janson Bing, has an employment relationship with the Company, and some of them have received remuneration in that capacity. The particulars of the service agreements and the appointment letters of the current Directors are set out below:

Name of Directors	Date of service agreement(s)/ appointment letter(s)	Term	Annual remuneration	Termination notice period/payment in lieu of notice
Executive Directors				
Liu Heqiang ("Mr. Liu")	28 March 2019	3 years	RMB1,209,359.45	6 months
Yang Meiyu ("Ms. Yang")	28 March 2019	3 years	RMB1,250,088.10	6 months
Ren Xiaowei ("Mr. Ren")	28 March 2019	3 years	RMB1,194,886.37	6 months
Shi Janson Bing	12 August 2020	1 year	HKD904,615.34	1 month
Non-executive Directors				
Zuo Kun	28 March 2019	3 years	—	1 month
Li Yao Min	22 October 2020	1 year	HKD861,538.44	1 month
Wei Dongzheng	21 March 2019	3 years	—	1 month
Wang Jiangang	21 March 2019	3 years	—	1 month
Independent Non-executive Directors				
Henry Tan Song Kok	22 October 2020	1 year	SGD80,000 plus a meeting allowance of SGD2,800	1 month
Kong Siu Chee	22 October 2020	1 year	SGD70,000 plus a meeting allowance of SGD2,800	1 month
Zhang Hao	22 October 2020	1 year	HKD260,000	1 month
E Hock Yap	22 October 2020	1 year	HKD330,000	1 month

CHANGE IN INFORMATION OF DIRECTORS

The changes in Directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

- Mr. Henry Tan Song Kok resigned as an independent director of Yinda Infocomm Limited with effect from 29 October 2020 and appointed as an independent director of Dyna-Mac Holdings Limited with effect from 1 February 2021.

- The annual salary of Mr. Liu Heqiang has been adjusted from RMB1,193,974 to RMB1,064,134 with effect from 1 January 2021.

AUDIT COMMITTEE

The audit committee of the Board (the "AC") comprises the following members:

Mr. Henry Tan Song Kok	*(Lead INED and Chairman of the AC)*
Mr. Zhang Hao	*(INED)*
Mr. E Hock Yap	*(INED)*

The AC has recommended to the Board the nomination of Ernst & Young ("EY") for re-appointment as the independent auditor of the Company (the "Independent Auditor") at the forthcoming 2021 AGM.

The functions performed by the AC (including the review of the audited consolidated financial statements of the Group for the Financial Year) are detailed in the Corporate Governance Report.

INDEPENDENT AUDITOR

There were no changes of independent auditor in the past three years.

The consolidated financial statements of the Group for the Financial Year have been audited by EY who will retire and, being eligible, offer themselves for re-appointment at the forthcoming 2021 AGM. A resolution to re-appoint EY as the Independent Auditor and to authorise the Directors to fix their remuneration will be proposed at the 2021 AGM.

For and on behalf of the Board

Zuo Kun
Non-executive Director and Chairman

Liu Heqiang
Executive Director and Chief Executive Officer

26 February 2021

Independent Auditor's Report

To the shareholders of China New Town Development Company Limited
(Incorporated in the British Virgin Islands with limited liability)

OPINION

We have audited the consolidated financial statements of China New Town Development Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 105 to 192, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

To the shareholders of China New Town Development Company Limited
(Incorporated in the British Virgin Islands with limited liability)

KEY AUDIT MATTERS (continued)

Key audit matter

Allowance for debt instruments at amortised cost

IFRS 9 requires that the measurement of impairment of financial assets should be based on the "expected credit losses ("ECLs") model". To assess the impairment of debt instruments at amortised cost under IFRS 9, significant judgements and estimates were made by the management, in aspects such as assessing whether there had been a significant increase in credit risk since initial recognition, estimating the parameters, including estimation of future cash flows, and assumptions for measuring ECL and determining the forward-looking adjustments.

As at 31 December 2020, the gross carrying amount of debt instruments at amortised cost of the Group amounted to RMB1,884 million. The allowance for debt instruments at amortised cost amounted to RMB477 million. Since financial assets impairment assessment involved significant judgements and estimations and in view of the significance of amount, allowance for debt instruments at amortised cost was considered a key audit matter.

Relevant disclosures were included in Notes 2.3, 2.4, 13 and 34 to the consolidated financial statements.

How our audit addressed the key audit matter

We obtained an understanding of the process of management's assessment of ECLs.

We performed credit review for the debt instruments at amortised cost to assess the appropriateness of management's evaluation on the debt instruments' credit ratings.

We assessed the reasonableness of the models and key parameters used in the collective impairment assessment, including the significant increase in credit risk, probability of default, loss given default, risk exposure, and forward-looking adjustments.

We assessed the reasonableness of the models and the related assumptions used in individual impairment assessment, including the amount, timing and likelihood of management's estimation on future cash flows.

We assessed the appropriateness of the financial statement disclosures relating to the ECLs of debt instruments at amortised cost.

To the shareholders of China New Town Development Company Limited
(Incorporated in the British Virgin Islands with limited liability)

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of investment property	
The Group's investment property, which was located in Mainland China, was an urban complex with office premises, retail and car park spaces. The investment property was measured at fair value based on the income approach at the year end, which required significant judgements and estimations that were mainly based on market conditions existing at the valuation date, including the discount rate, market rent price, vocation rate and cash flow projections. As at 31 December 2020, the carrying amount of the investment property amounted to RMB1,472 million and the fair value gain charged to current year's profit amounted to RMB13,885 thousand. Since the determination of the fair value involved significant judgements and estimations and in view of the significance of amount, the valuation of investment property was considered a key audit matter. Relevant disclosures were included in Notes 2.3, 2.4, 15 and 36 to the consolidated financial statements.	We obtained an understanding of the process of management's assessment of the valuation of the investment property. We assessed the independence, objectivity and expertise of the external valuer. We involved our internal valuation expert to review the valuation model prepared by the external valuer and assessed the reasonableness of the valuation results, in terms of valuation methodology, market rent price and discount rate. We assessed key assumptions and parameters used by the external valuer, including analysis of the cash flow projection during the forecast period and vacancy rate. We also assessed the appropriatenss of related financial statement disclosures.

To the shareholders of China New Town Development Company Limited
(Incorporated in the British Virgin Islands with limited liability)

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Benny Bing Yin Cheung.

Ernst & Young
Certified Public Accountants
Hong Kong
26 February 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the financial year ended 31 December 2020

(All amounts expressed in RMB'000 unless otherwise specified)

	Notes	2020	2019
Operating income		**475,966**	614,931
Revenue	5	**391,639**	414,941
Other income	6	**84,327**	199,990
Operating expenses		**(676,575)**	(453,396)
Cost of sales	7	**(40,865)**	(30,931)
Selling and administrative expense	7	**(124,046)**	(124,379)
Finance costs	8	**(112,665)**	(165,238)
Other expenses	6	**(12,553)**	(2,096)
Impairment losses on financial assets		**(386,446)**	(130,752)
Operating (loss)/profit		**(200,609)**	161,535
Share of (losses)/gains of joint ventures and associates	4	**(6,458)**	15,956
(Loss)/profit before tax		**(207,067)**	177,491
Income tax	9	**(41,098)**	(66,139)
(Loss)/profit for the year		**(248,165)**	111,352
Other comprehensive (loss)/income			
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:			
Share of other comprehensive (loss)/income of associates		**(4,941)**	1,364
Other comprehensive (loss)/income for the year, net of tax		**(4,941)**	1,364
Total comprehensive (loss)/income for the year, net of tax		**(253,106)**	112,716
(Loss)/profit attributable to:			
Equity holders of the parent		**(250,925)**	95,412
Non-controlling interests		**2,760**	15,940
		(248,165)	111,352
Total comprehensive (loss)/income attributable to:			
Equity holders of the parent		**(255,866)**	96,776
Non-controlling interests		**2,760**	15,940
		(253,106)	112,716
(Loss)/earnings per share (RMB per share) attributable to ordinary equity holders of the parent:			
Basic and diluted, (loss)/profit for the year	12	**(0.0258)**	0.0098

The accompanying accounting policies and explanatory notes are an integral part of the consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2020

(All amounts expressed in RMB'000 unless otherwise specified)

	Notes	2020	2019
Assets			
Non-current assets			
Investments in joint ventures	4(a)	**213,208**	220,590
Investments in associates	4(b)	**138,746**	64,020
Debt instruments at amortised cost	13	**480,591**	1,217,345
Financial assets at fair value through profit or loss	14	**72,689**	71,217
Investment property	15	**1,472,051**	1,447,729
Property, plant and equipment	16	**11,832**	13,245
Deferred tax assets	9	**—**	8,957
Right-of-use assets	17(a)	**30,910**	17,170
Other assets		**10,356**	16,487
Total non-current assets		**2,430,383**	3,076,760
Current assets			
Land development for sale	18	**886,299**	884,820
Prepayments		**1,672**	2,774
Other receivables	19	**663,537**	714,012
Trade receivables	20	**563,954**	557,377
Debt instruments at amortised cost	13	**953,430**	1,948,220
Other assets		**12,503**	18,236
Financial assets at fair value through profit or loss	14	**1,044,251**	1,198,872
Cash and bank balances	21	**855,234**	269,917
Total current assets		**4,980,880**	5,594,228
Total assets		**7,411,263**	8,670,988
Equity and liabilities			
Equity			
Attributable to:			
Equity holders of the parent:			
Share capital	22	**4,070,201**	4,070,201
Other reserves	23	**607,839**	607,839
Other comprehensive (loss)/income		**(3,841)**	1,100
Accumulated losses		**(729,919)**	(440,034)
		3,944,280	4,239,106
Non-controlling interests		**443,112**	440,352
Total equity		**4,387,392**	4,679,458

Consolidated Statement of Financial Position

As at 31 December 2020

(All amounts expressed in RMB'000 unless otherwise specified)

	Notes	**2020**	2019
Non-current liabilities			
Interest-bearing bank borrowings	24	**705,380**	2,353,078
Other liabilities		**6,515**	6,668
Lease liabilities	17(b)	**11,993**	7,011
Deferred tax liabilities	9	**93,195**	74,835
Total non-current liabilities		**817,083**	2,441,592
Current liabilities			
Interest-bearing bank borrowings	24	**1,018,684**	302,122
Trade payables	25	**307,997**	363,816
Other payables and accruals	26	**348,346**	353,302
Advance from customers	27	**16,447**	15,438
Dividend payables	10	**538**	78
Current income tax liabilities		**70,522**	68,721
Lease liabilities	17(b)	**12,856**	6,304
Contract liabilities	28	**424,947**	436,552
Financial liabilities at fair value through profit or loss	29	**6,451**	3,605
Total current liabilities		**2,206,788**	1,549,938
Total liabilities		**3,023,871**	3,991,530
Total equity and liabilities		**7,411,263**	8,670,988
Net current assets		**2,774,092**	4,044,290
Total assets less current liabilities		**5,204,475**	7,121,050

The accompanying accounting policies and explanatory notes are an integral part of the consolidated financial statements.

Zuo Kun
Non-executive Chairman

Liu Heqiang
Chief Executive Officer

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2020

(All amounts expressed in RMB'000 unless otherwise specified)

		Attributable to equity holders of the parent						
	Notes	Share capital	Other reserves	Foreign currency translation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
As at 1 January 2019	22/23	4,070,201	607,334	(264)	(484,275)	4,192,996	424,412	4,617,408
Total comprehensive income		—	—	1,364	95,412	96,776	15,940	112,716
Share of equity changes of a joint venture other than other comprehensive income		—	505	—	—	505	—	505
Dividends		—	—	—	(51,171)	(51,171)	—	(51,171)
As at 31 December 2019	22/23	4,070,201	607,839	1,100	(440,034)	4,239,106	440,352	4,679,458
Total comprehensive (loss)/income		—	—	(4,941)	(250,925)	(255,866)	2,760	(253,106)
Dividends		—	—	—	(38,960)	(38,960)	—	(38,960)
As at 31 December 2020	22/23	4,070,201	607,839	(3,841)	(729,919)	3,944,280	443,112	4,387,392

The accompanying accounting policies and explanatory notes are an integral part of the consolidated financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2020

(All amounts expressed in RMB'000 unless otherwise specified)

	Notes	2020	2019
Cash flows from operating activities			
(Loss)/profit before tax		**(207,067)**	177,491
Adjustments for:			
Impairment losses on financial assets		**386,446**	130,752
Depreciation of property, plant and equipment	7	**1,714**	2,049
Depreciation of right-of-use assets	7	**13,196**	10,396
Amortisation of intangible assets		**341**	341
Gain on disposal of property, plant and equipment	6	**—**	(1,215)
Net fair value gain on an investment property	6	**(13,885)**	(111,768)
Net gain on financial instruments at fair value through profit or loss	6	**(46,588)**	(54,232)
Share of (losses)/gains of joint ventures and associates	4	**6,458**	(15,956)
Interest from debt instruments at amortised cost and others	5(b)/5(c)	**(229,577)**	(290,534)
Interest from bank deposits	6	**(2,689)**	(19,417)
Interest expense on lease liabilities	17(c)	**886**	244
Interest expense	8	**112,665**	165,238
Foreign exchange (gain)/loss	6	**(6,765)**	153
Operating profit/(loss) before working capital adjustments		**15,135**	(6,458)
Increase in land development for sale		**(1,479)**	(4,812)
Decrease/(increase) in prepayments		**1,102**	(262)
Decrease in other receivables and other assets		**20,131**	32,267
(Increase)/decrease in trade receivables		**(13,105)**	992,417
Increase in advances from customers		**1,009**	3,684
Decrease in contract liabilities		**(11,605)**	(9,106)
Decrease in trade and other payables		**(11,561)**	(276,041)
		(373)	731,689
Income tax paid		**(12,627)**	(34,063)
Net cash (outflow)/inflow from operating activities		**(13,000)**	697,626

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2020

(All amounts expressed in RMB'000 unless otherwise specified)

	Notes	**2020**	2019
Cash flows from investing activities			
Purchases/construction of property, plant and equipment		**(340)**	(447)
Proceeds from disposal of property, plant and equipment		**39**	1,680
Investments in joint ventures and associates		**(102,847)**	(8,648)
Capital expenditure on an investment property		**(58,595)**	(66,446)
Investments in debt instruments at amortised cost		**(246,500)**	(992,698)
Proceeds from recovery of debt instruments at amortised cost		**1,647,998**	992,029
Interest received from debt instruments at amortised cost		**213,070**	247,814
Investments in financial assets at fair value through profit or loss		**(299,000)**	(1,011,000)
Redemption in financial assets at fair value through profit or loss		**474,950**	27,950
Dividends received from financial assets at fair value through profit or loss		**9,133**	6,833
Interest received from bank deposits		**2,689**	19,417
Gain from financial assets at fair value through profit or loss		**28,235**	42,057
Dividends received from joint ventures and associates		**—**	530
Net cash inflow/(outflow) from investing activities		**1,668,832**	(740,929)
Cash flows from financing activities			
Payment for revolving loan facility fee		**(5,896)**	—
Proceeds from bank and other borrowings		**—**	1,062,345
Repayment of bank and other borrowings		**(874,427)**	(956,084)
Repayment of financial liabilities at fair value through profit or loss		**—**	(188,500)
Payment of lease liabilities	17(b)	**(16,294)**	(11,010)
Dividends paid		**(37,684)**	(105,420)
Interest paid		**(108,158)**	(151,146)
Net cash outflow from financing activities		**(1,042,459)**	(349,815)
Net increase/(decrease) in cash and cash equivalents		**613,373**	(393,118)
Effect of exchange rate changes on cash and cash equivalents		**(28,056)**	373
Cash and cash equivalents at beginning of year		**269,917**	662,662
Cash and cash equivalents at end of year	21	**855,234**	269,917

The accompanying accounting policies and explanatory notes are an integral part of the consolidated financial statements.

1. CORPORATE AND GROUP INFORMATION

China New Town Development Company Limited (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 the SGX-ST and the HKEx. The Company voluntarily delisted from the SGX-ST on 17 February 2017.

The Company together with its subsidiaries (the "Group") is a new town developer in Mainland China and has been engaged in the investment and operation of new type of urbanization and primary land development in the PRC since 2002. Since 2014, as China Development Bank Capital Corporation Limited ("CDBC" or "CDB Capital") becoming the controlling shareholder, with the trend of new urbanization in China, the Company's business models have been further optimized. With the business strategy of "investment + downstream operation", on top of fixed income investment in urbanization projects, we introduce brands of urbanization to the region in the field of people's livelihood improvement at the same time, such as education, tourism, healthcare and etc.

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 and controlling 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 share capital of the Company through CDBIH after delisted from the SGX-ST.

Subsidiaries

The principal activities of the subsidiaries are disclosed in Note 3 below.

2.1 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with IFRSs issued by the International Accounting Standards Board (the "IASB").

The consolidated financial statements have been prepared on a historical cost basis, except for investment property, financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss which have been measured at fair value. The consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand ('000) except when otherwise indicated.

(a) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2020. 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.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if it results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in 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.

2.1 BASIS OF PREPARATION (continued)

(a) Basis of consolidation (continued)

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.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards and interpretations

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 *Business Combinations* clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform

The amendments to IFRS 9 and IAS 39 *Financial Instruments: Recognition and Measurement* provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

New and amended standards and interpretations (continued)

Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Group.

Amendments to IFRS 16 Covid-19 Related Rent Concessions

On 28 May 2020, the IASB issued *Covid-19-Related Rent Concessions — amendment to IFRS 16 Leases* The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

These amendments had no impact on the consolidated financial statements of the Group.

2.3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(i) Land development services

The Group applied significant judgements in identifying performance obligations and allocation revenue between different components in land development services. The Group is given the right to carry out construction and preparation works in respect of land infrastructure and ancillary public facilities (owned by the local governments) within the districts where the Group runs its businesses. As ancillary public facilities are separately identifiable from land infrastructure, the allocation of revenue from the land development to land infrastructure and ancillary public facilities is based on their relative fair values of the construction works, determined by reference to the relative estimated construction costs of each component.

2.3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Judgements (continued)

(i) Land development services (continued)

Revenue attributable to land infrastructure is recognised over time based on the portions of the specific construction works (demolition, relocation and land clearing works) that are completed. Revenue attributable to ancillary public facilities is recognised over time based on the portions of ancillary public facilities that are completed. Significant judgements was made by the Group in determining the proportion of the performance obligations completed.

(ii) Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

(iii) Control on structured entities

The Group considers whether the Group has the power over a structured entity and is exposed to significant variable return of a structured entity. If such power and exposure exist, the Group has to consolidate such structured entity. The Group reassesses whether it controls a structured entity if facts and circumstances indicate that there are changes to one or more of the three elements of control.

(iv) Contractual cash flows characteristics

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics. The Group needs to make significant judgment on whether the contractual cash flows are solely payments of principal and interest on the principal amount outstanding.

2.3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are disclosed below:

(i) Carrying amount of land development for sale

The Group's land development for sale is stated at the lower of cost and net realisable value.

Based on the Group's recent experience and the nature of the subject land development, the Group makes estimates of cost allocated to each parcel of land infrastructure and ancillary public facilities, and their net realisable value, i.e., the revenue to be derived from the sale of land development for sale by government authorities, less costs to completion and the costs to be incurred in realising the revenue from the sale of land development for sale based on prevailing market conditions.

If the cost is higher than the estimated net realisable value, provision for the excess of cost of land development for sale over their net realisable values should be made. Such provision would require the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for land development for sale in the periods in which such estimate is changed will be adjusted accordingly.

(ii) Deferred tax assets and liabilities

Deferred tax assets are recognised for deductible temporary differences, carryforward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised. Deferred tax liabilities are recognised for taxable temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Where the actual or expected tax positions of the relevant companies of the Group in future are different from the original estimates, such differences will impact on the recognition of deferred tax assets and liabilities and income tax charge in the period in which such estimate has been changed.

(iii) Allowance for expected credit losses

The Group uses a provision matrix to calculate ECLs for debt instruments at amortised cost, trade receivables and other receivables based on its historical credit loss experience, adjusted for forward-looking factors to the debtors and the economic environment. The provision rates are based on groupings of various counterparty segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future.

2.3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

(iii) Allowance for expected credit losses (continued)

Significant estimation of future cash flows is made by the Group when measuring the credit loss for the impaired debt instruments at amortised cost, trade receivables and other receivables. Factors affecting this estimate include, among other things, financial information related to specific counterparties, the availability of meaningful information related to industry competitors and the relevance of sector trends to the future performance of individual counterparties and cash flows from the sale of collateral.

(iv) Useful lives and impairment of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its items of property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of items of property, plant and equipment of similar nature and functions. Such estimates could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charges where useful lives are less than previously estimated lives, or management will write off or write down technically obsolete assets that have been abandoned.

The carrying value of an item of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable in accordance with the accounting policy as disclosed in Note 2.4. The recoverable amount of an item of property, plant and equipment is calculated as the higher of its fair value less costs to sell and the value in use, the calculation of which involves the use of estimates.

(v) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

(vi) Fair value measurement of investment property

Investment property is evaluated by independent professionally qualified valuers at the end of each reporting period using the income approach, which is on the basis of capitalisation of net rental income derived from the existing tenancies with due allowance for reversionary income potential of the property interest, as well as direct comparison approach, which is on the basis of making reference to comparable sales evidence as available in the relevant market. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimate, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of each reporting period.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associates and joint ventures are accounted for using the equity method.

Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date less any impairment losses. Goodwill, if any, relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss and other comprehensive income reflects the Group's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, where there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the consolidated statement of profit or loss and other comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture.

The financial statements of the joint venture are prepared for the same reporting period as the investor. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, then recognises the loss within 'Share of losses of joint ventures' in the statement of profit or loss and other comprehensive income.

Upon loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on the current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Fair value measurement

The Group measures investment property and financial instruments, such as financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss, at fair value at the end of each reporting period. Also, the fair values of investment property and financial instruments are disclosed in Note 36.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Group.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	—	Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2	—	Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3	—	Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies for "Revenue from contracts with customers".

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Initial recognition and measurement (continued)

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

(a) *Financial assets at amortised cost (debt instruments)*

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

(b) *Financial assets at fair value through OCI (debt instruments)*

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the consolidated statement of profit or loss and other comprehensive income and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

(c) *Financial assets designated at fair value through OCI (equity instruments)*

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Subsequent measurement (continued)

(c) *Financial assets designated at fair value through OCI (equity instruments) (continued)*

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss and other comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

(d) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss and other comprehensive income.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss and other comprehensive income when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets (continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

For debt instruments at amortised cost, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

General approach (continued)

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at amortised cost and financial liabilities at fair value through profit or loss. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, bank and other borrowings, and financial liabilities at fair value through profit or loss.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

(a) *Financial liabilities at amortised cost*

Financial liabilities at amortised cost including trade and other payables, lease liabilities, and interest-bearing borrowings are subsequently measured at amortised cost, using the EIR method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the statement of profit or loss and other comprehensive income.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Subsequent measurement (continued)

(a) Financial liabilities at amortised cost (continued)

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(b) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss and other comprehensive income. The net fair value gain or loss recognised in the statement of profit or loss and other comprehensive income does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss and other comprehensive income, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss and other comprehensive income. The net fair value gain or loss recognised in the statement of profit or loss and other comprehensive income does not include any interest charged on these financial liabilities.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress ("CIP"), are stated at cost less accumulated depreciation and any impairment losses.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Such cost includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives for this purpose are as follows:

Buildings	20 to 50 years
Furniture, fixtures and equipment	3 to 5 years
Motor vehicles	5 years

When parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted prospectively if appropriate, at the end of each reporting period.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the fair value less cost to sell and the carrying amount of the relevant asset.

CIP represents buildings under construction and is stated at cost less any impairment in value, and is not depreciated. Cost mainly comprises the direct costs during the period of construction and capitalised interest. CIP is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Land development for sale

Cost of land development for sale comprises the aggregate cost of development, materials and supplies, capitalised borrowing costs on related borrowing funds during the period of construction and other costs directly attributable to such land development for sale.

Land development for sale is stated at the lower of cost and net realisable value. Net realisable value takes into account the Group's share of proceeds derived from the sale of land development for sale by government authorities, less costs to completion and the costs to be incurred in realising the revenue derived from the sale of land development for sale based on prevailing market conditions.

Any excess of cost over the net realisable value of individual items of land development for sale is recognised as an allowance.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

For the purpose of the statement of financial position, cash and bank balances comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted to use.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss and other comprehensive income.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than land development for sale, inventories, deferred tax assets, financial assets and investment property), the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than certain financial assets is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)

Group as a lessee (continued)

(a) *Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any 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. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	40 years
Buildings	2 to 3 years
Motor vehicles	2 to 3 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) *Lease liabilities*

Lease liabilities are recognised at the commencement date of the lease 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 termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because 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 lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases. It also applies the recognition exemption to its leases of low-value assets.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Lease revenue is recognized in accordance with the terms of lease contracts over the lease term on a straight line basis and is included in revenue in the consolidated statement of profit or loss and other comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Variable lease income are recognised in profit or loss in the period in which they are earned.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment property

Investment property comprises completed property and property under construction held to earn rentals or for capital appreciation or both. Property held under a lease is classified as investment property when the definition of an investment property is met and it is accounted for as a finance lease.

Investment property is measured initially at cost including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values are included in the statement of profit or loss and other comprehensive income in the period in which they arise, including the corresponding tax effect.

Investment property is derecognised when it has been disposed of (i.e., at the date the recipient obtains control) or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in IFRS 15.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

(a) *Revenue from land development for sale*

The Group is given the right to carry out construction and preparation works in respect of land infrastructure and ancillary public facilities within the districts where the Group runs its businesses.

Revenue attributable to land infrastructure is recognised over time based on the portions of the specific construction works (demolition, relocation and land clearing works) that are completed. Revenue attributable to ancillary public facilities is recognised over time based on the portions of the ancillary public facilities that are completed.

(b) *Property management revenue*

Property management revenue is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

(c) *Asset and fund management fees*

Asset and fund management fees are recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

Revenue from other sources

(a) *Operating lease income*

Operating lease income from investment property is recognised on the straight-line basis over the lease term, which is the non-cancellable period for which the lessee has contracted to lease the property together with any further terms for which the lessee has the option to continue to lease the property, with or without further payments, when at the inception of the lease, it is reasonably certain that the lessee will exercise the option.

(b) *Interest income*

Interest income is recognised on a time proportion basis using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial instrument.

(c) *Dividend income*

Dividend income is recognised when the shareholders' right to receive payment has been established, which is generally when the shareholders approve the dividend.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets.

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract.

Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss and other comprehensive income on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, that is, assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. Other borrowing costs are recognised as expenses when incurred.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of fund. The interest capitalised is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amounts capitalised are the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalised as from the commencement of the development work until the date of practical completion. The capitalisation of finance costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalised on the purchase cost of a set of properties acquired specifically for redevelopment but only where activities necessary to prepare the asset for redevelopment are in progress.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Dividends

When dividends have been approved by the directors and shareholders and declared, they are recognised as a liability.

Employee retirement benefits

Pursuant to the relevant regulations of the PRC government, the companies comprising the Group operating in Mainland China (the "PRC group companies") have participated in a local municipal government retirement benefit scheme (the "Scheme"), whereby the PRC group companies are required to contribute a certain percentage of the salaries of their employees to the Scheme to fund their retirement benefits. The only obligation of the Group with respect to the Scheme is to pay the ongoing contributions under the Scheme. Contributions under the Scheme are charged to profit or loss as incurred.

In Hong Kong, the Group operates a defined contribution retirement benefit scheme under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all of the employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable. The Group's contributions as an employer vest fully with the employees when the Group contributes to the scheme. The Group contributes 5% of the relevant monthly salaries to such scheme and the Group's employees contribute the lower of HKD1,250 and 5% of their monthly salaries to such scheme as employee mandatory contributions.

Foreign currency translation

The Group's consolidated financial statements are presented in RMB which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. All transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating to those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the reporting period. All differences arising on settlement or translation of monetary items are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group. Contingent liabilities and assets are not recognised in the statement of financial position of the Group.

Government grants

Government grants (including non-monetary grants) are recognised at their fair value where there is reasonable assurance that the grants will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, the grant is deducted from the relevant asset before arriving at the carrying amount of the asset. The grant is recognised in the statement of profit or loss and other comprehensive income over the time of asset realisation by way of a reduced cost of assets' charge. Grants received in connection with the Group's role in planning and constructing the ancillary public facilities are deducted from the development cost of the ancillary public facilities and would be recognised indirectly in the form of an increased profit margin over the course of recognising revenue in connection with the ancillary public facility services.

2.5 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretation that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretation, if applicable, when they become effective.

IFRS 17 *Insurance Contracts*

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 *Insurance Contracts* (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)

- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.

2.5 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

Amendments to IAS 1: *Classification of Liabilities as Current or Non-current*

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Reference to the Conceptual Framework — *Amendments to IFRS 3*

In May 2020, the IASB issued Amendments to IFRS 3 *Business Combinations — Reference to the Conceptual Framework*. The amendments are intended to replace a reference to the *Framework for the Preparation and Presentation of Financial Statements*, issued in 1989, with a reference to the *Conceptual Framework for Financial Reporting* issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 *Levies*, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively. The amendments are not expected to have a material impact on the Group.

Property, Plant and Equipment: Proceeds before Intended Use — *Amendments to IAS 16*

In May 2020, the IASB issued *Property, Plant and Equipment — Proceeds before Intended Use*, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

2.5 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

Onerous Contracts — Costs of Fulfilling a Contract — *Amendments to IAS 37*

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. The amendments are not expected to have a material impact on the Group.

IFRS 1 *First-time Adoption of International Financial Reporting Standards* — Subsidiary as a first-time adopter

As part of its 2018–2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 *First-time Adoption of International Financial Reporting Standards*. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The amendments is not applicable to the Group.

IFRS 9 *Financial Instruments* — Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018–2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

IAS 41 *Agriculture* — Taxation in fair value measurements

As part of its 2018–2020 annual improvements to IFRS standards process the IASB issued amendment to IAS 41 *Agriculture*. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

(All amounts expressed in RMB'000 unless otherwise specified)

3. INVESTMENTS IN SUBSIDIARIES

Company

	Notes	2020	2019
Unlisted shares, at cost	(a)	**3,524,561**	3,524,561
Advances to subsidiaries, net	(b)	**813,711**	868,730
		4,338,272	4,393,291

(a) As at 31 December 2020 and 2019, the Group's direct or indirect interests in subsidiaries are set out below:

Directly held by the Company

Name	Place and date of incorporation	Cost of investment	Proportion of ownership interest (%) 2020	Proportion of ownership interest (%) 2019	Principal activities/ place of operation
Meeko Investment Limited ("Meeko")	British Virgin Islands 19 August 2005	1,230,300	**100.00**	100.00	Investment holding/ Hong Kong
Weblink International Limited ("Weblink")	British Virgin Islands 17 November 2005	794,261	**100.00**	100.00	Investment holding/ Hong Kong
Protex Investment Limited	British Virgin Islands 18 October 2006	—	**100.00**	100.00	Investment holding/ Hong Kong
China New Town Holding Co., Ltd. ("CNT Holding")	Hong Kong 17 July 2014	1,500,000	**100.00**	100.00	Investment holding/ Hong Kong and Mainland China
China New Town Finance I Limited ("Finance I")*	British Virgin Islands 11 March 2015	—	**—**	100.00	Investment holding/ Hong Kong
		3,524,561			

* China New Town Finance I Limited was dissolved in 2020.

(All amounts expressed in RMB'000 unless otherwise specified)

3. INVESTMENTS IN SUBSIDIARIES (continued)

(a) As at 31 December 2020 and 2019, the Group's direct or indirect interests in subsidiaries are set out below: (continued)

Indirectly held by the Company

Ultimately held through	Name	Place and date of incorporation/ establishment and issued share capital	Proportion of ownership interest (%)		Effective equity interest (%)		Principal activities/ place of operation
			2020	2019	**2020**	2019	
Meeko and Weblink	Shanghai Golden Luodian Development Co., Ltd. ("SGLD")[(a)]	PRC 26 September 2002 RMB208,100,000	**72.63**	72.63	**72.63**	72.63	Land development/ Mainland China
Weblink	Shanghai Jia Tong Enterprises Co., Ltd. ("Shanghai Jiatong")[(b)]	PRC 12 April 2006 RMB1,000,000	**100.00**	100.00	**100.00**	100.00	Consultation services/ Mainland China
Protex Investment Limited	China New Town Development (Changchun) Company Limited ("CNTD Changchun")	British Virgin Islands 7 September 2006 USD1	**100.00**	100.00	**100.00**	100.00	Investment holding/ Hong Kong
Protex Investment Limited	China New Town Development (Wuxi) Company Limited ("CNTD Wuxi")*	British Virgin Islands 18 October 2006 Nil	**—**	100.00	**—**	100.00	Investment holding/ Hong Kong
Protex Investment Limited	China New Town Development (Shenyang) Company Limited ("CNTD Shenyang")	British Virgin Islands 18 October 2006 USD1	**100.00**	100.00	**100.00**	100.00	Investment holding/ Hong Kong
Protex Investment Limited	Safewell Investment Limited	British Virgin Islands 14 February 2007 USD1	**100.00**	100.00	**100.00**	100.00	Investment holding/ Hong Kong
Protex Investment Limited	Shenyang Lixiang New Town Modern Agriculture Co., Ltd. ("Shenyang Lixiang")[(b)]	PRC 6 March 2007 RMB672,748,013	**100.00**	100.00	**100.00**	100.00	Land development/ Mainland China
Protex Investment Limited	Shanghai CNTD Management Consulting Co., Ltd.[(b)]	PRC 21 June 2007 RMB1,512,720	**100.00**	100.00	**100.00**	100.00	Enterprise investment consultation/ Mainland China

(All amounts expressed in RMB'000 unless otherwise specified)

3. INVESTMENTS IN SUBSIDIARIES (continued)

(a) As at 31 December 2020 and 2019, the Group's direct or indirect interests in subsidiaries are set out below: (continued)

Indirectly held by the Company (continued)

Ultimately held through	Name	Place and date of incorporation/ establishment and issued share capital	Proportion of ownership interest (%)		Effective equity interest (%)		Principal activities/ place of operation
			2020	2019	**2020**	2019	
CNT Holding	CDBC New Town (Beijing) Management Consulting Co., Ltd.[b]	PRC 20 November 2014 RMB25,000,000	**100.00**	100.00	**100.00**	100.00	Real estate consultation/ Mainland China
CNT Holding	CDBC New Town (Beijing) Asset Management Co., Ltd. ("CDBC New Town")[c]	PRC 6 January 2015 RMB1,000,000,000	**100.00**	100.00	**100.00**	100.00	Asset management/ Mainland China
CNT Holding	CDBC New Town Changchun Construction and Development Co., Ltd. ("CDBC Changchun")[c]	PRC 2 December 2015 RMB36,275,800	**100.00**	100.00	**100.00**	100.00	Real estate development/ Mainland China
CNT Holding	CDBC Nanjing Investment Development Co., Ltd. ("CDBC Nanjing")[c]	PRC 1 August 2014 RMB122,000,000	**100.00**	100.00	**100.00**	100.00	Investment and asset development/ Mainland China
CNT Holding	CDBC Agricultural Investment Management Co., Ltd. ("CDBC Agricultural")[c]	PRC 15 December 2015 RMB43,442,600	**51.00**	51.00	**51.00**	51.00	Investment management/ Mainland China
CNT Holding	CDBC New Town (Beijing) Investment Fund Management Co., Ltd.[c]	PRC 1 January 2016 RMB10,000,000	**100.00**	100.00	**100.00**	100.00	Investment management/ Mainland China
CNT Holding	CDBC Chengdu Agricultural Development Co., Ltd.[c]	PRC 1 February 2016 RMB17,377,000	**100.00**	100.00	**51.85**	51.85	Investment management/ Mainland China
CNT Holding	Yangzhou CDBC Investment Fund Management Co., Ltd.*[c]	PRC 1 January 2016 Nil	**—**	100.00	**—**	100.00	Investment management/ Mainland China
CNT Holding	ShengQi (Jiaxing) Investment Management Co., Ltd. ("ShengQi IM")[c]	PRC 23 February 2016 RMB1,000,000	**100.00**	100.00	**100.00**	100.00	Investment management/ Mainland China

(All amounts expressed in RMB'000 unless otherwise specified)

3. INVESTMENTS IN SUBSIDIARIES (continued)

(a) As at 31 December 2020 and 2019, the Group's direct or indirect interests in subsidiaries are set out below: (continued)

Indirectly held by the Company (continued)

Ultimately held through	Name	Place and date of incorporation/ establishment and issued share capital	Proportion of ownership interest (%)		Effective equity interest (%)		Principal activities/ place of operation
			2020	2019	**2020**	2019	
CNT Holding	China Development Bank Education Co., Ltd. ("CDB Education")	Hong Kong 11 November 2017 USD1,024,000	**100.00**	100.00	**100.00**	100.00	Asset management/ Hong Kong
CNT Holding	Wuhan Chuguang Industry New Development Co. Ltd. ("Wuhan Chuguang")[c]	PRC 31 May 2018 RMB10,000,000	**66.40**	66.40	**100.00**	100.00	Real estate development/ Mainland China
CNT Holding	CDBC Co-Create Enterprise Management (Huzhou) Co., Ltd. ("CCEM Huzhou")[c]	PRC 2 June 2018 RMB10,000,000	**58.00**	58.00	**58.00**	58.00	Investment management/ Mainland China

* China New Town Development (Wuxi) Company Limited and Yangzhou CDBC Investment Fund Management Co., Ltd. were dissolved in 2020.

[a] This entity is registered as a Sino-foreign joint venture enterprise under PRC law.
[b] These entities are registered as wholly-foreign-owned enterprises under PRC law.
[c] These entities are registered as limited liability enterprises under PRC law.

Indirectly held through structured entities

The Jiangsu Fund

In 2016, CDBC New Town and ShengQi IM, the wholly-owned subsidiaries of the Group, entered into a limited partnership agreement with CIB Wealth Management Co., Ltd. ("CIB"), and CDB Jingcheng (Beijing) Investment Fund Company Limited ("CDB Fund"), in relation to the establishment of an investment partnership, the Jiangsu Fund. The Group was involved in the capacity of both general partner 0.02% and limited partner 20.98%. To determine whether control exists, the Group exercises judgement and assesses whether the combination of investments it held together with related remuneration creates exposure to variability of returns from the activities of the funds that is of such significance that it indicates that it is a principal. The Jiangsu Fund was consolidated to the financial statements of the Group since 2016.

In 2019, all the limited partners of the Jiangsu Fund redeemed all their capital funds. Since then, ShengQi IM held a 100% interest of the Jiangsu Fund. The interest held indirectly by the Company was RMB970 thousand as at 31 December 2019. In 2020, the Company received all the capital funds of the Jiangsu Fund of RMB970 thousand.

Interests attributable to other interest holders are presented as finance costs and financial liabilities at fair value through profit or loss in the consolidated financial statements in 2019.

(All amounts expressed in RMB'000 unless otherwise specified)

3. INVESTMENTS IN SUBSIDIARIES (continued)

(a) As at 31 December 2020 and 2019, the Group's direct or indirect interests in subsidiaries are set out below: (continued)

Indirectly held through structured entities (continued)

The Jiangguang Fund

In 2017, CDBC New Town and Qinhuangdao Zhongmin Investment Company Limited ("Zhongmin Company") entered into a limited partnership agreement to establish a partnership, the Jiangguang Fund, where CDBC New Town (Beijing) Investment Fund Management Co., Ltd. acted as fund management. For the Jiangguang Fund, the Group contributed RMB80 million and owned 53% interest of the junior-tranche. To determine whether control exists, the Group exercises judgement and assesses whether the investments it held together with related remuneration creates exposure to variability of returns from the activities of the funds that is of such significance that it indicates that it is a principal. The Jiangguang Fund was consolidated to the financial statements of the Group since 2017. In 2019, Zhongmin Company redeemed all its capital funds. Since then, CDBC New Town held a 100% interest of the Jiangguang Fund. In 2019, the Company received all the capital funds of the Jiangguang Fund of RMB80 million.

Interests attributable to other interest holders are presented as finance costs and financial liabilities at fair value through profit or loss in the consolidated financial statements in 2019.

(b) The advances to subsidiaries are advances to intermediate holding companies, and they are unsecured, non-interest-bearing, with no fixed repayment terms, and with no intention for repayment in short term. The intermediate holding companies used these advances to finance their investment holdings of equity interests in the Group's indirect subsidiaries, details of which are as follows:

	2020	2019
Amounts due from:		
CNTD Shenyang	**690,897**	690,897
CNTD Changchun	**121,301**	176,320
Safewell Investment Limited	**1,513**	1,513
	813,711	868,730

(c) Material partly-owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests:

Name	**Country of incorporation and operation**	**2020**	2019
SGLD	PRC	**27.37%**	27.37%
Wuhan Chuguang	PRC	**33.60%**	33.60%
CCEM Huzhou	PRC	**42.00%**	42.00%

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

(All amounts expressed in RMB'000 unless otherwise specified)

3. INVESTMENTS IN SUBSIDIARIES (continued)

(c) Material partly-owned subsidiaries (continued)

Summarised statement of profit or loss and other comprehensive income for 2020:

	SGLD	Wuhan Chuguang	CCEM Huzhou
Revenue	**11,873**	**150,189**	**—**
Cost of sales	**(11,818)**	**(29,037)**	**—**
Profit/(loss) and total comprehensive income/(loss) for the year	**(13,726)**	**66,275**	**(17,232)**
Attributable to non-controlling interests	**(3,757)**	**22,268**	**(7,237)**
Dividends paid to non-controlling interests	**—**	**—**	**—**

Summarised statement of profit or loss and other comprehensive income for 2019:

	SGLD	Wuhan Chuguang	CCEM Huzhou
Revenue	12,633	105,514	—
Cost of sales	(10,366)	(19,128)	—
Profit/(loss) and total comprehensive income/(loss) for the year	(5,024)	99,102	(29,513)
Attributable to non-controlling interests	(1,375)	33,298	(12,395)
Dividends paid to non-controlling interests	—	—	—

Summarised statement of financial position as of 31 December 2020:

	SGLD	Wuhan Chuguang	CCEM Huzhou
Current assets	**1,920,331**	**56,229**	**1,038**
Non-current assets	**552**	**1,486,350**	**—**
Current liabilities	**(492,541)**	**(267,416)**	**(277,902)**
Non-current liabilities	**—**	**(773,223)**	**—**
Total equity	**1,428,342**	**501,940**	**(276,864)**
Attributable to non-controlling interests	**390,937**	**168,652**	**(116,283)**

(All amounts expressed in RMB'000 unless otherwise specified)

3. INVESTMENTS IN SUBSIDIARIES (continued)

(c) Material partly-owned subsidiaries (continued)

Summarised statement of financial position as of 31 December 2019:

	SGLD	Wuhan Chuguang	CCEM Huzhou
Current assets	1,944,692	86,968	1,030
Non-current assets	2,903	1,457,277	—
Current liabilities	(505,527)	(282,848)	(260,662)
Non-current liabilities	—	(825,732)	—
Total equity	1,442,068	435,665	(259,632)
Attributable to non-controlling interests	394,694	146,383	(109,045)

Summarised cash flow information for 2020:

	SGLD	**Wuhan Chuguang**	**CCEM Huzhou**
Operating	**374**	**100,664**	**7**
Investing	**—**	**(700)**	**—**
Financing	**—**	**(67,455)**	**—**
Net increase in cash and cash equivalents	**374**	**32,509**	**7**

Summarised cash flow information for 2019:

	SGLD	Wuhan Chuguang	CCEM Huzhou
Operating	331,687	95,679	(25)
Investing	—	(135,972)	219,244
Financing	(335,336)	(13,075)	(218,244)
Net (decrease)/increase in cash and cash equivalents	(3,649)	(53,368)	975

(All amounts expressed in RMB'000 unless otherwise specified)

4. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

(a) Investments in joint ventures

	2020	2019
Unlisted shares	**213,208**	220,590

Details of the joint ventures are as follows:

Name	Place and date of establishment	Proportion of ownership interest attributable to the Group (%) 2020	Proportion of ownership interest attributable to the Group (%) 2019	Effective equity interest attributable to the Group (%) 2020	Effective equity interest attributable to the Group (%) 2019	Particulars of registered capital	Principal activities
Beijing Guowan Real Estate Co., Ltd. (i)	PRC 31 October 2016	**50%**	50%	**50%**	50%	RMB500 million	Real estate
Beijing Guoyuan Agriculture Co., Ltd. (ii)	PRC 12 September 2017	**50%**	50%	**50%**	50%	RMB20 million	Agriculture
Nanjing Guofa Real Estate Co., Ltd. (iii)	PRC 27 November 2017	**49%**	49%	**49%**	49%	RMB50 million	Real estate
Nanjing Guoying Zhongxi Development Co., Ltd. (iv)	PRC 27 December 2017	**50%**	50%	**50%**	50%	RMB220 million	Real estate
Zhejiang Kailian Investment Management Co., Ltd. (v)	PRC 28 June 2018	**—**	50%	**—**	50%	Nil	Business services
Zhongke Guoyin (Wuxi) Enterprise Management Co., Ltd. (vi)	PRC 18 March 2018	**50%**	50%	**50%**	50%	RMB10 million	Business services

(i) In 2016, CDBC New Town and Beijing Vanke Enterprises Co. Ltd. ("Vanke BJ") entered into an agreement for the overall development of Mengtougou District Junzhuang Town Project, pursuant to which Beijing Guowan Real Estate Co., Ltd. ("Guowan") was established. As at 31 December 2020, the issued capital of Guowan was RMB100 million (2019: RMB100 million), which was contributed equally by both parties.

(ii) In 2017, CDBC Agricultural entered into an agreement for the overall development of Miyun District Mujiayu Town Qianliyuan Village Project, pursuant to which Beijing Guoyuan Agriculture Co., Ltd. ("Guoyuan") was established. As at 31 December 2020, the issued capital of Guoyuan was RMB15,908 thousand (2019: RMB15,908 thousand), which was contributed equally by both parties.

(iii) In 2017, CDBC Nanjing and Mingfa Group Nanjing Real Estate Development Co., Ltd. ("Mingfa Group") entered into an agreement for the overall development of Wushang Land A Project which is located in Yuhua District Nanjing, pursuant to which Nanjing Guofa Real Estate Co., Ltd. ("Guofa") was established. As at 31 December 2020, the issued capital of Guofa was RMB50 million (2019: RMB50 million), where Mingfa Group has contributed RMB25.5 million (2019: RMB25.5 million), and CDBC Nanjing has contributed RMB24.5 million (2019: RMB24.5 million).

(All amounts expressed in RMB'000 unless otherwise specified)

4. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

(a) Investments in joint ventures (continued)

(iv) In 2018, CDBC Nanjing, CNT Holding and Sichuan Zhongxi Property Co., Ltd set up a joint venture, Nanjing Guoying Zhongxi Development Co., Ltd. ("Guoying"). This joint venture was established for the investment of a bilingual school in Jiangning District. CDBC Nanjing and CNT Holding invested RMB36.74 million (2019: RMB36.74 million) and RMB73.26 million (2019: RMB73.26 million), respectively, representing 16.7% and 33.3% of shares.

(v) In 2018, CDBC New Town and Kailian Capital Management Co., Ltd. entered into an agreement for the overall development of Jinyideyi Kindergarten Project, pursuant to which Zhejiang Kailian Investment Management Co., Ltd. ("Kailian") was established. As at 31 December 2020, the issued capital of Kailian was nil (2019: RMB10 million) since it was dissolved in December 2020.

(vi) In 2018, CDBC Nanjing and Shanghai Zhongke Scientific Culture Group Co., Ltd entered into an agreement for the overall development of Nanchang Science and Technology Park Project of Chinese Academy of Sciences Project, pursuant to which Zhongke Guoyin (Wuxi) Enterprise Management Co., Ltd. ("Zhongke") was established. As at 31 December 2020, the issued capital of Zhongke was RMB10 million (2019: RMB10 million), which was contributed equally by both parties.

Summarised financial information of the joint ventures, based on their IFRS financial statements, and the reconciliation to the carrying amount of the investments in the consolidated financial statements are set out below:

Year ended 31 December 2020

	Guofa	Guowan	Guoying	Others	Total
Current assets	**842,447**	**355,258**	**305,906**	**10,298**	**1,513,909**
Non-current assets	**83**	**1**	**87,696**	**5,854**	**93,634**
Current liabilities	**(720,618)**	**(272,871)**	**(177,724)**	**(7,118)**	**(1,178,331)**
Non-current liabilities	**—**	**—**	**(1,404)**	**—**	**(1,404)**
Equity	**121,912**	**82,388**	**214,474**	**9,034**	**427,808**
Proportion of the Group's ownership	**49%**	**50%**	**50%**	**—**	**—**
Carrying amount of the investment	**59,737**	**41,194**	**107,237**	**5,040**	**213,208**

(All amounts expressed in RMB'000 unless otherwise specified)

4. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

(a) Investments in joint ventures (continued)

Year ended 31 December 2019

	Guofa	Guowan	Guoying	Others	Total
Current assets	844,834	352,268	237,728	13,156	1,447,986
Non-current assets	187	3,354	57,743	7,072	68,356
Current liabilities	(720,622)	(266,363)	(83,318)	(2,074)	(1,072,377)
Non-current liabilities	—	—	(300)	—	(300)
Equity	124,399	89,259	211,853	18,154	443,665
Proportion of the Group's ownership	49%	50%	50%	—	—
Carrying amount of the investment	60,956	44,630	105,927	9,077	220,590

Summarised statements of profit or loss and other comprehensive income of the joint ventures are set out below:

Year ended 31 December 2020

	Guofa	**Guowan**	**Guoying**	**Others**	**Total**
Revenue	**68**	**444**	**8,127**	**80**	**8,719**
Cost of sales	**—**	**—**	**—**	**(24)**	**(24)**
Administrative expenses and other expenses	**(2,556)**	**(3,216)**	**(4,098)**	**(7,703)**	**(17,573)**
Finance costs	**—**	**(915)**	**(5)**	**—**	**(920)**
(Loss)/profit before tax	**(2,488)**	**(3,687)**	**4,024**	**(7,647)**	**(9,798)**
Income tax expense	**—**	**(3,185)**	**(1,404)**	**—**	**(4,589)**
Net (loss)/profit for the year	**(2,488)**	**(6,872)**	**2,620**	**(7,647)**	**(14,387)**
Total comprehensive (loss)/income for the year	**(2,488)**	**(6,872)**	**2,620**	**(7,647)**	**(14,387)**
Group's share of (loss)/profit for the year	**(1,219)**	**(3,436)**	**1,310**	**(3,300)**	**(6,645)**

(All amounts expressed in RMB'000 unless otherwise specified)

4. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

(a) Investments in joint ventures (continued)

Year ended 31 December 2019

	Guofa	Guowan	Guoying	Others	Total
Revenue	66	2,710	684	2,676	6,136
Cost of sales	—	—	—	(527)	(527)
Administrative expenses and other expenses	(2,407)	(3,834)	(5,176)	(7,097)	(18,514)
Finance costs	—	—	—	—	—
Loss before tax	(2,341)	(1,124)	(4,492)	(4,948)	(12,905)
Income tax expense	—	437	—	(622)	(185)
Net loss for the year	(2,341)	(687)	(4,492)	(5,570)	(13,090)
Total comprehensive loss for the year	(2,341)	(687)	(4,492)	(5,570)	(13,090)
Group's share of loss for the year	(1,147)	(343)	(2,246)	(2,785)	(6,521)

(b) Investments in associates

	2020	2019
Unlisted shares	**138,746**	64,020

Details of the associates are as follows:

Name	Place and date of establishment	Proportion of ownership interest attributable to the Group (%) 2020	2019	Effective equity interest attributable to the Group (%) 2020	2019	Particulars of registered capital	Principal activities
Kaiyuan Education Fund GP Holding Limited. (i) ("GP Holding Co")	Cayman Islands 25 October 2018	**40.00%**	40.00%	**40.00%**	40.00%	USD2,560 thousand	Education
Kaiyuan Education Fund LP (ii) ("Kaiyuan Fund")	Cayman Islands 23 November 2017	**58.38%**	58.38%	**58.38%**	58.38%	USD80 million	Education

(All amounts expressed in RMB'000 unless otherwise specified)

4. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

(b) Investments in associates (continued)

(i) In 2018, GP Holding Co was established which is in turn owned by CDB Education, China-West Education Investment Holdings Company Limited ("CWE"), Excel Access International Limited ("EAIL") and Smart Sphere Limited as to 40%, 15%, 25% and 20%, respectively.

(ii) Kaiyuan Fund was established in 2017 by CDB Education, CWE and other shareholders with interest shares of 58.38%, 23.35% and 18.27%, respectively.

Summarised financial information of the Group's associates and the reconciliation to the carrying amount of the investments in the consolidated financial statements are set out below:

Year ended 31 December 2020

	GP Holding Co	Kaiyuan Fund	Total
Current assets	**31,394**	**59,697**	**91,091**
Non-current assets	**824**	**211,924**	**212,748**
Current liabilities	**(6,856)**	**(51,351)**	**(58,207)**
Non-current liabilities	**—**	**—**	**—**
Equity	**25,362**	**220,270**	**245,632**
Proportion of the Group's ownership	**40%**	**58.38%**	**—**
Carrying amount of the investment	**10,144**	**128,602**	**138,746**

Year ended 31 December 2019

	GP Holding Co	Kaiyuan Fund	Total
Current assets	54,162	48,294	102,456
Non-current assets	97	63,978	64,075
Current liabilities	(20,192)	(18,879)	(39,071)
Non-current liabilities	(10,325)	—	(10,325)
Equity	23,742	93,393	117,135
Proportion of the Group's ownership	40%	58.38%	—
Carrying amount of the investment	9,497	54,523	64,020

(All amounts expressed in RMB'000 unless otherwise specified)

4. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

(b) Investments in associates (continued)

Summarised statements of profit or loss and other comprehensive income of the associates are set out below:

Year ended 31 December 2020

	GP Holding Co	Kaiyuan Fund	Total
Revenue	**9,651**	**26,282**	**35,933**
Cost of sales	**—**	**—**	**—**
Administrative expenses and other expenses	**(6,095)**	**(20,667)**	**(26,762)**
Finance costs	**—**	**—**	**—**
Profit before tax	**3,556**	**5,615**	**9,171**
Income tax expense	**—**	**(7,731)**	**(7,731)**
Net profit/(loss) for the year	**3,556**	**(2,116)**	**1,440**
Other comprehensive loss	**(1,938)**	**(7,135)**	**(9,073)**
Total comprehensive income/(loss) for the year	**1,618**	**(9,251)**	**(7,633)**
Group's share of profit/(loss) for the year	**1,422**	**(1,235)**	**187**

Year ended 31 December 2019

	GP Holding Co	Kaiyuan Fund	Total
Revenue	16,574	45,365	61,939
Cost of sales	—	—	—
Administrative expenses and other expenses	(11,724)	(10,187)	(21,911)
Finance costs	—	—	—
Profit before tax	4,850	35,178	40,028
Income tax expense	—	—	—
Net profit for the year	4,850	35,178	40,028
Other comprehensive income	1,492	1,314	2,806
Total comprehensive income for the year	6,342	36,492	42,834
Group's share of profit for the year	1,940	20,537	22,477

(All amounts expressed in RMB'000 unless otherwise specified)

5. REVENUE

	Notes	2020	2019
Land development	(a)	**11,873**	12,633
Property management	(a)	**31,277**	27,405
Asset and fund management	(a)	**—**	6,260
Revenue from contracts with customers	(a)	**43,150**	46,298
Rental income		**118,912**	78,109
Interest from debt instruments at amortised cost	(b)	**220,444**	283,701
Others	(c)	**9,133**	6,833
Revenue from other sources		**348,489**	368,643
Total revenue		**391,639**	414,941

(a) Revenue from contracts with customers

Disaggregated revenue information

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

	Year ended 31 December 2020			
	Land development	Urbanization development	Property leasing	Total
Segments				
Types of goods or services				
Land development	**11,873**	**—**	**—**	**11,873**
Property management	**—**	**—**	**31,277**	**31,277**
Total revenue from contracts with customers	**11,873**	**—**	**31,277**	**43,150**
Timing of revenue recognition				
Services tendered over time	**11,873**	**—**	**31,277**	**43,150**

(All amounts expressed in RMB'000 unless otherwise specified)

5. REVENUE (continued)

(a) Revenue from contracts with customers (continued)

Disaggregated revenue information (continued)

	Year ended 31 December 2019			
	Land development	Urbanization development	Property leasing	Total
Segments				
Types of goods or service				
Land development	12,633	—	—	12,633
Property management	—	—	27,405	27,405
Asset and fund management	—	6,260	—	6,260
Total revenue from contracts with customers	12,633	6,260	27,405	46,298
Timing of revenue recognition				
Services tendered over time	12,633	6,260	27,405	46,298

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

Land development for sale of SGLD

SGLD is given the right to carry out construction and preparation works in respect of land infrastructure and ancillary public facilities (owned by the local governments) in Luodian New Town.

On 29 December 2018, SGLD and the local government entered into a new cooperative agreement to change the cooperation model after extensive negotiations, in response to the relatively material changes of the policies since expiration of the original agreement. Based on the new cooperative agreement, SGLD will continue to cooperate with the local government for the primary development of land in the Eastern Zone of the Luodian New Town, which is now targeted for completion by August 2023. However, instead of being entitled to a portion of the sales proceeds of the land as compensation under the previous arrangement, the local government will compensate SGLD a total consideration of RMB1,523 million for the costs incurred for the Eastern Zone (RMB1,152 million) and remaining construction of ancillary public facilities to be completed by SGLD at the Western Zone (RMB371 million). RMB1,000 million out of the total consideration of RMB1,523 million was received in 2019 according to the payment schedule, and remaining balance of RMB523 million has been due by the end of 31 December 2020.

Revenue of RMB11.87 million (2019: RMB12.63 million) was recognised in respect of construction of the ancillary public facilities with the fulfilment of the performance obligation in 2020, of which RMB11.87 million (2019: RMB10.37 million) was released from contract liabilities.

(All amounts expressed in RMB'000 unless otherwise specified)

5. REVENUE (continued)

(b) The detailed information of interest from debt instruments at amortised cost is as follows:

	2020	2019
Nanchang Science and Technology Park Project of Chinese Academy of Sciences	**225**	37,927
Taizhou Tongtai Intelligent Manufacturing Industrial Park Project	**32,245**	10,978
Chengdu Jintang Huaizhou New City Yunding Ranch Cultural Tourism Project	**27,685**	8,020
The first Phase Construction Project of High-tech Science and Technology Innovation Park in Yangzhong City, Jiangsu Province	**21,206**	634
Lianyungang Liandao Cultural Tourism Project	**2,183**	—
Gaoyou PPP Project	**14,380**	12,693
Suqian Yanghe Bio-tech Industrial Park Project	**11,289**	—
Qinhuangdao Project	**4,442**	11,360
Jiangsu Taizhou New Energy Industrial Park Project	**12,984**	38,206
Jiangsu Lianyungang Haizhou Bay Tourism Town Project	**22,441**	32,666
Jiangsu Huai'an Huaiyin District Urban Renewal Project	**24,298**	33,700
Shandong Qingzhou MI River Comprehensive Control Project	**10,448**	20,614
Yangzhou Gaoyou National Agricultural Science and Technology Park Project	**14,589**	15,991
Jiangsu Xuzhou Peixian County Industrial Concentration Area Construction Project	**3,070**	11,194
Lianyungang Haohai R&D Centre Project	**2,307**	9,565
Yangzhou Airport New Town Project	**—**	10,877
Yangzhou River Banks Project	**—**	6,699
Yangzhou Xincheng River Hanjiang Branch Region Integrated Renovation Project	**—**	6,431
Others	**16,652**	16,146
	220,444	283,701

(c) The detailed information of others is as follows:

	2020	2019
CDB (Beijing) — BOCOMM New-Type Urbanization Development Fund	**9,133**	6,833

(All amounts expressed in RMB'000 unless otherwise specified)

6. OTHER INCOME AND OTHER EXPENSES

Other income

	2020	2019
Interest income from bank deposits	**2,689**	19,417
Net fair value gain on financial instruments at fair value through profit or loss	**19,954**	12,476
Investment income from financial instruments at fair value through profit or loss	**26,634**	41,756
Fair value gain on investment property	**13,885**	111,768
Gain on disposal of property, plant and equipment	**—**	1,215
Foreign exchange gain, net	**6,765**	—
Others	**14,400**	13,358
	84,327	199,990

Other expenses

	2020	2019
Bank charges	**453**	127
Foreign exchange loss, net	**—**	153
Others	**12,100**	1,816
	12,553	2,096

(All amounts expressed in RMB'000 unless otherwise specified)

7. EXPENSES BY NATURE

	2020	2019
Cost of land development	**11,818**	10,366
Depreciation of property, plant and equipment	**1,714**	2,049
Depreciation of right-of-use assets	**13,196**	10,396
Audit fees and non-audit fees	**5,945**	5,714
Audit fees		
— Auditor of the Company	**4,500**	3,500
— Other auditors	**1,200**	2,096
Non-audit fees		
— Auditor of the Company	**—**	—
— Other auditors	**245**	118
Employee benefits	**52,721**	55,153
Utility expenses	**8,340**	8,247
Advertising	**3,923**	7,949
Rental expenses	**1,274**	6,292
Property management service expenses	**21,566**	14,129
Intermediary and professional service charges	**9,316**	3,020
Other expenses	**35,098**	31,995
Total cost of sales, selling and administrative expenses	**164,911**	155,310

8. FINANCE COSTS

	2020	2019
Interest on bank and other borrowings	**112,665**	156,277
Interest attributable to other interest holders of structured entities	**—**	8,961
	112,665	165,238
Less: Interest capitalised	**—**	—
	112,665	165,238

No borrowing cost has been capitalised for the year ended 31 December 2020 (2019: Nil).

(All amounts expressed in RMB'000 unless otherwise specified)

9. INCOME TAX

The Group is subject to income tax on an entity basis on profit arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate.

The Company is a tax-exempted company incorporated in the British Virgin Islands.

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

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

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 Mainland China and the jurisdiction of the foreign investors. The Group is therefore liable for withholding taxes on dividends distributed and remitted out of 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 income from Mainland China, such as interest income and gains from disposal of equity investments. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. The Group determined that such withholding tax is an income tax in the scope of IAS 12 and 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 as follows:

	2020	2019
Income tax charge/(credit):		
Current income tax	**(5,873)**	7,607
Deferred tax	**27,317**	37,624
Withholding tax	**19,654**	20,908
Income tax charge as reported in profit or loss	**41,098**	66,139

(All amounts expressed in RMB'000 unless otherwise specified)

9. INCOME TAX (continued)

A reconciliation between tax charge/(credit) in respect of the current year and the product of accounting profit/(loss) multiplied by the Group's applicable income tax rate is as follows:

Year ended 31 December 2020

	HK and BVI		Mainland China		Total	
Loss before tax	**(163,653)**		**(43,414)**		**(207,067)**	
Tax at the statutory tax rate	**(40,913)**	**25.0%**	**(10,854)**	**25.0%**	**(51,767)**	**25.0%**
Effect of subsidiaries applying the non-statutory tax rate	**16,391**	**(10.0%)**	**—**	**—**	**16,391**	**(7.9%)**
Income not subject to tax	**(2,194)**	**1.3%**	**(6,993)**	**16.1%**	**(9,187)**	**4.4%**
Profit and losses attributable to joint ventures and associates	**(175)**	**0.1%**	**1,879**	**(4.3%)**	**1,704**	**(0.8%)**
Non-deductible expenses for tax purposes	**26,891**	**(16.4%)**	**5,520**	**(12.7%)**	**32,411**	**(15.7%)**
Adjustments in respect of current tax of previous periods	**—**	**—**	**5,677**	**(13.1%)**	**5,677**	**(2.7%)**
Utilisation of previously unrecognised tax losses	**—**	**—**	**(10,818)**	**24.9%**	**(10,818)**	**5.2%**
Unrecognised tax losses and deductible temporary differences	**—**	**—**	**37,033**	**(85.3%)**	**37,033**	**(17.9%)**
Effect of withholding tax*	**19,654**	**(12.0%)**	**—**	**—**	**19,654**	**(9.4%)**
Income tax as reported in the statement of profit or loss and other comprehensive income	**19,654**	**(12.0%)**	**21,444**	**(49.4%)**	**41,098**	**(19.8%)**

(All amounts expressed in RMB'000 unless otherwise specified)

9. INCOME TAX (continued)

Year ended 31 December 2019

	HK and BVI		Mainland China		Total	
Profit before tax	42,907		134,584		177,491	
Tax at the statutory tax rate	10,727	25.0%	33,646	25.0%	44,373	25.0%
Effect of subsidiaries applying the non-statutory tax rate	(3,607)	(8.4%)	(10)	(0.0%)	(3,617)	(2.0%)
Income not subject to tax	(6,463)	(15.0%)	—	—	(6,463)	(3.7%)
Profit and losses attributable to joint ventures and associates	(3,462)	(8.1%)	1,257	0.9%	(2,205)	(1.2%)
Non-deductible expenses for tax purposes	2,805	6.5%	6,594	4.9%	9,399	5.3%
Adjustments in respect of current tax of previous periods	—	—	(3,160)	(2.3%)	(3,160)	(1.8%)
Utilisation of previously unrecognised tax losses	—	—	(7,562)	(5.6%)	(7,562)	(4.3%)
Unrecognised tax losses and deductible temporary differences	—	—	14,466	10.7%	14,466	8.2%
Effect of withholding tax*	20,908	48.7%	—	—	20,908	11.8%
Income tax as reported in the statement of profit or loss and other comprehensive income	20,908	48.7%	45,231	33.6%	66,139	37.3%

* In 2020, the HK and BVI companies received interest and dividend income from Mainland China amounted to RMB176,836 thousand (2019: RMB205,316 thousand), after the deduction of the withholding tax of RMB19,654 thousand (2019: RMB20,908 thousand).

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities when the deferred tax assets and liabilities relate to income taxes, if any, levied by the same tax authority and the same taxable entity.

(All amounts expressed in RMB'000 unless otherwise specified)

9. INCOME TAX (continued)

Deferred income tax relates to the following:

	Consolidated statement of financial position		Consolidated statement of profit or loss	
	2020	2019	**2020**	2019
Deferred tax assets/(liabilities)				
Fair value change and depreciation of investment property	**(61,438)**	(53,684)	**(7,754)**	(32,145)
Fair value change of financial instruments at fair value through profit or loss	**(9,963)**	127	**(10,090)**	(2,139)
Accrued expenses	**2,097**	5,852	**(3,755)**	(310)
Taxable timing difference for interest accrued	**(15,125)**	—	**(15,125)**	—
Provision for ECLs	**5,469**	2,978	**2,491**	(3,030)
Effect of withholding tax at 10% on the distributable profits of the Group's subsidiaries in Mainland China	**(21,151)**	(21,151)	**—**	—
Loss available for offsetting against future taxable income	**6,916**	—	**6,916**	—
Net deferred tax liabilities	**(93,195)**	(65,878)		
Deferred income tax credit			**(27,317)**	(37,624)

Deferred tax movements:

	2020	2019
As of 1 January	**(65,878)**	(28,254)
Deferred tax income recognised in profit or loss	**(27,317)**	(37,624)
As at 31 December	**(93,195)**	(65,878)
Deferred tax assets	**—**	8,957
Deferred tax liabilities	**(93,195)**	(74,835)

As at 31 December 2020, the unrecognized deductible temporary differences amounted to RMB107,121 thousand (2019: RMB9,217 thousand) and the unrecognized accumulated tax losses amounted to RMB224,045 thousand (2019: RMB250,473 thousand) were mainly arisen from those subsidiaries that have been loss-making for years. Included in unrecognized tax losses are losses of RMB21,381 thousand, RMB80,151 thousand, RMB41,659 thousand, RMB35,417 thousand and RMB45,437 thousand that will be expiring in 2021, 2022, 2023, 2024 and 2025 (2019: RMB6,146 thousand, RMB64,653 thousand, RMB80,151 thousand, RMB41,659 thousand and RMB57,864 thousand that will be expiring in 2020, 2021, 2022, 2023 and 2024), respectively. The Group estimated that there was no taxable income to utilise these tax losses and deductible temporary differences and there are no other tax planning opportunities or other evidence of recoverability in the near future.

(All amounts expressed in RMB'000 unless otherwise specified)

10. DIVIDENDS

No final dividend to the shareholders has been proposed by the Board in respect of the year ended 31 December 2020 (2019: HKD0.0044).

With the approval of the shareholders at the annual general meeting held on 24 June 2020, the Company paid the dividends of HKD42,639 thousand in 2020.

11. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated profit attributable to owners of the Company for the years ended 31 December 2020 and 2019 included a loss of RMB297,813 thousand and a loss of RMB1,533 thousand, respectively, which have been dealt with in the financial statements of the Company.

12. (LOSS)/EARNINGS PER SHARE

The calculations of the basic (loss)/earnings per shares amounts are based on the (loss)/profit attributable to ordinary equity holders of the parent for the years ended 31 December 2020 and 2019.

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

	2020	2019
(Loss)/profit attributable to ordinary equity holders of the parent for basic and diluted (loss)/earnings per share	**(250,925)**	95,412
Weighted average number of ordinary shares used to calculate basic and diluted (loss)/earnings per share	**9,726,246,417**	9,726,246,417
Basic and diluted (loss)/earnings per share (RMB)	**(0.0258)**	0.0098

There were no transactions involving ordinary shares or potential ordinary shares during 2020.

(All amounts expressed in RMB'000 unless otherwise specified)

13. DEBT INSTRUMENTS AT AMORTISED COST

	2020	2019
Nanchang Science and Technology Park Project of Chinese Academy of Sciences	**400,000**	400,000
Taizhou Tongtai Intelligent Manufacturing Industrial Park Project	**291,533**	305,072
Chengdu Jintang Huaizhou New City Yunding Ranch Cultural Tourism Project	**251,000**	251,000
The first Phase Construction Project of High-tech Science and Technology Innovation Park in Yangzhong City, Jiangsu Province	**201,000**	201,000
Lianyungang Liandao Cultural Tourism Project	**200,000**	—
Gaoyou PPP Project	**136,300**	136,300
Suqian Yanghe Bio-tech Industrial Park Project	**107,000**	107,000
Qinghuangdao Project	**20,000**	50,000
Jiangsu Taizhou New Energy Industrial Park Project	**—**	328,882
Jiangsu Lianyungang Haizhou Bay Tourism Town Project	**—**	313,523
Jiangsu Huai'an Huaiyin District Urban Renewal Project	**—**	312,867
Shandong Qingzhou MI River Comprehensive Control Project	**—**	207,029
Yangzhou Gaoyou National Agricultural Science and Technology Park Project	**—**	195,388
Jiangsu Xuzhou Peixian County Industrial Concentration Area Construction Project	**—**	156,310
Lianyungang Haohai R&D Centre Project	**—**	100,000
Others	**276,909**	234,408
	1,883,742	3,298,779
Accrued interest	**27,651**	20,479
	1,911,393	3,319,258
Less: allowance for ECLs	**(477,372)**	(153,693)
	1,434,021	3,165,565
Amounts due in the next 12 months classified as current assets	**953,430**	1,948,220
Amounts classified as non-current assets	**480,591**	1,217,345

As at 31 December 2020, the Group was entitled to fixed returns ranging from 5.70% to 15.00% (2019: 5.70% to 15.00%) before tax for debt instruments at amortised cost.

Movements of ECL allowance during the years ended 31 December 2020 and 2019 are as follows:

	2020	2019
At beginning of year	**153,693**	32,585
Credit loss	**323,679**	121,108
At end of year	**477,372**	153,693

(All amounts expressed in RMB'000 unless otherwise specified)

13. DEBT INSTRUMENTS AT AMORTISED COST (continued)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to debt instruments at amortised cost is as follows:

	12-month ECLs	Lifetime ECLs		
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount as at 1 January 2020	**2,869,258**	**—**	**450,000**	**3,319,258**
New debt instruments	**246,500**	**—**	**—**	**246,500**
Recovery	**(1,634,477)**	**—**	**(34,000)**	**(1,668,477)**
Transfer to Stage 3	**(120,133)**	**—**	**120,133**	**—**
Accrued interest	**27,651**	**—**	**—**	**27,651**
Foreign currency exchange	**(13,539)**	**—**	**—**	**(13,539)**
At 31 December 2020	**1,375,260**	**—**	**536,133**	**1,911,393**

	12-month ECLs	Lifetime ECLs		
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2019	3,258,508	—	—	3,258,508
New debt instruments	992,698	—	—	992,698
Recovery	(969,653)	—	—	(969,653)
Transfer to Stage 3	(450,000)	—	450,000	—
Accrued interest	20,479	—	—	20,479
Foreign currency exchange	17,226	—	—	17,226
At 31 December 2019	2,869,258	—	450,000	3,319,258

For the debt instruments at amortised cost, the Group applies a general approach in calculating ECLs. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, a credit loss expected within the next 12 months is required, otherwise, a credit loss expected over the remaining life of the exposure is required.

(All amounts expressed in RMB'000 unless otherwise specified)

13. DEBT INSTRUMENTS AT AMORTISED COST (continued)

The Group has conducted an assessment of ECLs according to forward-looking information and used appropriate models and a large number of assumptions in its expected measurement of credit loss.

	12-month ECLs	Lifetime ECLs		
	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2020	**28,693**	**—**	**125,000**	**153,693**
Provision and remeasurement	**16,193**	**—**	**323,666**	**339,859**
Reversal	**(16,180)**	**—**	**—**	**(16,180)**
Transfer to Stage 3	**(1,201)**	**—**	**1,201**	**—**
At 31 December 2020	**27,505**	**—**	**449,867**	**477,372**

	12-month ECLs	Lifetime ECLs		
	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2019	32,585	—	—	32,585
Provision and remeasurement	10,170	—	120,500	130,670
Reversal	(9,562)	—	—	(9,562)
Transfer to Stage 3	(4,500)	—	4,500	—
At 31 December 2019	28,693	—	125,000	153,693

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	2020	2019
— Funds	(a)	**20,275**	28,433
— Wealth management products	(b)	**1,044,251**	1,188,978
— Equity instruments	(c)	**52,414**	42,784
— Derivatives	(d)	**—**	9,894
		1,116,940	1,270,089

(a) In June 2015, CDBC New Town invested in the junior-tranche of CDB (Beijing) — BOCOMM New-Type Urbanization Development Fund and the investment was partly redeemed in 2020.

(b) In 2020, the Group invested in wealth management products issued by Shanghai Pudong Development Bank, Bank of Communications and Industrial and Commercial Bank of China as part of cash management for the short term.

(c) In July 2015, CDBC Nanjing entered into an agreement to purchase a 13.89% equity interest in Jiangsu Hong-tu Software Venture Capital Investment Ltd.

(d) At the end of 2019, CNT Holding held one cross currency swap contract with China Construction Bank (Asia) and one foreign exchange forward contract with Bank of East Asia. Those contracts were not designated in hedge relationships, but were, nevertheless, intended to reduce the level of foreign currency exchange risks for the investments and borrowings denominated in foreign currencies.

(All amounts expressed in RMB'000 unless otherwise specified)

15. INVESTMENT PROPERTY

	Year ended 31 December 2020	Year ended 31 December 2019
At beginning of year	**1,447,729**	1,315,244
Subsequent expenditure	**10,437**	20,717
Gain from increase in fair value	**13,885**	111,768
At end of year	**1,472,051**	1,447,729

The Group owned the investment property of the New Development International Centre, a building located in Wuhan, China that has retail, office and car park spaces. The fair value was determined on the basis of valuation carried out by Zhonghe Appraisal Co., Ltd., an independent professionally qualified valuer. The valuation was performed based on the income approach. As at 31 December 2020, the fair value of the investment property was RMB1,472 million (2019: RMB1,448 million).

The following amounts relating to the investment property have been recognised in profit or loss:

	Year ended 31 December 2020	Year ended 31 December 2019
Rental income (Note 5)	**118,912**	78,109
Property management income (Note 5)	**31,277**	27,405
Gain from increase in fair value (Note 6)	**13,885**	111,768
Other direct operating expenses	**(26,518)**	(19,128)

The investment property is pledged for an interest-bearing bank borrowing (see Note 24).

(All amounts expressed in RMB'000 unless otherwise specified)

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Furniture, fixtures and equipment	Motor vehicles	Total
Original cost				
At 1 January 2019	19,261	11,694	9,385	40,340
Additions	—	441	6	447
Disposals	—	(979)	(4,630)	(5,609)
At 31 December 2019	19,261	11,156	4,761	35,178
Additions	—	340	—	340
Disposals	—	(466)	—	(466)
At 31 December 2020	19,261	11,030	4,761	35,052
Accumulated depreciation				
At 1 January 2019	7,595	8,907	8,526	25,028
Provided during the year	868	1,045	136	2,049
Disposals	—	(883)	(4,261)	(5,144)
At 31 December 2019	8,463	9,069	4,401	21,933
Provided during the year	707	866	141	1,714
Disposals	—	(427)	—	(427)
At 31 December 2020	9,170	9,508	4,542	23,220
Net carrying amount				
At 1 January 2019	11,666	2,787	859	15,312
At 31 December 2019	10,798	2,087	360	13,245
At 31 December 2020	10,091	1,522	219	11,832

(All amounts expressed in RMB'000 unless otherwise specified)

17. LEASES

Group as a lessee

The Group has lease contracts for various items of buildings, motor vehicles and other equipment in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 40 years, and no ongoing payments will be made under the terms of these land leases. Leases of buildings generally have lease terms between 2 and 3 years, while motor vehicles generally have lease terms between 2 and 3 years. Other equipment generally has lease terms of 12 months or less and/or is individually of low value. The Group applies the "short-term lease" and "lease of low-value assets" recognition exemptions for these leases.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Buildings	Motor vehicles	Land	Total
Original cost				
At 1 January 2019	13,443	407	2,238	16,088
Additions	10,460	1,018	—	11,478
At 31 December 2019	23,903	1,425	2,238	27,566
Additions	26,936	—	—	26,936
At 31 December 2020	50,839	1,425	2,238	54,502
Accumulated depreciation				
At 1 January 2019	—	—	—	—
Provided during the year	9,746	493	157	10,396
At 31 December 2019	9,746	493	157	10,396
Provided during the year	12,446	593	157	13,196
At 31 December 2020	22,192	1,086	314	23,592
Net carrying amount				
At 1 January 2019	13,443	407	2,238	16,088
At 31 December 2019	14,157	932	2,081	17,170
At 31 December 2020	28,647	339	1,924	30,910

(All amounts expressed in RMB'000 unless otherwise specified)

17. LEASES (continued)

Group as a lessee (continued)

(b) ***Lease liabilities***

The carrying amount of lease liabilities and the movements during the year are as follows:

	2020	2019
At 1 January	**13,315**	12,583
Additions	**26,942**	11,498
Interest expense	**886**	244
Payments	**(16,294)**	(11,010)
As at 31 December	**24,849**	13,315
Current	**12,856**	6,304
Non-current	**11,993**	7,011

(c) ***The following are the amounts recognised in profit or loss:***

	2020	2019
Depreciation expense of right-of-use assets (included in administrative expense)	**13,196**	10,396
Interest expense on lease liabilities (included in administrative expense)	**886**	244
Expense relating to short-term leases (included in cost of sales)	**1,212**	6,232
Expense relating to leases of low-value assets (included in administrative expense)	**62**	60
	15,356	16,932

The Group had total cash outflows for leases of RMB17,630 thousand in 2020. The Group has no significant short-term lease or leases of low-value assets commitments at the end of the reporting period.

Group as a lessor

The Group has entered into operating leases on its investment property portfolio consisting of office and retail. These leases have terms of between 1 and 20 years. Rental income recognised by the Group during the year is RMB118,912 thousand (2019: RMB78,109 thousand).

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:

	2020	2019
Within one year	**112,981**	124,811
After one year but not more than five years	**128,773**	203,247
More than five years	**9,279**	17,390
	251,033	345,448

(All amounts expressed in RMB'000 unless otherwise specified)

18. LAND DEVELOPMENT FOR SALE

	2020	2019
At lower of cost and net realisable value:		
Mainland China — Shenyang Lixiang	**886,299**	884,820

Land development for sale represents the cost of land development within the districts of the new town development projects. Though the Group does not have an ownership title or land use rights to such land, the Group is given the right to carry out construction and preparation works in respect of land infrastructure and ancillary public facilities in those new town development projects.

Land development for sale is expected to be realised in the normal operating cycle, which is longer than twelve months.

19. OTHER RECEIVABLES

	Notes	2020	2019
Balances due from Wuxi Project		**20,977**	20,977
Interest receivables from debt instruments at amortised cost		**18,132**	17,930
Due from SREI	(i)	**140,146**	140,146
Balances due from entities disposed of		**24,384**	24,384
Due from joint ventures and associates	(ii)	**487,743**	487,634
Others		**43,557**	47,975
		734,939	739,046
Less: allowance for ECLs		**(71,402)**	(25,034)
Other receivables, net		**663,537**	714,012

The Group has established the provision that is based on its historical credit loss experience, adjusted for forward-looking factors to the debtors and the economic environment. The movements in allowance of impairment are as follows:

	2020	2019
At beginning of year	**25,034**	7,847
Credit loss	**46,368**	17,187
At end of year	**71,402**	25,034

(i) The Group entered into a series of agreements with SREI to settle the outstanding balances regarding the Disposal Assets in 2017. The remaining balance was further offset by the dividend payable and other payable to SREI which amounted to RMB87.55 million in 2018.

(ii) As at 31 December 2020, the balances due from joint ventures mainly included shareholder's loans of RMB380,000 thousand provided by CDBC Nanjing to Guofa and RMB104,789 thousand provided by CDBC New Town to Guowan to facilitate their daily operations, which are interest-free and should be repayable on demand.

(All amounts expressed in RMB'000 unless otherwise specified)

20. TRADE RECEIVABLES

	2020	2019
Receivables from land development for sale	**564,898**	559,898
Others	**13,619**	5,514
	578,517	565,412
Less: allowance for ECLs	**(14,563)**	(8,035)
Trade receivables, net	**563,954**	557,377

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. Trade receivables of RMB9,871 thousand in relation to COVID-19 rent concession were written off in 2020 (2019: Nil).

The Group applies a simplified approach in calculating ECLs for trade receivables. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established the provision that is based on its historical credit loss experience, adjusted for forward-looking factors to the debtors and the economic environment. The movements in allowance of impairment are as follows:

	2020	2019
At beginning of year	**8,035**	15,578
Credit loss	**16,399**	(7,543)
Write-off	**(9,871)**	—
At end of year	**14,563**	8,035

An ageing analysis of the carrying amount of the trade receivables are as follows:

	2020	2019
Within 6 months	**15,224**	7,609
6 months to 1 year	**4,900**	—
1 year to 2 years	**31**	517,453
2 years to 3 years	**512,226**	—
Over 3 years	**31,573**	32,315
	563,954	557,377

(All amounts expressed in RMB'000 unless otherwise specified)

21. CASH AND BANK BALANCES

	2020	2019
Cash at banks	**855,234**	269,917
Cash and cash equivalents	**855,234**	269,917
Restricted bank deposits	**—**	—
Cash and cash equivalents	**855,234**	269,917

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

There were no restricted bank deposits as at 31 December 2020 (2019: Nil).

The carrying amounts of the cash and deposits which are denominated in the following currencies are set out below:

RMB equivalent of the following currencies:

	2020	2019
SGD	**—**	46
RMB	**431,730**	246,741
HKD	**258,015**	11,418
USD	**165,489**	8,442
EUR	**—**	3,270
	855,234	269,917

RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

22. SHARE CAPITAL

Group and Company

	2020		2019	
	Number of shares (thousand)	**Amount***	Number of shares (thousand)	Amount*
Ordinary shares authorised	**20,000,000**		20,000,000	
Ordinary shares issued and fully paid:				
Share capital at the end of the year	**9,726,246**	**4,070,201**	9,726,246	4,070,201

* There is no par value for the shares of the Company. In 2007, there was a share split whereby one existing share was split into 75,000 shares.

The holders of ordinary shares are entitled to receive dividends as and when they are declared by the Board of Directors and approved by the shareholders. Each ordinary share carries one vote without restrictions.

23. OTHER RESERVES

Group

	Imputed equity contribution upon reorganisation	**Capital contribution received upon the repurchase of convertible bonds**	**Others**	**Total**
At 1 January 2019	224,032	163,433	219,869	607,334
Share of equity changes of a joint venture other than comprehensive income	—	—	505	505
At 31 December 2019	224,032	163,433	220,374	607,839
At 31 December 2020	224,032	163,433	220,374	607,839

(All amounts expressed in RMB'000 unless otherwise specified)

23. OTHER RESERVES (continued)

Company

	Imputed equity contribution upon reorganisation	Capital contribution received upon the repurchase of convertible bonds	Others	Total
At 1 January 2019, 31 December 2019 and 2020	1,557,445	163,433	191,805	1,912,683

Nature and purpose of other reserves

Imputed equity contribution upon reorganisation

The Company applied the pooling of interest method to account for the business combination under common control that occurred on 20 December 2006. This therefore represents the difference between the Company's share of net assets of the Group and the sum of share capital and retained earnings that should be recorded as a result of applying the pooling of interest method.

Capital contribution received upon the repurchase of convertible bonds

This represents the capital contribution from SREI in connection with the Company's repurchase of convertible bonds.

Other reserves

These represent the fair value change of the equity component of certain convertible bonds issued by the Company upon their purchase of RMB191,805 thousand, the share of the equity change from the joint ventures other than other comprehensive income of RMB39,201 thousand and the equity transaction with the non-controlling interest of RMB(10,632) thousand.

(All amounts expressed in RMB'000 unless otherwise specified)

24. INTEREST-BEARING BANK BORROWINGS

Details of interest-bearing bank borrowings which were all denominated in RMB are as follows:

	2020	2019
Bank borrowings — secured	**765,380**	795,380
Bank borrowings — unsecured	**957,646**	1,856,432
	1,723,026	2,651,812
Accrued interest	**1,038**	3,388
	1,724,064	2,655,200

The interest-bearing bank borrowings are repayable as follows:

	2020	2019
Within 6 months	**988,684**	287,122
6 months to 9 months	**30,000**	15,000
9 months to 12 months	**—**	—
1 year to 2 years	**65,000**	1,647,698
2 years to 5 years	**270,000**	235,000
Over 5 years	**370,380**	470,380
	1,724,064	2,655,200

The Group's interest-bearing bank borrowings bore interest at LIBOR plus 2.2%, HIBOR plus 2.2% and 4.90% per annum for the year ended 31 December 2020 (2019: at LIBOR plus 2.2%, HIBOR plus 2.0%, HIBOR plus 2.2% and 4.90% per annum).

Bank borrowings — secured

As at 31 December 2020, bank borrowings of RMB766,418 thousand (2019: RMB796,570 thousand) were secured by the investment property, whose carrying amount at 31 December 2020 was RMB1.472 billion (2019: RMB1.448 billion).

(All amounts expressed in RMB'000 unless otherwise specified)

25. TRADE PAYABLES

	2020	2019
Payable for land development for sale	**197,276**	204,932
Payable for investment property	**110,721**	158,879
Others	**—**	5
	307,997	363,816

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

	2020	2019
Within 1 year	**8,282**	7,647
1 to 2 years	**3,148**	254,199
Over 2 years	**296,567**	101,970
	307,997	363,816

Trade payables are non-interest-bearing.

26. OTHER PAYABLES AND ACCRUALS

	2020	2019
Payroll and welfare	**16,537**	20,951
Accrued interest on other borrowings	**19,595**	12,738
Other taxes payable	**21,651**	21,640
Amounts due to related parties (Note 31(a))	**4,973**	178
Payable for intermediary and professional service charges	**10,972**	5,901
Payable for Wuxi Project	**42,250**	42,250
Other borrowings from Tongchuang LP	**97,020**	97,020
Others	**135,348**	152,624
	348,346	353,302

Terms and conditions of the above liabilities are as follows:

- Payroll and welfare are normally settled within the next month.
- Other borrowings from Tongchuang LP are interest-bearing at 7% p.a. and are payable on demand.
- Other payables, tax payables and accruals are non-interest-bearing and are normally settled when they are due or within one year.

(All amounts expressed in RMB'000 unless otherwise specified)

27. ADVANCE FROM CUSTOMERS

	2020	2019
Rental	**16,447**	15,438

Receivables related to rent to tenants are billed three months in advance, non-interest-bearing and are typically due within 30 days.

28. CONTRACT LIABILITIES

	2020	2019
Contract liabilities arising from:		
Land development	**420,283**	432,156
Property management	**4,664**	4,396
	424,947	436,552

As at 31 December 2020, the contract liabilities arising from land development for sale represent the portion of amounts received or receivable from the land authorities or local governments as a result of the sales of parcels of land developed by the Group. The amounts received or receivable are non-refundable unless the Group fails to complete the development work. The contract liabilities are classified as current liabilities as the remaining development work is expected to be provided within the normal operating cycle.

29. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020	2019
— Derivatives	**6,451**	3,605

At the end of 2020, CNT Holding held one foreign exchange forward contract with Bank of East Asia (2019: one cross currency swap contract with Shanghai Pudong Development Bank). The 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 denominated in foreign currencies.

(All amounts expressed in RMB'000 unless otherwise specified)

30. EMPLOYEE BENEFITS AND DIRECTORS' REMUNERATION

Employee benefits (including directors)

	2020	2019
Included in administrative expenses:		
Wages and salaries	27,338	29,292
Social welfare other than pensions	4,919	7,275
Pension — defined contribution plan	2,866	5,561
Staff welfare and bonuses	17,598	13,025
	52,721	55,153

Directors' remuneration

Details of the directors' remuneration are as follows:

	2020	2019
Fees	2,748	2,565
Other emoluments:		
Salaries, allowances and benefits in kind	2,256	2,265
Discretionary bonuses	1,436	1,526
Equity-settled share option expense	—	—
Pension scheme contributions	—	—
	6,440	6,356

The names of the directors and their remuneration for the year are set out below:

Year ended 31 December 2020	Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Pension scheme contributions	Total
Li Yao Min	766	—	—	—	766
Liu Heqiang	—	818	392	—	1,210
Yang Meiyu	—	699	550	—	1,249
Ren Xiaowei	—	701	494	—	1,195
Shi Janson Bing	766	38	—	—	804
Henry Tan Song Kok	368	—	—	—	368
Kong Siu Chee	324	—	—	—	324
Zhang Hao	231	—	—	—	231
E Hock Yap	293	—	—	—	293
	2,748	2,256	1,436	—	6,440

(All amounts expressed in RMB'000 unless otherwise specified)

30. EMPLOYEE BENEFITS AND DIRECTORS' REMUNERATION (continued)

Directors' remuneration (continued)

The names of the directors and their remuneration for the year are set out below: (continued)

Year ended 31 December 2019	Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Pension scheme contributions	Total
Li Yao Min	650	—	—	—	650
Liu Heqiang	—	865	380	—	1,245
Yang Meiyu	—	681	555	—	1,236
Ren Xiaowei	—	687	591	—	1,278
Shi Janson Bing	650	32	—	—	682
Henry Tan Song Kok	397	—	—	—	397
Kong Siu Chee	349	—	—	—	349
Zhang Hao	229	—	—	—	229
E Hock Yap	290	—	—	—	290
	2,565	2,265	1,526	—	6,356

The directors have not waived any remuneration as listed above.

Five highest paid employees

The five highest paid employees of the Group during the year included three (2019: three) directors, details of whose remuneration are set out above. Details of the remuneration of the remaining two (2019: two) non-director, highest paid employees for the year are as follows:

	2020	2019
Salaries, allowances and benefits in kind	**1,428**	1,720
Discretionary bonuses	**1,078**	1,342
Pension scheme contributions	**76**	73
	2,582	3,135

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	2020	2019
RMB500,001 — RMB1,000,000	**—**	—
RMB1,000,001 — RMB1,500,000	**2**	—
RMB1,500,001 — RMB2,000,000	**—**	2
	2	2

(All amounts expressed in RMB'000 unless otherwise specified)

31. RELATED PARTY DISCLOSURES

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

As mentioned in Note 1, in the opinion of the Directors, with the completion of the share subscription of CDBIH, the Company's ultimate holding company is CDB, which holds 54.98% of the issued share capital of the Company. As a result, SREI became the second largest shareholder of the Company with the ability to exert significant influence.

(a) Amounts due to related parties

	2020	2019
Other payables		
CDBIH	**52**	55
CDB Capital	**105**	105
Kaiyuan Investment Advisor (HK) Limited	**16**	18
Zhongke	**4,800**	—
	4,973	178

(b) Amounts due from related parties

	2020	2019
Other receivables		
Guowan	**104,789**	105,029
SREI	**140,146**	140,146
Guoyuan	**1,118**	968
Guofa	**380,000**	380,000
Guoying	**21**	21
GP Holding Co	**8**	16
Kaiyuan Investment Advisor (HK) Limited	**1,807**	1,254
Kailian	**—**	346
	627,889	627,780

(All amounts expressed in RMB'000 unless otherwise specified)

31. RELATED PARTY DISCLOSURES (continued)

(c) Debt instruments at amortised cost

	2020	2019
Loans:		
Guowan	**16,193**	15,000
Guoying	**137,906**	85,861
	154,099	100,861

(d) In addition to the transactions detailed in Notes 31(a) and 31(b) above, the Group had the following material transactions with related parties during the years ended 31 December 2020 and 2019:

	Notes	2020	2019
Financial guarantee to Guoying	(i)	**200,000**	200,000
Dividend distributed to CDB Fund	(ii)	**—**	692
Fund redeemed to CDB Fund	(ii)	**—**	6,000
Interest income from Guowan	(iii)	**913**	280
Interest income from Guoying	(iv)	**5,545**	4,861
Dividend distributed to SREI	(v)	**5,882**	7,725
Dividend distributed to CDBIH	(vi)	**21,422**	82,492

Notes:

(i) A financial guarantee of RMB200 million (2019: RMB200 million) was provided to Guoying.

(ii) In 2019, CDB Fund redeemed its investment in the Jiangsu Fund of RMB6,000 thousand and the dividend paid to CDB Fund was RMB692 thousand.

(iii) A loan of RMB15,000 thousand (2019: RMB15,000 thousand) was lent to Guowan in 2019 and generated interest income of RMB913 thousand in 2020 (2019: RMB280 thousand).

(iv) A loan of RMB127,500 thousand (2019: RMB81,000 thousand) was lent to Guoying and generated interest income of RMB5,545 thousand in 2020 (2019: RMB4,861 thousand).

(v) The dividend of RMB5,882 thousand was paid to SREI in 2020 (2019: RMB7,725 thousand).

(vi) The dividend of RMB21,422 thousand was paid to CDBIH in 2020 (2019: RMB82,492 thousand).

(e) Compensation of key management personnel of the Group:

	2020	2019
Short-term employee benefits	**14,242**	13,591

Further details of directors' remuneration are disclosed in Note 30.

(All amounts expressed in RMB'000 unless otherwise specified)

32. COMMITMENTS

As at 31 December 2020 and 2019, the Group mainly had capital commitments in respect of land development for sale, expenditure on investment property and various investments as follows:

	2020	2019
Commitments in respect of land development for sale		
Contracted, but not provided for	**154,771**	161,466
Authorised, but not contracted for	**3,307,761**	3,309,884
Commitments in respect of various investments		
Contracted, but not provided for	**194,467**	321,622
Authorised, but not contracted for	**—**	—
Commitments in respect of investment property		
Contracted, but not provided for	**—**	28,016
Authorised, but not contracted for	**—**	—
Commitments in respect of capital contribution		
Contracted, but not provided for	**200,000**	200,000
Authorised, but not contracted for	**—**	—
Total	**3,856,999**	4,020,988

The Group had significant commitments in respect of land development for sale as it had entered into two urbanization development projects in Shanghai and Shenyang and these commitments are quantified based on contracts, feasibility studies and detailed plans for the respective projects. As a result, the Group prepares cash flow budgets for major project companies annually and updates the cash flow budgets regularly.

33. 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, and 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 RMB'000 unless otherwise specified)

33. OPERATING SEGMENT INFORMATION (continued)

An analysis by operating segment is as follows:

	Year ended 31 December 2020					
	Land development	Urbanization development	Property leasing	Others	Adjustments and eliminations	Total
Segment results						
External sales	11,873	229,577	150,189	—	—	391,639
Intersegment sales	—	—	—	—	—	—
Total segment sales	11,873	229,577	150,189	—	—	391,639
Results						
Depreciation	(1,018)	(11,417)	(331)	(2,144)	—	(14,910)
Share of (losses)/gains of joint ventures and associates	(4,654)	(704)	1,309	(2,409)	—	(6,458)
Fair value gain on investment property	—	—	13,885	—	—	13,885
Segment (loss)/profit	(16,088)	(644,400)	111,506	454,580	(112,665)[1]	(207,067)
Segment assets	1,669,687	3,725,576	1,644,940	371,060	—	7,411,263
Segment liabilities	704,143	66,354	180,591	185,002	1,887,781[2]	3,023,871
Other disclosures						
Investments in joint ventures and associates	100,931	5,040	107,237	138,746	—	351,954
Capital expenditure[3]	232	64	10,481	—	—	10,777

1 Profit/(loss) for each operating segment does not include finance costs of RMB112,665 thousand.

2 Liabilities in segments do not include current income tax liabilities of RMB70,522 thousand, interest-bearing bank borrowings of RMB1,724,064 thousand, and deferred tax liabilities of RMB93,195 thousand as these liabilities are managed on a group basis.

3 Capital expenditure consists of additions of property, plant and equipment of RMB340 thousand and investment property of RMB10,437 thousand.

(All amounts expressed in RMB'000 unless otherwise specified)

33. OPERATING SEGMENT INFORMATION (continued)

An analysis by operating segment is as follows: (continued)

	Year ended 31 December 2019					
	Land development	Urbanization development	Property leasing	Others	Adjustments and eliminations	Total
Segment results						
External sales	12,633	296,794	105,514	—	—	414,941
Intersegment sales	—	—	—	—	—	—
Total segment sales	12,633	296,794	105,514	—	—	414,941
Results						
Depreciation	(1,179)	(10,527)	(297)	(442)	—	(12,445)
Share of (losses)/gains of joint ventures and associates	(1,490)	(2,721)	(2,246)	22,413	—	15,956
Fair value gain on investment property	—	—	111,768	—	—	111,768
Segment profit/(loss)	4,098	144,236	180,127	14,268	(165,238)[1]	177,491
Segment assets	1,678,138	4,996,182	1,643,878	343,833	8,957[2]	8,670,988
Segment liabilities	723,112	56,859	224,099	188,704	2,798,756[3]	3,991,530
Other disclosures						
Investments in joint ventures and associates	105,586	6,480	105,927	66,617	—	284,610
Capital expenditure[4]	37	194	20,920	13	—	21,164

1 Profit/(loss) for each operating segment does not include finance costs of RMB165,238 thousand.

2 Assets in segments do not include deferred tax assets of RMB8,957 thousand as these assets are managed on a group basis.

3 Liabilities in segments do not include current income tax liabilities of RMB68,721 thousand, interest-bearing bank borrowings of RMB2,655,200 thousand, and deferred tax liabilities of RMB74,835 thousand as these liabilities are managed on a group basis.

4 Capital expenditure consists of additions of property, plant and equipment of RMB447 thousand and investment property of RMB20,717 thousand.

(All amounts expressed in RMB'000 unless otherwise specified)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank borrowings and financial liabilities at fair value through profit or loss. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as debt instruments at amortised cost, financial assets at fair value through profit or loss, trade and other receivables, cash and short-term deposits, and trade and other payables which arose directly from its operations. The main risks faced by the Group are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Board of Directors reviews and agrees policies for managing each of the risks which are summarised below:

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank and other borrowings with floating interest rates.

The following table demonstrates the sensitivity to reasonably possible changes in interest rates, with all other variables held constant, of the Group's profit before tax. Fair value changes of the aforesaid financial instruments are not considered. The Group's equity is not affected, other than the consequential effect on the accumulated losses of the changes in profit before tax as disclosed below.

	2020	2019
Increase/(decrease) in interest rates (basis points)	**100/(100)**	100/(100)
Increase/(decrease) in profit before tax	**5,770/(5,770)**	10,275/(10,275)

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates, and restrictive measures were imposed by the government on foreign exchange access in order to balance the books and maintain the national currency exchange rate. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to its foreign currency cash and bank balances, debt investments at amortised cost, and interesting-bearing bank borrowings.

The following table demonstrates the sensitivity to reasonably possible changes in the USD, HKD and EUR exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the carrying amount of monetary assets and liabilities). The Group's equity is not affected, other than the consequential effect on the accumulated losses (a component of the Group's equity) of the changes in the profit before tax as disclosed below.

	2020	2019
Increase/(decrease) in the USD exchange rate	**5%/(5%)**	5%/(5%)
Increase/(decrease) in profit before tax	**1,916/(1,916)**	13,645/(13,645)
Increase/(decrease) in the HKD exchange rate	**5%/(5%)**	5%/(5%)
Increase/(decrease) in profit before tax	**(19,159)/19,159**	(36,667)/36,667
Increase/(decrease) in the EUR exchange rate	**5%/(5%)**	5%/(5%)
Increase/(decrease) in profit before tax	**—**	17,580/(17,580)

(All amounts expressed in RMB'000 unless otherwise specified)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

Credit risk arises from cash and bank balances, debt instruments at amortised cost, trade receivables and other receivables, the balances of which represent the maximum credit risk exposure of the Group. As at 31 December 2020 and 2019, a large portion of the net receivables was from the investment in urbanization development and the revenue derived from land development for sale, and there was a significant other receivable as mentioned in Note 19, which constitutes a counterparty concentration of credit risk.

Credit risk is monitored by the Group, whose responsibility is to review and manage credit risk for all types of counterparties. The Group has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. The Group has also established a credit risk classification system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision. The credit quality review process aims to allow the Group to assess the potential loss as a result of the risks to which it is exposed and take corrective actions. The Group manages the credit risk by monitoring the internal credit rating of the counterparties, and the credit quality of assets, to identify exposure to credit risk.

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2020. The amounts presented are carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

As at 31 December 2020

	12-month ECL		Lifetime ECLs		
				Simplified	
	Stage 1	Stage 2	Stage 3	approach	Total
Debt instruments at amortised cost	**1,347,755**	**—**	**86,266**	**—**	**1,434,021**
Trade receivables	**—**	**—**	**—**	**563,954**	**563,954**
Other receivables	**650,539**	**—**	**12,998**	**—**	**663,537**
Financial guarantee	**200,000**	**—**	**—**	**—**	**200,000**
	2,198,294	**—**	**99,264**	**563,954**	**2,861,512**

As at 31 December 2019

	12-month ECL		Lifetime ECLs		
				Simplified	
	Stage 1	Stage 2	Stage 3	approach	Total
Debt instruments at amortised cost	2,840,565	—	325,000	—	3,165,565
Trade receivables	—	—	—	557,377	557,377
Other receivables	706,366	—	7,646	—	714,012
Financial guarantee	200,000	—	—	—	200,000
	3,746,931	—	332,646	557,377	4,636,954

(All amounts expressed in RMB'000 unless otherwise specified)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Further quantitative and qualitative information in respect of the Group's exposure to credit risk arising from debt instruments at amortised cost, trade receivables and other receivables are disclosed in Notes 13, 20 and 19, respectively.

Liquidity risk

The Group's policy is to maintain sufficient cash and cash equivalents to have available funding through the use of bank loans and other borrowings to meet its commitments over the foreseeable future in accordance with its strategic plan.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

31 December 2020	**On demand**	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**Over 5 years**	**Total**
Interest-bearing borrowings	**—**	**43,845**	**1,013,507**	**431,986**	**399,632**	**1,888,970**
Trade payables	**307,997**	**—**	**—**	**—**	**—**	**307,997**
Financial liabilities at fair value through profit or loss	**—**	**—**	**6,451**	**—**	**—**	**6,451**
Lease liabilities	**—**	**1,228**	**12,196**	**12,802**	**—**	**26,226**
Other liabilities	**264,086**	**—**	**—**	**—**	**—**	**264,086**
	572,083	**45,073**	**1,032,154**	**444,788**	**399,632**	**2,493,730**

31 December 2019	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Interest-bearing borrowings	—	312,018	96,388	2,027,528	521,956	2,957,890
Trade payables	363,816	—	—	—	—	363,816
Financial liabilities at fair value through profit or loss	—	—	3,605	—	—	3,605
Lease liabilities	—	3,536	3,359	7,722	—	14,617
Other liabilities	271,496	—	—	—	—	271,496
	635,312	315,554	103,352	2,035,250	521,956	3,611,424

(All amounts expressed in RMB'000 unless otherwise specified)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The primary objective of the Group's capital management is to maintain healthy capital ratios in order to support its business and maximise the shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, issue bonds, issue convertible bonds or new shares.

As the Group is engaged in land development, urbanization development, and property leasing operation, it needs a substantial amount of funds. The Group manages capital by closely monitoring its gearing ratio (which is defined by management as net debt divided by capital plus net debt).

Net debt includes interest-bearing bank and other borrowings and excludes cash and bank balances. Equity includes equity attributable to equity holders of the parent and non-controlling interests. The gearing ratios are calculated as follows:

	2020	2019
Interest-bearing bank borrowings	**1,724,064**	2,655,200
Interest-bearing other borrowings	**116,615**	109,758
Less: Cash and bank balances	**(855,234)**	(269,917)
Net debt	**985,445**	2,495,041
Capital:		
Total equity	**4,387,392**	4,679,458
Capital and net debt	**5,372,837**	7,174,499
Gearing ratio	**18.3%**	34.8%

Collateral held

The Group did not hold any collateral as at 31 December 2019 and 2020.

(All amounts expressed in RMB'000 unless otherwise specified)

35. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

	2020	2019
Other receivables	**663,537**	714,012
Trade receivables	**563,954**	557,377
Debt instruments at amortised cost	**1,434,021**	3,165,565
Financial assets at fair value through profit or loss	**1,116,940**	1,270,089
Cash and bank balances	**855,234**	269,917
	4,633,686	5,976,960

Financial liabilities

	2020	2019
Financial liabilities at fair value through profit or loss	**6,451**	3,605
Financial liabilities at amortised cost		
— Interest-bearing bank borrowings	**1,724,064**	2,655,200
— Trade payables	**307,997**	363,816
— Others	**283,681**	284,234
	2,322,193	3,306,855

(All amounts expressed in RMB'000 unless otherwise specified)

36. 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 receivables and other receivables. The Group's financial liabilities mainly include interest-bearing bank borrowings, financial liabilities at fair value through profit or loss, and 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.

Quantitative disclosures of assets and liabilities measured at fair value as at 31 December 2020:

			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 14)	**31 December 2020**	**1,116,940**	**—**	**1,064,526**	**52,414**
Investment property (Note 15)	**31 December 2020**	**1,472,051**	**—**	**—**	**1,472,051**
Financial liabilities at fair value through profit or loss (Note 29)	**31 December 2020**	**6,451**	**—**	**6,451**	**—**

There were no transfers of fair value measurement between Level 1 and Level 2 during the year ended 31 December 2020.

(All amounts expressed in RMB'000 unless otherwise specified)

36. FAIR VALUE AND FAIR VALUE HIERARCHY (continued)

Fair value hierarchy (continued)

Quantitative disclosures of assets and liabilities measured at fair value as at 31 December 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 14)	31 December 2019	1,270,089	—	1,227,305	42,784
Investment property (Note 15)	31 December 2019	1,447,729	—	—	1,447,729
Financial liabilities at fair value through profit or loss (Note 29)	31 December 2019	3,605	—	3,605	—

There were no transfers of fair value measurement between Level 1 and Level 2 during the year ended 31 December 2019.

Assets and liabilities in Level 2

Valuation techniques used to derive Level 2 fair values are as follows:

Level 2 financial assets at fair value through profit or loss comprise an unlisted fund and wealth management products. For the unlisted fund, fair value was determined using RMB loan interest rate for over 5 years, RMB risk free rate and bond default probability that are observable market inputs. For wealth management products, fair value was determined by the quoted price of net asset value by financial institutions as at the end of the reporting period.

Level 2 financial liability at fair value through profit or loss is foreign exchange forward contract, whose fair value was determined using forward exchange rate and HKD risk-free rate that are observable market inputs.

Assets and liabilities in Level 3

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy as at 31 December 2020 and 2019 are shown below:

	Valuation technique	**Significant unobservable inputs**	**31 December 2020**	31 December 2019
Office and retail	Income approach	Discount rate	**7.5%**	6.5%, 7.0%
Car park	Income approach	Discount rate	**7.5%**	3.5%, 4.0%
Non-listed equity investments	DCF method	Discount rate	**7.0%**	6.8%
	Market valuation approach	DLOM	**30%**	30%

(All amounts expressed in RMB'000 unless otherwise specified)

36. FAIR VALUE AND FAIR VALUE HIERARCHY (continued)

Fair value hierarchy (continued)

Assets and liabilities in Level 3 (continued)

Sensitivity analysis of the significant unobservable inputs to fair value:

The higher discount rate used in the fair value measurement of office and retail, the lower fair value;

The higher discount rate used in the fair value measurement of car park, the lower fair value;

The higher discount rate used in the fair value measurement of non-listed equity investments, the lower fair value;

The higher DLOM used in the fair value measurement of non-listed equity investments, the lower fair value.

37. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	At 1 January 2020	**Cash flows**	**Foreign exchange movement**	**Others**	**At 31 December 2020**
Interest-bearing bank borrowings	**2,655,200**	**(874,427)**	**(54,359)**	**(2,350)**	**1,724,064**
Interest-bearing other borrowings	**109,758**	**—**	**—**	**6,857**	**116,615**
Lease liabilities	**13,315**	**(16,294)**	**—**	**27,828**	**24,849**
Financial liabilities at fair value through profit or loss	**3,605**	**—**	**2,846**	**—**	**6,451**
Total liabilities from financing activities	**2,781,878**	**(890,721)**	**(51,513)**	**32,335**	**1,871,979**

	At 1 January 2019	Cash flows	Foreign exchange movement	Others	At 31 December 2019
Interest-bearing bank borrowings	2,464,789	169,186	40,434	(19,209)	2,655,200
Interest-bearing other borrowings	159,945	(62,925)	—	12,738	109,758
Lease liabilities	12,583	(11,010)	—	11,742	13,315
Financial liabilities at fair value through profit or loss	193,556	(188,500)	(2,008)	557	3,605
Total liabilities from financing activities	2,830,873	(93,249)	38,426	5,828	2,781,878

(All amounts expressed in RMB'000 unless otherwise specified)

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	Notes	2020	2019
Assets			
Non-current assets			
Investments in subsidiaries		**4,338,272**	4,393,291
Property, plant and equipment		**12**	23
Debt instruments at amortised cost		**133,574**	134,937
Right-of-use assets		**4,021**	6,101
Other assets		**127**	203
Total non-current assets		**4,476,006**	4,534,555
Current assets			
Other receivables		**266,491**	289,225
Debt instruments at amortised cost		**9,877**	9,138
Dividend receivables		**260,000**	260,000
Cash and bank balances		**3,575**	2,518
Total current assets		**539,943**	560,881
Total assets		**5,015,949**	5,095,436
Equity and liabilities			
Equity			
Equity holders of the parent:			
Share capital	22	**4,070,201**	4,070,201
Other reserves	23	**1,912,683**	1,912,683
Accumulated losses		**(1,275,107)**	(938,334)
Total equity		**4,707,777**	5,044,550

(All amounts expressed in RMB'000 unless otherwise specified)

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

(continued)

Information about the statement of financial position of the Company at the end of the reporting period is as follows: (continued)

	Notes	2020	2019
Non-current liabilities			
Lease liabilities		**1,795**	3,975
Total Non-current liabilities		**1,795**	3,975
Current liabilities			
Other payables and accruals		**53,163**	9,284
Lease liabilities		**2,192**	2,126
Dividend payables		**538**	78
Amount due to subsidiaries		**250,484**	35,423
Total current liabilities		**306,377**	46,911
Total liabilities		**308,172**	50,886
Total equity and liabilities		**5,015,949**	5,095,436
Net current liabilities		**233,566**	513,970
Total assets less current liabilities		**4,709,572**	5,048,525

Zuo Kun
Non-executive Chairman

Liu Heqiang
Chief Executive Officer

(All amounts expressed in RMB'000 unless otherwise specified)

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's reserves is as follows:

	Other reserves	Accumulated losses	Total reserves
As at 1 January 2019	1,912,683	(885,630)	1,027,053
Total comprehensive loss	—	(1,533)	(1,533)
Dividends	—	(51,171)	(51,171)
As at 31 December 2019	1,912,683	(938,334)	974,349
Total comprehensive loss	—	(297,813)	(297,813)
Dividends	—	(38,960)	(38,960)
As at 31 December 2020	1,912,683	(1,275,107)	637,576

There were no movements in other reserves during the years ended 31 December 2020 and 2019.

39. EVENTS AFTER THE REPORTING PERIOD

As of 26 February 2021, there was no significant event occurred after the reporting period.

40. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 26 February 2021.

NEW TOWN

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

Stock Code: 1278