China New Town Development Company Limited

中國新城鎮發展有限公司

Stock Code: 1278

推進城鎮化投資建設

乘風破浪

勇毅前行

ANNUAL REPORT

2022

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") and based on CDB's resources and brand advantage, CDB Capital has a national network layout in the business segment of new town development. On 11 June 2021, CDBIH signed a share transfer agreement in respect of approximately 29.99% shares of the Company with Wuxi Communications Industry Group Co., Ltd. ("Wuxi Communications") and Xitong International Holdings (HK) Limited ("Xitong International"), a wholly-owned subsidiary of Wuxi Communications. CDBIH agreed to transfer 29.99% shares of the Company held by it to Xitong International by agreement ("Share Transfer"). On 28 September 2021, upon the completion of this Share Transfer, Xitong International held approximately 29.99% shares of the Company and CDBIH held approximately 24.99% shares of the Company. Till then, the Company has held a composite shareholder structure of "local state-owned enterprise + central enterprise financial institution", combining the industrial advantages and financial advantages of the two substantial shareholders.

Since 2014, 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 tourism, healthcare, medical care, etc. With the shareholders' support of Xitong International and CDBIH, through integrating the resources and advantages of substantial shareholders, the Company gradually specified new development strategy for its business and initiated the business transformation plan. By actively increasing appropriate investments in industries that are in line with the development prospects of the new economy, such as big health industries, strategic emerging industries, and information technology application innovation, we cultivated new businesses and principal business goals.

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. 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. Leveraging on the operation in recent years, the project has remained excellent occupancy rates, which becomes the landmark property project in Wuhan. For new business segment, the Company takes full advantage of the resources from shareholders and cooperates with outstanding industry investment institutions in the market, thereby accumulating various excellent resources for project pipelines, which has laid a solid foundation for the subsequent development.

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 leveraging the resource advantages of shareholders and the rich experience of project teams.

GOAL

China New Town is an urbanization investment and operation platform under the shareholder background of "local state-owned enterprise+ central enterprise financial institution". The Company is committed to becoming the leading comprehensive operation platform in the fields of urbanization and livelihood investment in China, dedicates to providing urbanization and livelihood investment products that meet the demand for regional economic development and are in the interests of livelihood, promotes the new urbanization construction with the people as the core, and improves the regional urbanization level and residents' happiness experience. Leveraging on the quality shareholders' resources, the Company realizes the complementary advantages and synergetic development, keeps steady and sustainable growth, forges ahead, promotes shared development, bears social responsibility, and creates values for shareholders, society, and community.

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

2 Our Business

3 Our Major Projects

4 Our Strategies and Values

6 Corporate Information

7 Group Structure

8 Chairman's Statement

12 President's Statement

17 Profiles of Directors and Senior Management

24 Five-Year Financial Summary

25 Management Discussion and Analysis

30 Corporate Governance Report

50 Environmental, Social and Governance Report

101 Report of Directors

111 Independent Auditor's Report

116 Consolidated Statement of Profit or Loss and Other Comprehensive Income

117 Consolidated Statement of Financial Position

119 Consolidated Statement of Changes in Equity

120 Consolidated Statement of Cash Flows

122 Notes to Financial Statements

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 CDB Capital, we have made good use of these operating experience, together with the national resources advantage of the CDB Capital, 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 tourism, healthcare, medical care and etc. In 2021, CDB Capital transferred its 29.99% equity in the Company to Wuxi Communications, realizing the diversity of the Company's shareholding structure.

In the sector of fixed income investments, the Company has participated in various kinds of investing urbanization projects through equity or mezzanine investment. 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 tourism, healthcare and medical care, etc. as our main downstream strategies, and fully leveraged the advantage of resources of shareholders. In October, 2016, the Company announced that it cooperated 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 other aspects 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. 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 after more than three years of operation. In addition, we actively explore new direction for business strategy transition through combining new shareholders' background and resource advantage over the past year or so. We intend to cultivate new business for the segments of big health industries, strategic emerging industries, and information technology application innovation that are in line with the development prospects of the new economy, and have invested certain equity projects and reserved a number of premium project resources.

The Company shall continue to intensively explore the investment opportunities in the fields of urbanization and livelihood improvement and focus on seeking new business for new economy. By leveraging double shareholders resources advantage of "local state-owned enterprise platform Wuxi Communications" plus "state-owned financial investment institute CBD Capital", and combining with inbound and outbound 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 February 2021, Plot H-06 in the eastern part of Luodian has successfully closed. In June 2021, we collected the collection of construction rebate.

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 company has overcame the negative impact of pandemic these years and education policy of "double reduce" on tenants, and operated steadily and kept stability in office building and retail occupancy.

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".
- The Group and Beijing Vanke Enterprises Co. Ltd. have 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. 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.
- The primary development of historical stock projects. The Company is considering the project optimization program.

Our Strategies and Values

STRATEGIES

The Company combines the shareholders' network and resources of "local state-owned enterprise+ central enterprise financial institution", and takes various measures to build a leading national investment operation brand with the integration of financing, investment, development, and operation.

BUSINESS STRATEGY

- It's the right time for the Company to be ready to set sail and for its development. The Company will give full play to the industrial resources and business network advantages of substantial shareholders, and continue to improve the quality of the Company's assets and profitability.
- The Company strengthens the internal control risk management, controls the investment risks, and realizes stable income and cash flow.
- Only the braver can win in the market. The Company focuses on the new economy field, pays attention to the reserve for the layout of a new range, continues to explore and innovate in the new field, and cultivates the momentum for sustainable rapid growth in the future.

FINANCING STRATEGY

- The Company gives full play to the credit background advantages of the shareholders, and builds the domestic and foreign financing channels.
- The Company utilizes diversified and innovative financing at the project level to increase funds and explores the high potential for consolidation and growth. Through the rich capital market transaction of the listed company, we will overcome the difficulties and forge ahead, so as to improve the return and income for Shareholders.

VALUES

- Innovation
  Innovation is the soul of our continuous development. We keep abreast of the times, have adhered to the innovation spirit, adapt to changing circumstances, inspire the staff's innovative inspiration, realize the enterprise's continuous and quality development, and remain vital.

- Hard work
  Working hard is our normality. we work together, are committed to the struggle, adapt to changes, overcome the setback and difficulties, remain easy in trouble, leverage on our strengths in the market, consolidate in the industry, are progressive under the pressure, make a breakthrough in the adverse situation, and jointly build a promising future for new urbanization construction in China.

- Collaboration
  We attach greater importance to forming team spirit. The Company's culture is that we treat each other sincerely, coordinate with complementary advantages, and share weal or woe, complement and help each other with win-win cooperation.

- Dedication
  Dedication to work represents our style of work. As time goes by, we uphold the practical work, are practical and realistic, make efforts step by step, and will make achievements thereafter. We treat the work in an objective and rational manner and deal with the problem with effectiveness. Although the journey may be long, one can achieve its goal by practice; the matter may be difficult, but one can deal with it by doing so.

Corporate Information

BOARD OF DIRECTORS

Executive Directors
Mr. Hu Zhiwei *(President)*
Ms. Yang Meiyu *(Chief Executive Officer)*
Mr. Shi Janson Bing
Mr. Liu Fangqing

Non-executive Directors
Mr. Liu Yuhai *(Chairman)*
Mr. Li Yao Min *(Vice Chairman)*
Mr. Wang Hongxu
Mr. Feng Xiaoliang

Independent Non-executive Directors
Mr. Henry Tan Song Kok
(Lead Independent Non-executive Director)
Mr. Kong Siu Chee
Mr. Zhang Hao
Mr. Lo Wai Hung

AUDIT COMMITTEE

Mr. Henry Tan Song Kok *(Chairman)*
Mr. Zhang Hao
Mr. Lo Wai Hung

NOMINATION COMMITTEE

Mr. Lo Wai Hung *(Chairman)*
Mr. Henry Tan Song Kok
Mr. Kong Siu Chee

REMUNERATION COMMITTEE

Mr. Kong Siu Chee *(Chairman)*
Mr. Henry Tan Song Kok
Mr. Lo Wai Hung

COMPANY SECRETARY

Ms. Cheng Lucy

BUSINESS ADDRESS

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BVI PRINCIPAL SHARE REGISTRAR

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

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road, Hong Kong

LEGAL ADVISORS

HAIWEN & PARTNERS LLP
Winston & Strawn LLP
Zhonglun W&D Law Firm
Zhong Lun Law Firm

INDEPENDENT AUDITOR

Ernst & Young
(Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance)
27/F, One Taikoo Place, 979 King's Road
Quarry Bay, Hong Kong
Auditor's Date of Appointment: 20 November 2007
Partner-in-charge: Mr. Benny Bing Yin Cheung since 11 August 2020

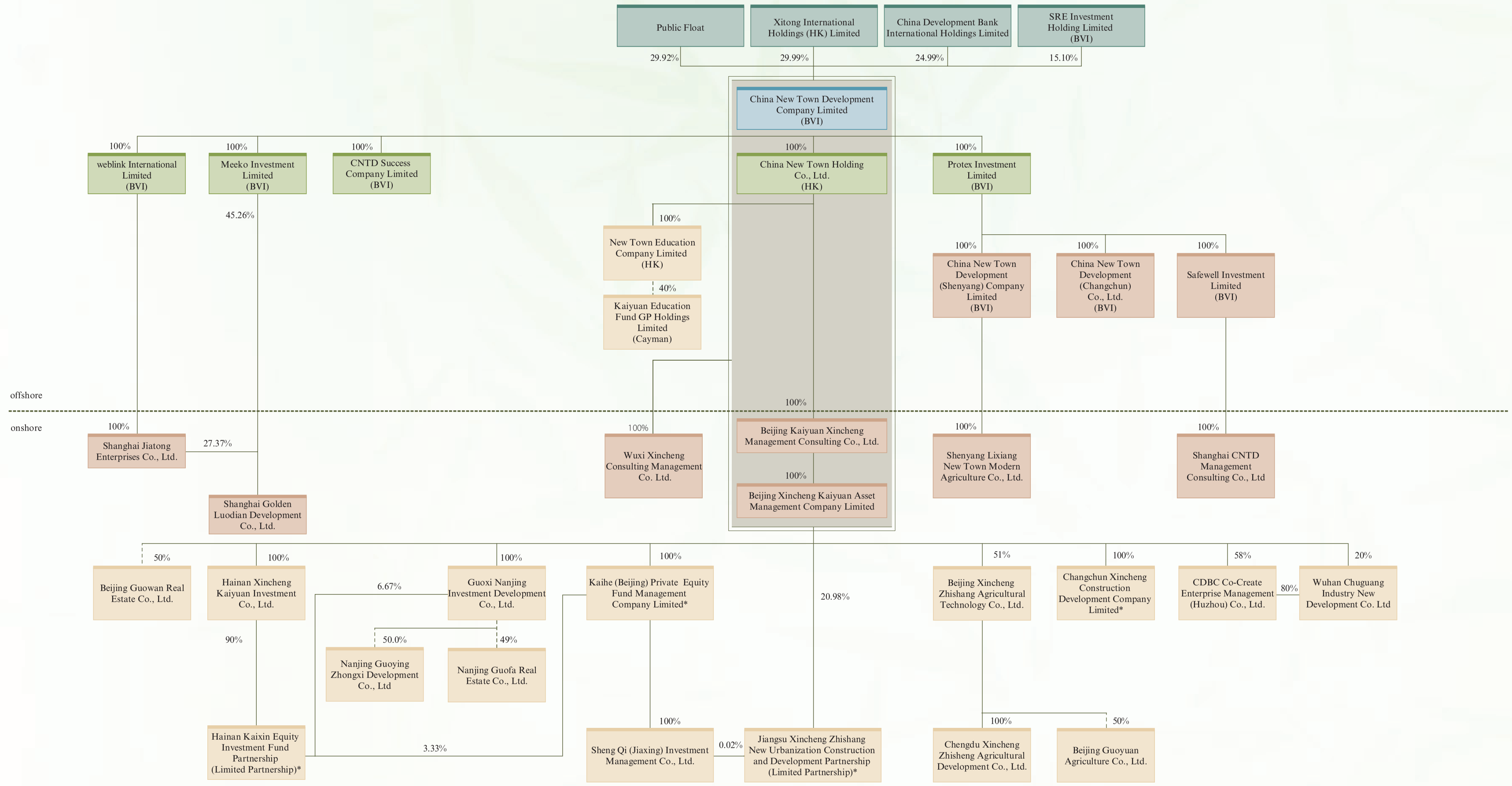
STOCK EXCHANGE LISTED

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



Notes:

1. The CNTD Success Company Limited (BVI) was established on 23 March 2022.
2. CDBC New Town (Changchun) Construction and Development Co., Ltd was renamed as Changchun Xincheng Construction Development Company Limited* on 22 April 2022.
3. CDBC New Town (Beijing) Investment Fund Management Co., Ltd. was renamed as Kaihe (Beijing) Private Equity Fund Management Company Limited* on 27 June 2022.
4. CDBC New Town (Jiangsu) New-type Urbanization Development Fund (Limited Partnership) was renamed as Jiangsu Xincheng Zhishang New Urbanization Construction and Development Partnership (Limited Partnership)* on 31 May 2022.
5. Wuxi Xincheng Consulting Management Co. Ltd. was established on 17 June 2022.
6. Hainan Kaixin Equity Investment Fund Partnership (Limited Partnership)* was established on 25 July 2022.

Chairman's Statement

DEAR SHAREHOLDERS,

I hereby present the Chairman's Statement of 2022 on behalf of the Board of China New Town Development Company Limited (hereinafter referred to as the "Company" or "China New Town", together with its subsidiaries, the "Group").

CONTINUOUSLY STABLE DEVELOPMENT OF THE DOMESTIC ECONOMY

In 2022, against the backdrop of changes unseen in a century, coupled with the challenging situations arising from the global pandemic, the geopolitical landscape in turmoil, the increasing downward risk of the world's economy, the domestic economy was impacted by various repeated impacts beyond our expectations such as dotted and multiple epidemics, the extreme heat, triple pressures of demand contraction, supply shock, and expected weakening, such that the complexity, seriousness and uncertainties of the development environment were increasing. Faced with the changing international environment and the arduous and onerous domestic reform and development stability task, under the strong leadership of the CPC Central Committee with Comrade Xi Jinping as its core, China followed the general principle of making progress while working to keep performance stable, coordinated the epidemic prevention and control as well as economic and social development in an efficient manner, effectively responded to the internal and external challenges, so that the national economy continued to develop under pressure, the economic aggregate entered a new stage, employment and prices were stable as a whole, people's living standards continuously improved, a new achievement was made in high-quality development, and the economic and social landscape was harmonious and stable.

"On behalf of the Board of Directors of China New Town Development Company Limited, I present the Chairman's Statement of 2022."

Gross domestic product ("GDP") amounted to RMB121 trillion throughout the year 2022, calculated by the unchanged price, representing an increase by 3.0% as compared to last year. China stepped into a new stage upon successively reaching over RMB100 trillion and RMB110 trillion in 2020 and 2021, respectively. From the perspective of per capita level, in 2022, China's per capita GDP amounted to RMB85,698, representing an actual increase by 3% as compared to last year; calculated by the annual average exchange rate, such GDP reached US$12,741, which kept over US$12,000 for two consecutive years. The economic aggregate and per capita level continued to improve, which meant that our national comprehensive power, social production, international influence as well as people's living standards were further enhanced, also meant that our national development base was more solid, development quality was better, and development momentum was richer and meant that our national economic resilience was strong with huge potential and wider space, and there is no change in the long-term good prospects.

2022 was also an important year for the Group's reform and transformation. In the face of the complex and changing economic situations at home and abroad, the Company adhered to the guide of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, under the support of shareholders, namely, Wuxi Communications Industry Group Co., Ltd. (hereinafter referred to as "Wuxi Communications") and China Development Bank Capital Corporation Limited (hereinafter referred to as "CDB Capital"), the staff unified their thought and changed their idea, actively responded to new situation, sought new direction, embraced new challenges, continued to keep stable while making progress in the Company's reform and transformation, thereby looking for a new business development direction.

LEVERAGING ON SHAREHOLDERS' RESOURCES AND ADVANTAGES AND FOCUSING ON KEY RANGE

2022 was the first full financial year for the Company to achieve a mixed ownership structure as a "local state-owned enterprise + central financial institution". Wuxi Communications, the largest substantial shareholder, is a large state-owned enterprise under the direct supervision of Wuxi Municipal Government. It is actively performing the development strategy of promoting regional economic development and promoting "going out" of business. It is precisely because of the strategic plan that in 2021, Wuxi Communications launched and finally completed the acquisition of the equity interests of the Company, and the Company became the first platform for Wuxi Communications listing in Hong Kong since then. Given its business development strategy of "transportation, engineering construction, aviation industry, transportation technology and manufacturing, transportation finance and investment", Wuxi Communications will build the Company a platform entity integrating "investment + construction + industrial investment + operation" leveraging on the resources of CDB Capital in the financial industry.

Wuxi, as a key economic region in Jiangsu, has a good industrial resource base and has first-mover advantages in integrated circuits, biomedicine and other industries. It plans to vigorously develop strategic emerging industries during the 14th Five-Year Plan, including the Internet of Things, high-end manufacturing, artificial intelligence, to build a base for advanced manufacturing in the world. The resource advantages and development of Wuxi can provide a good industrial implementation base for investment targets in emerging industries identified during the Group's business transformation, and support the business development of the Group.

Chairman's Statement

Given the different resource endowments and advantages of the substantial shareholders, the Company organized a team to conduct in-depth analysis and research on national policies, industry dynamics and market environment, to research the development direction of shareholders' business and industrial layout, especially the industrial development advantages in Wuxi, and uncover the team's investment and research capabilities. Based on the Company's development strategy, by actively increasing appropriate investments in industries that are in line with the development prospects of the new economy, such as big health industries, strategic emerging industries, and information technology application innovation, we accumulated relevant experiences and focused on key range. Meanwhile, the Company accelerated the disposal of certain existing inefficient assets and maintained the operation of high-quality assets stably to stabilize fixed-income investment portfolios and implement the "three-step" implementation strategy of "disposing of non-performing assets, reinforcing capital and improving quality".

ACCELERATING THE EXPANSION OF PROJECT RESERVES AND EXPLORATING THE DIRECTION OF PRINCIPAL BUSINESS BY TAKING EQUITY INVESTMENT AS THE OPPORTUNITY

Based on the Company's development strategy, taking consideration of the shareholders' resource advantages, the Group actively explore the project resources in the target industry. In 2022, the Company focused on various segregated ranges such as semi-conductor, new energy, biomedicine, and intelligent vehicles for further research, implemented the post-investment management for the invested projects, while completing investment in certain new projects, and had accumulated various mergers and acquisitions projects, ensuring that the Company made corresponding preparation for principal businesses.

In respect of the exploration of principal business in the fixed income investment, the Group gave full play to the customers' resource advantages accumulated previously, and made solid project development and preparation, so that no newly added risk project occurred throughout the year and several projects were injected capital in 2022. As of 31 December 2022, the balances of the fixed income investment portfolio recovered to RMB1.544 billion, achieving the annual expected target.

OPERATING QUALITY ASSETS STABLY AND ACCELERATING THE DISPOSAL OF CERTAIN EXISTING INEFFICIENT ASSETS

Based on the actual condition of existing projects, the Company has implemented classified management to ensure project safety, operated quality assets stably and accelerated the disposal of inefficient assets. The Optical Valley project in Wuhan held by the Group overcame the adverse impact of the epidemic and unfavorable policies in tenant industry and maintained a stable occupancy rate, the office building of which maintained an occupancy rate over 97% throughout the year while the occupancy rate of commercial stores reached above 85%. Meanwhile, the Company developed the operation and management policy for K12 school projects in line with the national education policy, to ensure that primary and middle schools could commence on 1 September 2022. Newly student enrollment in 2022 was 140, far more ahead of the scale of local comparable schools. The social reputation in less than three years since our school's establishment has been demonstrated, forming our core competitiveness of "building an international school with certain characteristics and influence".

The Company accelerated the disposal of existing Shenyang Lixiang project. Due to the various impacts such as the epidemic and the adjustment and control of property, the financial conditions of the government were tight and the financing was not implemented as schedule, so that the counterparty could not delist as schedule. Given such actual situation, the Company initiated the negotiations on the overall withdraw plan with the government, and found out the fund issue for delisting transaction with the government in Hunnan District, Shenyang through several rounds of communications. However, since the expected tight financial revenue for the government in the short term, the board of directors and management of the Company were of the view that, there were material uncertainties for the performance of the original counterparty in the short term. Therefore, based on the prudent consideration, the Company provided impairment of RMB109 million for the risk projects in 2022. The Company will subsequently strengthen the communications with the government, thereby properly resolving the disposal of the project.

As of 31 December 2022, due to the impact on provision of impairment for the Shenyang Lixiang project, the Company recorded operating income of RMB406 million, net profit of RMB7.454 million and net profit attributable to the parent company of RMB2.702 million.

OUTLOOK FOR THE YEAR 2023

Looking ahead, 2023 will be the first year for the full implementation of the spirit of the 20th CPC National Congress and a crucial year for implementing "14th Five-Year Plan". Notwithstanding the complex and serious external environment, the increasing risk for stagflation of the world's economy, and the unsolid recovery basis for the domestic economy, China shows its strong economic resilience with huge potentials and rich vigor, and there is no change in the long-term good prospects, as well as resources factors and conditions can be support. As the epidemic prevention and control has entered a new stage, various policies have been continuously implemented, the production and life are expected to accelerate recovery, and the internal momentum for the economic growth will be accumulated and enhanced. In 2023, China's overall economic goal will also be higher.

The Group will keep seeking investment opportunities prudently amid changes. By sticking to business transformation, in response to national guidelines and policies and being market-oriented, the Company will vigorously expand its investment business in new economic sectors such as big health industry, strategic emerging industry and information technology application innovation industry, continue to achieve the iteration and upgrading of "industrial fund + mergers and acquisitions", "mergers and acquisitions and integration + extension" and "mergers and acquisitions + ecological improvement" according to the path of "clear principal business→integration and development→value enhancement" proposed in 2022, and continuously integrate and improve the Company's overall value. Meanwhile, we operate quality assets stably and dispose of existing inefficient assets, steadily advance the premier development of the Company, and continuously create core value for shareholders in the long run.

In terms of fixed income investment, the Company will make full use of the financing function of the international financial market, select projects considering the resource endowment in different regions in China, and control investment risks and obtain stable source of profits under the principles of "safety, liquidity and profitability" to support the development of the principal business of the Company.

Equity investment in the new economic sector is the growth point of surplus profits. Based on the development goal of China's new economy, the Company will screen opportunities for equity investment by selecting high-quality companies in strategic emerging industries, and seek to achieve higher investment returns through the establishment of industrial funds under the principles of "profitability, liquidity, and safety".

As the largest shareholder of the Company, Wuxi Communications will provide all-round support including industrial resources, business synergy, financing and credit enhancement, to promote the further development of the Company.

Finally, on behalf of the Board, I would like to express my sincere gratitude to all shareholders, investors and 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 team and all staff. We will continue to strive to create more long-term interests and value for all shareholders.

President's Statement

Dear Shareholders,

The year 2022 is a crucial year for the 14th Five-Year Plan, the first full financial year following the successful completion of the equity transfer of substantial shareholders of China New Town Development Company Limited (hereinafter referred to as the "Company", together with its subsidiaries, the "Group"), as well as the beginning year for the Company's exploring of business transformation.

Amid the complex and ever-changing macro-economic situation, we have been insisting on following the guide of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era. With the support of Wuxi Communications Industry Group Co., Ltd. ("Wuxi Communications") and China Development Bank Capital Corporation Limited ("CDBC" or "CDB Capital"), and continuously taking use of the leadership, integration and promotion functions of party building in the Company's business development, the Company has fully fulfilled the major requirements of "preventing the pandemic, stabilizing the economy and securing the development". Meanwhile, all our employees unified their thoughts in high spirits. They deepened the research on the external markets by centering on the Company's new development strategies and focusing on a number of segment industries, such as semi-conductors, new energy, bio-medicines and intelligent automobiles, to explore the merger and acquisition opportunities of projects, optimize existing project assets, and promote the pandemic prevention and control and the Company's business development in a pragmatical and coordinated manner.

As of 31 December 2022, the Company recorded operating income of RMB406 million, net profit of RMB7.454 million, and net profit attributable to the parent company of RMB2.702 million. Net profit decreased year-on-year over 2021 mainly due to the provision for asset impairment in respect of Shenyang Lixiang project. After deducting one-off impairment factors, the Group's principal business still maintained healthy and steady development.

INCREASINGLY PRECISE PANDEMIC PREVENTION TO CREATE A SAFE AND HEALTHY WORKING ENVIRONMENT

In 2022, as the COVID-19 pandemic continued to recur, the Group's pandemic prevention and control working team has formulated an efficient work plan in time according to the domestic pandemic dynamics to effectively implement the general strategy of "guarding against imported cases and preventing a resurgence of local outbreak" and the general policy of "dynamic zero-COVID", as well as strict and precise prevention and control requirements. The team cooperated with the local government to conduct pandemic prevention and control work, orderly respond to the impact of the repeated pandemic, devise reasonable working arrangement for our employees, and provide all employees with disease prevention materials and medicine in a timely manner, so as to ensure a safe and healthy working environment for employees.

FOCUSING ON KEY SECTORS TO DEEPEN INDUSTRY RESEARCH, RESERVE MERGER AND ACQUISITION PROJECTS, AND IMPLEMENT THE INVESTMENT IN NEW EQUITY PROJECTS

Given the resource advantages of the two substantial shareholders, the development planning and the development trend of China's economy, the Group took new economic sectors, such as big health industry, strategic emerging industry, and information technology application innovation industry, as the main direction of its business transformation after making in-depth analysis on the industry and the market, and intended to accumulate projects and operation experience in these new economic development sectors through equity investment and other means, and set the principle business direction to make bigger and stronger the Company's business through epitaxial growth.

In 2022, the business department and management department jointly established an industry research team to organize and participate in various training, research and roadshow meetings through both online and offline ways, thereby continuously developing and improving industry research and investment management capabilities of the team. Besides, the team concentrated on a number of segment industries, such as semi-conductors, new energy, biomedicines and intelligent automobiles, for in-depth research, formulated merger and acquisition strategies and standards, and reserved multiple projects to prepare the Company for determination of its principle business.

In addition, the team established an industrial investment fund upon planning with its partners to increase the Company's investment scope. In 2022, the team completed the deployment of investment in minority equity projects in respect of semi-conductors and medical devices, and reserved a number of high-quality equity project resources in new economic sectors including semi-conductors, new energy, equipment manufacturing, new materials and medical healthcare, thus laying a solid foundation for subsequent development.

PLANNING AHEAD TO ACHIEVE THE EXPECTED ANNUAL TARGETS FOR FIXED-INCOME PROJECTS

In 2022, the Group's fixed-income investment projects were steadily promoted. The Group explored the potential of existing projects by planning ahead and adjusting its work ideas, enhanced the post-investment management of existing projects, and addressed the needs of new and old customers to reserve and develop new projects. As of 31 December 2022, the balance of the fixed-income investment portfolio was RMB1.544 billion, and all normal project investment income was recovered in full and on time throughout the year to ensure there is no risk relating to new projects.

Besides, leveraging on shareholder resources, the Group has made every effort to increase reserve projects so as to lay a foundation for the Company to achieve its net profit target in 2023.

STRIVING FOR DEVELOPMENT BY OVERCOMING DIFFICULTIES, AND MAINTAINING A STABLE AND IMPROVING DEVELOPMENT TREND OF CONTINUING OPERATION PROJECTS

Given the increasingly complex external environment and numerous difficulties and challenges, the Company put more efforts to seek development. In 2022, for continuing operation projects, the Company displayed the teamwork spirit and overcame difficulties under known pressure to push forward the steady and improving development of various work.

The Wuhan Optical Valley Project continued to maintain an occupancy rate of more than 96% in respect of office building and an occupancy rate of more than 85% in respect of commercial shops in the first half of the year. On this basis, the Company actively responded to the impacts of macro-economic downturn, the pandemic and the competition among surrounding peers, and continued to focus on lease cancellation or exchange for customers, merchandising and leasing and property management to ensure the stable operation of the project in the second half of the year. There were a total of approximately 40 contracted customers of office building throughout the year, with a contracted area of 98,484.51 square meters and an occupancy rate of 97.69%; and a total of approximately 55 contracted customers of commercial shops with a contracted area of 17,196.94 square meters and an occupancy rate of 85.26%.

For the Nanjing International School Project (南京國際學校項目), its engineering construction lagged behind the construction plan affected by unfavorable factors such as the continuous extremely hot weather in the summer in Nanjing, the financial strain of the general contractor, the delay in materials supply caused by the COVID-19 pandemic, and the insufficient labour force on site. The Company's three work team in respect to project investment, construction cost and school operation concentrated on the same target with separate work, and cooperated with all efforts to ensure the primary and secondary schools of the project were put into normal operation on 1 September 2022. The school operation team has achieved gratifying results of enrollment in 2022 through a series of measures and general arrangements, including strengthening the faculty via social recruitment, expanding the brand influence of the school by increasing content marketing, accumulating potential students by holding a series of enrollment promotion activities, under multiple pressures from the COVID-19 pandemic, education policy adjustments and delayed handover of schools for operation. The number of new students enrolled in the school throughout the year reached 140, and the number of students in the school reached 250, far exceeding the new enrollment scale of similar local schools. The social reputation in less than three years since our school's establishment has been demonstrated, forming our core competitiveness of "building an international school with certain characteristics and influence".

STICKING TO THE BOTTOM LINE AND MAKING LONG-TERM EFFORTS TO CONTINUOUSLY PUSH FORWARD THE DISPOSAL OF INEFFICIENT ASSETS

As a tough task, the disposal of inefficient assets was the "most difficult part" during the Company's development process. In 2022, each team of inefficient assets disposal adhered to the safety bottom line and continued to push forward disposal of various inefficient assets despite the difficulties.

After several rounds of communications with the government of Hunnan District in Shenyang, the Company made every effort to secure the Shenyang Lixiang Project for an early exit through equity transfer. Following the signing of the equity transfer framework agreement in June 2022, the information on such equity transfer of the project was officially disclosed on the Shenyang United Assets and Equity Exchange in September. However, due to shrinking fiscal revenue of local government affected by the pandemic and real estate regulation and other multiple factors, the financing could not be implemented as expected, resulting in the party' failure of delisting as scheduled. In regard to the above situation, the Company visited key leaders of the local government in Shenyang several times to explore solutions with a view to making the local government fulfil its relevant obligations as soon as possible in accordance with the agreement.

2023 BUSINESS OUTLOOK

It should be noted that during the past year, given the severe and complicated economic situations at home and aboard, and the continuing impacts from the serious COVID-19 pandemic, the Company encountered certain problems and difficulties. With the correct leadership and strong support of the Shareholders and the Board of the Company, we have taken the initiative to control the pace of new investments, without reducing the efforts in project development. Through the continuous conducting of various businesses over the past year, the Company has made considerable achievements in terms of industry awareness, project reserves, team capabilities and external resources. The Company is full of confidence in taking the merger and acquisition opportunity as a chance to achieve transformation and development.

1. **Setting a clear goal and determining the Company's principal business to realize new business mergers and acquisitions**
   In accordance with the development path of "clear principal business → integration and development → value enhancement" in the next three years, the Company will determine a clearer direction of our principal business and seek high quality merger and acquisition projects in 2023. In terms of seeking specific projects, in addition to industry fundamentals, the Company will first pay attention to the investment robustness indexes such as cash flow, profitability and valuation of the merger and acquisition targets in aspect of the project company, and secondly give priority to post-investment indexes, such as business maturity and team stability, and finally focus on the feasibility of building an ecological structure and extending value enhancement through subsequent mergers and acquisitions, with a view to completing the mergers and acquisitions of quality projects.

2. **Steadily promoting investment in the fixed-income principal business**

   In 2023, the Group will continue to promote the steady growth of fixed-income investments as its principal business. Through in-depth analysis of domestic economic development, the Group will carefully select investment regions and investment targets, prioritize fixed-income investment projects, and gradually adjust and optimize the fixed-income business structure and risk-return portfolio, in pursuit of a safer and more stable development. On the premise of controlling investment risks, the Group will make use of funds from diversified financing instruments to increase the scale and depth of cooperation with quality customers and strive for more income. Meanwhile, starting from fixed-income investments, the Group will strive to expand cooperation in more areas to provide more opportunities for the Company's investments in equity and mergers and acquisitions.

3. **Continued safe operation of quality assets with a solid foundation**

   The Group will continuously adhere to the general working tone of "striving for aggressive progresses and making improvement in stability". For the Wuhan Optical Valley Project, the Group will continue to focus on renewal with clients upon expiry and leasing for office building and commercial shops, while making an attempt to set up a commercial management company and actively exploring the output strategy of the whole-chain operation and management mode for the investment, construction, leasing and operation of office building projects. For the Nanjing International School Project (南京國際學校項目), the Group will, on the basis of maintaining a friendly partnership with the Reigate Grammar School in the United Kingdom, continue to work hard and focus on the operation and management of the project. The Group will promote enrollment through changing the enrollment marketing ideas and enhancing schooling satisfaction to achieve the word-of-mouth effect; promote the establishment of high school to move towards realization of the full K-12 license; and continue to deepen academic construction and strengthen the academic competitiveness of the 15-year academic mechanism.

4. **Relieving burdens and accelerating the disposal of inefficient assets**

   In order to prevent excessive resources and efforts from being involved in resolving existing risks, the Group will continue to push forward the resolution of risk items with all efforts under the principles of "clear ideas, identified target, assigned responsibilities and detailed plans" in 2023. The Group will assist the transaction parties of the Shenyang project to explore financing channels and utilize our shareholders' resources to coordinate with the parties to fulfil the purchase agreement. The Group will continue to promote the risk resolution of the CSC Nanchang project, and strive to recover the investment losses through various means such as judicial channels and asset replacement.

5. **Establishing channels to secure more financing to support business development**

   The Group will continue to explore various financing channels at home and aboard. With the credit support of Wuxi Communications, the Company will adopt diversified financing models to support its business development.

   Looking ahead to 2023, the Group will continue to fully display the systematic advantages of its shareholders, integrate resources under the leadership of the Company's management team, uphold the Company's core values of "innovation, hard work, collaboration and dedication", further liberate the mindset, change the concepts, unite and concentrate the efforts, and cherish the current hard-earned opportunities for development, to create a bright future for the Company！

Profiles of Directors and Senior Management

DIRECTORS

Mr. Liu Yuhai,

aged 58, was appointed as a Non-executive Director and the chairman of the Board (the "Chairman") on 18 October 2021. He successively obtained a bachelor's degree and a master's degree in engineering machinery from Shanghai Jiaotong University in 1986 and in 1990. Mr. Liu has been serving as a Secretary of the Party Committee and Chairman of the Board of Directors of Wuxi Communications Industry Group Co., Ltd. (無錫市交通產業集團有限公司) ("Wuxi Communications"), the holding company of Xitong International Holdings (HK) Limited ("Xitong International") since December 2015. Xitong International is a substantial shareholder of the Company. Mr. Liu worked as an assistant engineer at Nanjing Hoisting Machinery Plant (南京起重機械總廠) from July 1986 to September 1988; a staff member in the Port Research Office of Wuxi Port Affairs Office from July 1990 to July 1993; a deputy manager of Wuxi Port Engineering Company (無錫市港口工程公司) from July 1993 to May 1995; the deputy chief of the Engineering Section, Wuxi Transportation Bureau from May 1995 to December 1995; deputy general manager of Wuxi Top Absorber Company Limited (無錫拓普減震器有限公司) from December 1995 to December 2001; a member of the Party Committee and Deputy General Manager of Wuxi Transportation Asset Management Co., Ltd. from December 2001 to July 2003; and a member of the Party Committee and deputy general manager of Wuxi Communications from July 2003 to June 2005; a member of the Party Committee and general manager of Wuxi Communications from June 2005 to March 2007. He also served as the director of Wuxi Hongqi Boatyard Co., Ltd. from February 2004 to September 2006; the Party Secretary and Chairman of Wuxi Industry Assets Management Co., Ltd. (無錫產業資產經營有限公司) from March 2007 to March 2008; and the President and Deputy Secretary of the Party Committee of Wuxi Industry Development Group Co., Ltd. from March 2008 to December 2015. Mr. Liu has extensive work experience in industrial management and operation.

Mr. Li Yao Min,

aged 72, 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 and the execution of the Group's business strategies and plans.

Profiles of Directors and Senior Management

Mr. Hu Zhiwei,
aged 51, was appointed as an Executive Director on 18 October 2021, a vice president of the Company on 30 December 2021, and the President on 31 March 2023. During this period, he was appointed to perform the duties of Chief Executive Officer (the "CEO") from 23 December 2022 to 31 March 2023. Mr. Hu is currently the general manager of Hainan Xincheng Kaiyuan Investment Co., Ltd and the executive director of China New Town Holding Co., Ltd., both are wholly-owned subsidiaries of the Company, and the director of various subsidiaries of the Company. Mr. Hu studied in the economic management department of Jiangnan University from 1991 to 1994 and studied business administration at the School of Economics and Management in Northwest University from 2003 to 2006 and obtained a master's degree in business administration in 2006. Mr. Hu joined Xitong International as the general manager from October 2021. Xitong International is a substantial shareholder of the Company. Before joining Xitong International, Mr. Hu served as the manager of the Investment Department and Asset Management Department of Guolian Securities Co., Ltd. from July 1994 to September 2003; the general manager and chairman of Wuxi Guolian Equity Exchange Co., Ltd. (無錫市國聯產權交易所有限公司) from September 2004 to February 2010; the Party Branch Secretary from February 2010 to June 2018; chairman of Wuxi Equity Registration and Trusteeship Center Co., Ltd. (無錫市股權登記託管中心有限公司) from September 2007 to June 2018; the secretary to the board of Wuxi Guolian Development (Group) Co., Ltd. from August 2008 to December 2013; the chairman of Wuxi Public Resources Trading Service Center Co., Ltd. (無錫市公共資源交易服務中心有限公司) from January 2012 to June 2018; the general manager, the chairman and Party Branch Secretary of Wuxi Financial Asset Trading Center Co., Ltd. (無錫金融資產交易中心有限公司) from January 2014 to January 2021; and the chairman and the Party Branch Secretary of Wuxi Smart City Construction and Development Co., Ltd. from January to October 2021. Mr. Hu is responsible for the overall planning of the Group's business transformation and operational management. Mr. Hu has extensive experience in investment management with a title of senior economist.

Ms. Yang Meiyu,
aged 40, was appointed as an Executive Director on 28 March 2014, served as a vice president of the Company from 28 March 2014 to 31 March 2023 and was appointed as the CEO on 31 March 2023. Ms. Yang graduated from Peking University with a master's degree in finance and obtained Chartered Financial Analyst certification. Ms. Yang joined China Development Bank Capital Corporation Limited ("CDB Capital") in December 2009, where she was responsible for urban development related investment as she served as the manager, senior manager and assistant to general manager of the Direct Investment Division III of CDB Capital, respectively, and the vice general manager of the Management Department of a subsidiary from April 2015 to August 2016. Prior to joining CDB Capital, 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 responsible for the daily operation of the Group, including exploring new business path, determining profit model for the Company and promoting equity investment in emerging industries. Ms. Yang also serves as director of several subsidiaries of the Company, such as Weblink International Limited, Meeko Investment Limited and Protex Investment Limited.

Mr. Shi Janson Bing,
aged 39, 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. Liu Fangqing,
aged 41, was appointed as an Executive Director on 23 December 2022. Mr. Liu graduated from Dongnan University with a bachelor's degree in machinery design and automation education and obtained a master's degree in business administration. Mr. Liu has extensive experience in corporate management. From September 2022 to December 2022, Mr. Liu served as the senior of the executive office of Wuxi Communications, a substantial shareholder of the Company; and from April 2018 to September 2022, he served as the deputy general manager and deputy Party Branch Secretary of Dornier Seawings Co., Ltd. (道尼爾海翼有限公司), the chairman and the Party Branch Secretary of Dornier Seawings Co., Ltd. (道尼爾海翼有限公司), the Party Secretary and Chairman of the Board of Ruili Airlines Co., Ltd., and the director of the aviation business department of Wuxi Communications. From 2004 to 2018, he served as the production engineer of Infineon Technologies (Suzhou) Limited (英飛淩科技（蘇州）有限公司), the production manager of Vesuvius Advanced Ceramics (Suzhou) Co. Ltd., the league secretary of Wuxi Industry Assets Management Co., Ltd., the league secretary of Wuxi Properties Development Group Limited, and the deputy general manager of Wuxi Hongqi Shipyard Co., Ltd.

Mr. Wang Hongxu,
aged 50, was appointed as a Non-executive Director on 18 October 2021. Mr. Wang graduated from the Department of Finance of Capital University of Economics and Business with a bachelor degree in July 1995, and thereafter obtained a master's degree in economics, from the School of Finance of Renmin University of China in January 2014. Mr. Wang has extensive experience in investment management. Mr. Wang is currently the general manager of the Investment Department II of CDB Capital. From December 2009 to 2018, he successively served as the deputy general manager of Risk Management Department and the general manager of Equity Department I of CDB Capital. Mr. Wang joined China Development Bank Corporation ("CDB") in 1998. From December 1998 to September 2009, he served at key functional departments such as the Fourth Division and General Division of the North China Credit Bureau of CDB, the Debt Management Division of the Asset Restructuring and Preservation Bureau, and the No. 2 Audit Appraisal Bureau. Prior to joining CDB, he served at China Investment Bank.

Profiles of Directors and Senior Management

Mr. Feng Xiaoliang

aged 43, was appointed as a Non-executive Director on 31 March 2023. He graduated from Russian Language College of Beijing Foreign Studies University (北京外國語大學俄語學院) with a bachelor's degree in Russian Language and Literature and obtained a master's degree in Finance from School of Economics of Peking University. Mr. Feng has extensive work experience in area of financial investment and risk management. Mr. Feng currently serves as the general manager of the risk and legal compliance department of CDB Capital, a substantial shareholder of the Company; and from September 2009 to December 2021, he served as the general manager of financial fund management department of CDB Capital. From April 2007 to August 2009, he worked at the fund department, science and technology department and investment business department of the investment business bureau of CDB. From July 2005 to March 2007, he also worked at the client office of Shanxi Branch of CDB.

Mr. Feng was (i) a director of Guangzhou Kingmed Diagnostics Group Co., Ltd. (stock code: 603882) from 13 June 2018 to 27 October 2020; (ii) a director of Hillstone Network Communications Technology Co., Ltd. (山石網科通信技術股份有限公司) (stock code: 688030) from 23 December 2018 to 23 December 2021, both companies are listed on the Shanghai Stock Exchange; and (iii) a non-executive director of New Century Healthcare Holding Co. Limited (a company listed on the Stock Exchange, stock code: 1518) from 21 November 2018 to 31 December 2020.

Mr. Henry Tan Song Kok,

aged 58, was appointed as an Independent Non-executive Director 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 and Chief Innovation Officer of CLA Global TS Group (formerly Nexia TS Group) and Director of the global board of CLA Global Limited. He was previously the Asia Pacific Regional Chairman and board member of Nexia International. Mr. Tan currently sits as an independent director on the boards of Asia Vets Holdings Ltd, BH Global Corporation Limited, Dyna-Mac Holdings Ltd., Penguin International Limited and Trans-China Automotive Holdings Limited, companies listed on the Singapore Stock Exchange. He was previously a director of Yinda Infocomm Limited and YHI International Limited.

Mr. Tan is the Chairman of Education Subcommittee on Sustainability Reporting of the Institute of Singapore Chartered Accountants ("ISCA") and a committee member of the ISCA Sustainability and Climate Change Committee. He is a member of AFA Working Committee 2 of ASEAN Federation of Accountants. He was also previously on the EXCO and served as Treasurer of Singapore Fintech Association and ASEAN Federation of Accountants, President of Spirit of Enterprise, Chapter President of Entrepreneurs' Organisation, Council Member of ISCA and Chairman of Nanyang Business School Alumni Advisory Board.

Mr. Tan holds a Bachelor of Accountancy (First Class Honours) from National University of Singapore. He also attended the Advanced Executive Management Development Program at Beijing Tsinghua University. He is a Fellow of the ISCA, Institute of Chartered Accountants of Australia and New Zealand, CPA Australia, Insolvency Practitioners Association of Singapore Limited, ASEAN CPA and ISCA Financial Forensic Professional Credential. He is also an Associate Member of Singapore Institute of Internal Auditors, Singapore Institute of Directors and Singapore Chartered Tax Professionals. Mr. Tan is a Chartered Valuer and Appraiser and sits as a Council Member of the Institute of Valuers and Appraiser, Singapore. He is an Approved Liquidator registered with the Accounting and Corporate Regulatory Authority ("ACRA") and a licensed Insolvency Practitioner by Ministry of Law.

Mr. Kong Siu Chee,

aged 76, 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 63, 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. Lo Wai Hung,

aged 63, was appointed as an Independent Non-executive Director and the Chairman and a member of the Nomination Committee and a member of each of the Audit Committee and Remuneration Committee on 30 December 2021. He obtained a bachelor degree in Commerce from James Cook University of North Queensland, Australia in 1985. Mr. Lo is an associate member of Chartered Accountants in Australia and New Zealand and a fellow member of Hong Kong Institute of Certified Public Accountants. Mr. Lo has over 25 years of experience in auditing, finance and management.

Mr. Lo is an independent non-executive director of C Cheng Holdings Limited (stock code: 1486), Talent Property Group Limited (stock code: 760), Tibet Water Resources Ltd. (stock code: 1115), and is a non-executive director of SY Holdings Group Limited (formerly known as Sheng Ye Capital Limited) (stock code: 6069). Mr. Lo was an independent non-executive director of Shandong Weigao Group Medical Polymer Company Limited (stock code: 1066) during August 2009 to June 2022. All the aforementioned companies are listed on the Main Board of the Stock Exchange.

SENIOR MANAGEMENT

Mr. Wang Yi,
aged 49, was appointed as the chief financial officer on 30 December 2021. He graduated from Lanzhou Jiaotong University with a bachelor's degree in 1995. He obtained a master's degree in investment economics from School of Economics and Management at Northwestern University* (西北大學) in 2000 and a doctor's degree in national economics from Graduate School of Chinese Academy of Social Sciences in 2007, respectively. Mr. Wang is the representative of A-share sponsor. He has over 15 years of experience in law and finance of listed companies.

From 2017 to 2019, Mr. Wang served as the standing vice president of Yanchuang Capital Group. In his term of office, Mr. Wang was mainly responsible for the establishment and launch of private equity investment fund, investment in new energy, bio-medicine, advanced manufacturing and other fields, as well as the whole-process management of investment business. From 2002 to 2017, Mr. Wang worked in Guolian Securities and its subsidiary Hua Ying Securities, and participated in several IPO projects, re-financing projects and merger and acquisition projects. Mr. Wang served as a project manager of the investment banking department at Beijing Securities from 2000 to 2002, and worked in Gansu Province Electric Power Investment Group Co., Ltd. from 1995 to 1997.

Mr. Wang Kang,
aged 42, was appointed as a vice president of the Company on 31 March 2023. He graduated from Loughborough University in the United Kingdom with a master's degree in construction management in December 2004. Mr. Wang has extensive working experience in the fields of real estate investment, equity investment and fund investment, and is qualified to practice in private equity funds. Currently, Mr. Wang is mainly responsible for the Group's equity and fund investment and business in the fields of retirement and healthcare, and is responsible for the management of several subsidiaries of the Company, whilst serving as chairman/executive director of Beijing Guowan Real Estate Co., Ltd., Shenyang Lixiang New Town Modern Agriculture Company Limited* (瀋陽李相新城現代農業有限公司), and as director of various subsidiaries of the Company.

Mr. Wang joined the Group in April 2014 and currently serves as chief investment officer of the Group. He joined CDB Capital in May 2010 and served, successively, as manager and senior manager of its Direct Investment Division III. Prior to joining CDB Capital, he held the position of valuer in Cushman & Wakefield's evaluation and advisory department from 2005 to 2010.

* For identification purposes only

Mr. Chen Jinqian,

aged 44, was appointed as a vice president of the Company on 31 March 2023. He graduated from Peking University majoring in international economics with a bachelor's degree in economics in 2002, and obtained a master's degree in Executive MBA from Tsinghua University in 2008 and doctoral degree in management from Peking University in 2019. Mr. Chen has extensive working experience in credit management, human resource management, financial investment, and holds professional qualifications of private fund and securities practitioners and the title of senior economist. Currently, Mr. Chen is mainly responsible for the business and work of investment, fund and human resources management of the Company.

Mr. Chen joined the Group in August 2017 and has since then been serving as general manager of CDBC New Town (Beijing) Investment Fund Management Company Limited (currently known as Kaihe (Beijing) Private Equity Fund Management Company Limited). He held the successive positions of human resources director and investment director in TUS-Financial Group Limited* (啟迪金控投資有限公司) from April 2016 to August 2017. He worked in the credit management bureau, human resources bureau and Beijing Branch of CDB from July 2002 to April 2016 and served as a deputy director of Cadres Division of human resources department of the head office and a director of the human resources bureau of the Beijing Branch of CDB.

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.

RMB'000	For the year ended 31 December				
	2022	2021	2020	2019	2018
Operating income	**405,668**	367,776	475,966	614,931	722,126
Revenue	**305,029**	273,038	391,639	414,941	599,286
Other income	**100,639**	94,738	84,327	199,990	122,840
Operating expenses	**(339,888)**	(218,562)	(676,575)	(453,396)	(853,240)
Cost of sales	**(43,267)**	(63,399)	(40,865)	(30,931)	(444,842)
Selling and administrative expenses	**(116,673)**	(115,755)	(124,046)	(124,379)	(137,585)
Finance costs	**(44,615)**	(50,961)	(112,665)	(165,238)	(149,708)
Other expenses	**(110,219)**	(24,425)	(12,553)	(2,096)	(107,649)
(Impairment losses)/reversal of impairment on financial assets	**(25,114)**	35,978	(386,446)	(130,752)	(13,456)
Operating profit/(loss)	**65,780**	149,214	(200,609)	161,535	(131,144)
Share of profits and losses of joint ventures and associates	**(9,292)**	(7,764)	(6,458)	15,956	(14,954)
Profit/(loss) before tax	**56,488**	141,450	(207,067)	177,491	(146,068)
Income tax	**(49,034)**	(10,500)	(41,098)	(66,139)	268,320
Profit/(loss) for the year	**7,454**	130,950	(248,165)	111,352	122,252
Non-controlling interests	**4,752**	22,367	2,760	15,940	38,359
Profit/(loss) attributable to equity owners of the parent	**2,702**	108,583	(250,925)	95,412	83,893
Assets and liabilities					
Total assets	**6,583,552**	6,678,036	7,411,263	8,670,988	9,005,415
Total liabilities	**2,046,629**	2,163,517	3,023,871	3,991,530	4,388,007
Total equity	**4,536,923**	4,514,519	4,387,392	4,679,458	4,617,408
Equity attributable to equity owners of the parent	**4,066,692**	4,049,040	3,944,280	4,239,106	4,192,996
Non-controlling interests	**470,231**	465,479	443,112	440,352	424,412
Total equity	**4,536,923**	4,514,519	4,387,392	4,679,458	4,617,408

OPERATING RESULTS

Revenue

Our results from operation primarily refers to our performance in land development, urbanization development and property leases. During the year ended 31 December 2022 (the "Year 2022"), the Group recorded revenue of RMB305 million, representing an increase of 12% over that for the year ended 31 December 2021 (the "Year 2021"). In 2022, the Group recorded revenue of RMB2,680 thousand from land development, representing a decrease by 90% over that in the same period of last year, mainly due to the slower construction progress as compared to that of the same period of last year, and as such, the land development revenue and cost carried forward decreased accordingly. Due to the impact from of the Group's reform and transformation, urbanization development revenue and other income increased by 64% on a combined basis to RMB150 million. For Year 2022, it recorded revenue from investment properties of RMB152 million, including income from property leases of RMB120 million and income from property management fee of RMB35 million, basically the same as that in the same period of last year.

Other income

For Year 2022, other income amounted to RMB101 million, representing an increase of 6% over that in Year 2021. It was mainly because the interest income from bank deposits decreased by RMB5,308 thousand over that in the same period of Year 2021, net fair value gain on financial instruments at fair value through profit or loss increased by RMB12,222 thousand over that in Year 2021, investment income from financial instruments at fair value through profit or loss decreased by RMB12,593 thousand over that in Year 2021 and fair value gain on investment property in Year 2022 increased by RMB2,525 thousand over that in Year 2021. Besides, net foreign exchange gain in Year 2022 increased by RMB6,242 thousand over that in Year 2021.

Cost of sales

For Year 2022, cost of sales amounted to RMB43,267 thousand, including primarily land development cost of RMB8,644 thousand and cost of property management service of RMB23,610 thousand. The cost of sales was decreased by 32% over that in Year 2021, mainly due to a decrease in land development cost by 69% in Year 2022 as a result of the completion of Shanghai Golden Luodian Development Co., Ltd. ("SGLD") D1–3 kindergarten project in 2022 (progress in 2021: 95%), as such, the land development cost decreased accordingly. Cost of property management service and other property operations decreased by 5%, which was due to the reversal of the labour risk premium provided in previous years.

Other expenses

For Year 2022, other expenses was RMB110 million, representing a significant increase of 351% over that in the same period of Year 2021, mainly due to the impairment of land development for sale of Shenyang Lixiang New Town Modern Agriculture Co., Ltd. ("Shenyang Lixiang") project of RMB109 million, and the decreases in net fair value loss on financial instruments at fair value through profit or loss of RMB15,345 thousand and net foreign exchange loss of RMB4,724 thousand compared with those for Year 2021.

(Impairment losses)/reversal of impairment on financial assets

For Year 2022, impairment losses on financial assets amounted to RMB25,114 thousand, which was mainly due to the provision of expected credit loss ("ECL") of trade receivable from land development of RMB14,186 thousand as the local government default the payment for times, and additional provisions of ECL of amount due from SRE Investment Holding Limited ("SREI") of RMB14,498 thousand as the fair value of the collateral decreased. While in 2021, the impairment losses on financial assets was reversed by RMB35,978 thousand, which was mainly due to the recovery of part of the default fixed income project.

Finance costs

For Year 2022, total net finance costs amounted to RMB44,615 thousand, representing a decrease of RMB6,346 thousand over that in the same period of Year 2021, mainly due to the decrease in weighted average balance of bank and other borrowings in Year 2022. It was mainly due to the repayment of loan of RMB65,000 thousand to Bank of China in Year 2022. No interest capitalization was accrued for Year 2022.

Share of losses from joint ventures and associates

For Year 2022, the Group's share of losses from joint ventures and associates was RMB9,292 thousand, including shares of gain of RMB2,806 thousand from Nanjing Guoying Zhongxi Development Company Limited ("Nanjing Guoying"), gain of RMB855 thousand from Kaiyuan Education Fund GP Holdings Limited ("Kaiyuan Education"), and gain of RMB1,275 thousand from Kaiyuan Education Fund LP ("Kaiyuan Fund") as most of the other joint ventures and associates were under construction and no stable income was derived at this stage which is similar as that of 2021.

Taxation

For the Year 2022, the Group recorded an income expense tax of RMB49,034 thousand, such income tax was mainly attributable to (i) current income tax expenses of RMB14,969 thousand, which was increased by RMB9,810 thousand compared that of 2021 as the tax loss of Wuhan subsidiary was utilised in 2021; (ii) deferred tax expense of RMB34,093 thousand, which was increased by RMB34,564 thousand compared that of 2021 as the utilisation of tax loss of Wuhan subsidiary and the increase of taxable timing difference of the investment property in Wuhan; and (iii) withholding tax credit of RMB(28) thousand as a result of reverse of prior year accrued withholding tax.

FINANCIAL POSITION

Investment in joint ventures

The balances as at 31 December 2022 increased by RMB41,078 thousand over that at the end of 2021, mainly due to share of losses of RMB11,422 thousand from joint ventures. In addition, the debt to share conversion made by Nanjing Guoying in 2022 contributed to the increase in principal of investment in joint ventures of RMB52,500 thousand.

Investment in associates

The balance as at 31 December 2022 increased by RMB21,268 thousand over that at the end of 2021, mainly because New Town Education Co., Ltd. ("New Town Education"), a wholly-owned subsidiary of the Company, made new contributions of USD600 thousand to Kaiyuan Fund (equivalent to RMB4,188 thousand) during the Year 2022; and the share of additional gain of RMB2,130 thousand from associates and share of other comprehensive loss of RMB14,950 thousand due to foreign currency translation from associates.

Debt instruments at amortised cost (non-current assets)

The balances of debt instruments at amortised cost (non-current assets) for Year 2022 amounted to RMB715 million, a decrease of RMB657 million over that at the end of 2021. Such decrease was mainly because (i) RMB328 million of Taizhou Jingjiang Huaxin Science and Technology Innovation Park Standard Plant Construction Project (non-current assets), RMB107 million of Suqian Yanghe Bio-tech Industrial Park Project (non-current assets) and RMB300 million of Chengdu Jintang Huaizhou New City General Aviation Industrial Park Project (non-current assets) were reclassified to current assets; and (ii) the increase of RMB200 million from Hubei Daye Advanced Manufacturing Standard Plant Construction Project.

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

The balance as at 31 December 2022 amounted to RMB162 million, representing an increase of RMB70,873 thousand over that at the end of Year 2021. It was mainly due to the new investment of USD4,680 thousand (equivalent to RMB29,856 thousand) made to WeRide Project in 2022; the increase in fair value of RMB14,556 thousand; the new investment of RMB10,000 thousand made to Zhongke Weiguang; the new investment of RMB10,000 thousand made to silicon-based bionic project; the increase in fair value of Giant Biogene Project in an amount of RMB10,269 thousand and the increase in fair value of Jiangsu Hongruan in an amount of RMB8,444 thousand.

Investment property

The balance as at 31 December 2022 was RMB1,486 million, increased by RMB10,213 thousand as compared to the balance as at the end of Year 2021. This was due to the adjustment of the cost of the investment properties of RMB2,106 thousand and the increase in fair value of RMB12,319 thousand in Year 2022.

Right-of-use assets

The balance as at 31 December 2022 decreased by RMB6,304 thousand over that at the end of Year 2021, which was mainly due to the increase in structures and motor vehicles of RMB6,240 thousand and the depreciation in right-of-use assets of RMB12,544 thousand in Year 2022.

Other receivables

The balance as at 31 December 2022 decreased by RMB11,068 thousand over that at the end of Year 2021. This was mainly due to the additional provision of ECLs of RMB14,550 thousand for the amount due from SREI, and partly offset by the increase in amount due from a joint venture, Beijing Guowan Real Estate Co., Ltd., of RMB3,881 thousand.

Trade receivables

The balance as at 31 December 2022 decreased by RMB12,845 thousand over that at the end of Year 2021, which was mainly due to the provision of ECL for the trade receivables from land development of RMB14,186 thousand as the local government default the payments for times.

Debt instruments at amortised cost (current assets)

The balance as at 31 December 2022 was RMB947 million, representing an increase of RMB723 million as compared to the balance as at the end the Year 2021. This was mainly due to the collection of the debt instruments on expiration of RMB200 million, the increase in RMB100 million of Yancheng Sheyang Ruiyang Technology Fixed Income Project; and the reclassification of RMB735 million of Taizhou Jingjiang Huaxin Science and Technology Innovation Park Standard Plant Construction Project, Suqian Yanghe Bio-tech Industrial Park Project and Chengdu Jintang Huaizhou New City General Aviation Industrial Park Project from non-current assets to current assets.

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

The balance as at 31 December 2022 of RMB896 million mainly comprises the wealth management products issued by Shanghai Pudong Development Bank ("SPDB") and China Construction Bank.

Other current assets

The balance as at 31 December 2022 of RMB9,693 thousand mainly comprises the value-added tax to be deducted in Mainland China.

Interest-bearing bank borrowings

The balance as at 31 December 2022 decreased by RMB14,304 thousand as compared with the balance as at the end of 2021. This was mainly due to an additional short-term borrowing from China Merchants Bank of RMB15,000 thousand, a repayment of RMB5,000 thousand to China Merchants Bank, a repayment of RMB65,000 thousand to Bank of China, and an additional short-term borrowings of USD4,800 thousand from China Construction Bank (Asia) Corporation Limited in Year 2022. The borrowings were denominated in Renminbi ("RMB"), Euro ("EUR") and United States dollar ("USD"). Details of the bank borrowings are set out in Note 24 to the financial statements.

Trade payables

The balance as at 31 December 2022 decreased by RMB8,646 thousand as compared with the balance as at the end of 2021, which was mainly due to payment by SGLD of the construction expenditure of approximately RMB9,730 thousand, and the provision of construction payable of RMB1,500 thousand based on the progress of performance.

Cash and bank balances

Overall, cash and cash equivalents for the Year 2022 increased by RMB118 million as compared with the balance as at the end of Year 2021, with a balance of RMB504 million as at 31 December 2022, which were mainly due to net cash outflow from operating activities of RMB34 million, net cash inflow from investing activities of RMB227 million, and net cash outflow from financing activities of RMB76 million during the Year 2022. Cash and bank balances were denominated in RMB, Hong Kong dollar, EUR and USD.

Gearing ratio (defined as net debt/the sum of shareholders equity and net debt) as at 31 December 2022 was 12%, which decreased as compared with 14% as at 31 December 2021. This was mainly due to the increase in the Group's cash and cash equivalents of RMB118 million in Year 2022.

OTHERS

Material acquisitions and disposals of subsidiaries, associates and joint ventures

Save as disclosed in the "financial position" section and "details of important events affecting the Group which have occurred since the end of the previous financial year" section in the management discussion and analysis, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the Year 2022.

Significant investments

As of 31 December 2022, Beijing Xincheng Kaiyuan Asset Management Co., Ltd. ("Xincheng Kaiyuan") held the fair value of SPDB's wealth management product "Yue Tian Li (月添利)" of RMB400.889 million, accounting for 6.09% of the Group's total assets. The investment cost amounted to RMB400 million with the expected annualised rate of return of 3.2% and the gain from changes in the fair value of RMB889 thousand recognised in the current year. The type of wealth management product "Yue Tian Li (月添利)" was non-principal guaranteed with floating return, with relatively low risk level, which was in line with the capital management purposes of Group to maximise the utilisation of its surplus cash received from its business operations, with a view to achieving balanced yields whilst maintaining high liquidity and a low level of risk. The wealth management product matured on 5 January 2023 and recovered all investment cost of RMB400 million with investment return of RMB1.052 million. The directors of the Company (the "Directors") consider that the investments are fair and reasonable and in the interests of the Group and the shareholders (the "Shareholders") as a whole.

Save as disclosed, the Group did not hold any significant investments in 2022.

Foreign exchange exposure

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, other receivables, other payables and interest-bearing bank borrowings. The Group will continue to monitor closely the foreign exchange exposure and will implement the necessary hedging arrangement to mitigate any significant foreign exchange risk when and if appropriate.

Treasury policies

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Year 2022. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time. Surplus cash will be invested appropriately so that the Group's cash requirements for the Group's strategy or direction from time to time can be met.

Pledge of assets

During the Year 2022, the Group pledged its investment property to secure the bank borrowings.

Contingent liabilities

Shanghai CNTD Management Consulting Co., Ltd. ("Shanghai Management") is currently a defendant in the lawsuits brought by Shanghai Hengchang Trading Co., Ltd. and Shanghai Yuanyi Industrial Co., Ltd., which were alleged for the over-received amount of RMB14,400 thousand and RMB1,000 thousand, respectively, in relation to certain consideration and payments of the Disposal Assets.

The Directors based on the advice from the Group's legal counsel, believe that Shanghai Management have valid defense against the allegation and, accordingly, the Group has not provided for any claim arising from the litigation, other than the related legal and other costs.

Save as disclosed above, as at 31 December 2022, the Group did not have any significant contingent liabilities.

Employee and remuneration policy

As at 31 December 2022, there were 88 (2021: 93) employees in the Group. During the Year 2022, the total staff cost including Directors' remuneration amounted to approximately RMB56.75 million (2021: RMB51.33 million). 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 Group also provide and arrange on-the-job training for the employees.

Details of important events affecting the Group which have occurred since the end of the previous financial year:

In 2022, China's economy maintained development amid the ever-changing international environment and arduous domestic development. China's economic development encountered three pressures, namely demand reduction, supply disruption and anticipation weakening, due to the impact of the high incidence of the COVID-19; and the international political and economic environment has become increasingly complicated and severe. Encountering both internal and external difficulties and challenges, Chinese economic development remained tough but maintained a stable and slower growth. The national gross domestic product increased by 3% year on year to RMB121 trillion in 2022, and per capita gross domestic product maintained above USD12,000 for two consecutive years with uprising total economic volume and per capita level.

The Group persisted in reform and transformation in 2022. Under the backdrop of the complicated and ever-changing economic environment domestic and abroad, the support of the Shareholders, Wuxi Communications and CDBC, and relying on their resources and strengths, the Group constantly adjusted the direction for business development based on business development and integrated Wuxi Communications' business development strategy of "transportation, engineering construction, aviation industry, transportation technology and manufacturing, transportation finance and investment" with the resources of CDBC in the finance industry, with an intention to becoming a platform integrating "investment, construction, industrial business introduction and operation". Leveraging on the strong strength in industrial resources of Wuxi Communications as a key economic region in Jiangsu province, the Group has strategically incorporated such emerging industries as integrated circuit, biomedicine, high-end manufacturing and artificial intelligence into its business segments and will focus on these new main businesses.

In 2022, the Group accelerated project expansion and stabilised sound operation of performing assets. The rent rate of Optical Valley New Development International Center Project in Wuhan maintained stable, at above 97% in terms of building office, and above 85% in terms of shops, throughout the Year 2022. In terms of principal business expansion in investment in fixed income projects, the Group was well-positioned to developing and reserving projects giving into full play of its customer resources strength accumulated at the preliminary stage. Its balance of fixed income investment portfolio recovered to RMB1.544 billion at the end of 2022, which satisfied its expectation on its annual goal.

The Group also endeavoured more efforts to vitalize existing inefficient assets, and launched overall equity transfer in 2022 for Shenyang Lixiang project, which was proposed to be sold in entirety to Shenyang Hunnan District Government and commenced bidding process at Shenyang United Assets and Equity Exchange ("Shenyang Assets Exchange"). However, the Purchaser failed to participate in the bidding at Shenyang Assets Exchange within the agreed time as failure in implementation of the transaction for financing as planed due to the tight fiscal of the government arising from the pandemic and regulation and control in real estate industry. After a few rounds of communication with the Purchaser about the financing methods, the Group has recorded an impairment for risky projects of RMB109 million in 2022 out of prudence consideration. The Group will enhance communication with the government thereafter to properly address the disposal of the project. For further details, please refer to the announcements of the Company dated 30 June 2022, 12 August 2022 and 28 February 2023 and the circular of the Company dated 18 August 2022.

Wuxi Xincheng Consulting Management Co. Ltd ("Wuxi Xincheng"), a wholly-owned subsidiary of the Company, entered into a structured deposit agreement with China Everbright Bank Company Limited Wuxi Branch on 28 February 2023, pursuant to which, Wuxi Xincheng agreed to subscribe for the structured deposit product of RMB50 million (equivalent to HKD56.43 million) using self-owned resources. For further details, please refer to the announcement of the Company dated 28 February 2023.

FUTURE OUTLOOK

Looking forward to the year 2023, the Group will continue to seek investment opportunities prudently amid challenges. It will maintain business transformation and respond to national guidelines and policies and expand equity investment business in such new economic areas as big health industry, strategic emerging industry, infotech application innovation industry under the guidance of the market, while operating steadily quality assets and divesting existing non-performing assets, to promote high quality and stable development of the Company and create long-term and sustainable core values for Shareholders.

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 the principles and code provisions set out in the Corporate Governance Code (the "CG Code") contained in Part 2 of 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 2022 (the "Financial Year").

CORPORATE STRATEGY

Under code provision A.1.1 of the CG Code, the Board is required to establish the Company's purpose, values and strategy, and ensure that these and the Company's culture are aligned. The Group has adopted the following principle statement as the mission of the Group (the "Mission"):

The Company is an urbanization investment and operation platform with shareholders' background of "local state-owned enterprise + central financial institution". The Company's 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. The Company's goal is to become leading urbanization investor 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 the shareholders of the Company (the "Shareholders").

From strategic decision-making to daily operations, the values of the Company run through, providing guidance for the Company and achieving the Mission. These values include:

— Innovation;

— Hard work;

— Collaboration; and

— Dedication

Since 2014, 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. By leveraging shareholders resources advantage of "local state-owned enterprise + central financial institution", the Company shall take various measures to build a leading national investment and operation brand by integrating financing, investment, development and operation.

The directors of the Company (the "Directors"), management and staff are required to act lawfully, ethically and responsibly. 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, the anti-fraud and anti-corruption policy and the whistleblowing policy of the Group.

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. 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, results of each period, material investments and other significant matters of the Group. The articles of association of the Company (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 at the meetings of the Board, the Board Committees, annual general meeting (the "AGM") and extraordinary general meeting (the "EGM") 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**	**EGM**
Executive Directors (the "EDs")						
Liu Heqiang *(Chief Executive Officer)*[1]	3/4	—	—	—	1/1	1/1#
Hu Zhiwei	4/4	—	—	—	1/1#	1/1
Yang Meiyu	4/4	—	—	—	1/1	1/1
Shi Janson Bing	3/4	—	—	—	1/1#	1/1#
Liu Fangqing[2]	—	—	—	—	—	—
Non-executive Directors (the "NEDs")						
Liu Yuhai *(Chairman)*	4/4	—	—	—	1/1#	1/1#
Li Yao Min *(Vice Chairman)*	3/4	—	—	—	1/1#	0/1*
Wang Jiangang	1/4	—	—	—	0/1*	1/1#
Wang Hongxu	4/4	—	—	—	1/1#	1/1#
Independent Non-executive Directors (the "INEDs")						
Henry Tan Song Kok *(Lead)*	4/4	3/3	2/2	2/2	1/1#	1/1#
Kong Siu Chee	4/4	—	2/2	2/2	1/1#	1/1#
Zhang Hao	4/4	3/3	—	—	1/1#	1/1#
Lo Wai Hung	4/4	3/3	2/2	2/2	1/1#	1/1#

Notes:

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 the meeting via teleconferencing.

1 Resigned as a Director with effect from after the voting and passing of the resolution at the Board meeting held on 23 December 2022.

2 Appointed as a Director with effect from after the voting and passing of the resolution at the Board meeting held on 23 December 2022.

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 A.2.1 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.

Chairman, Vice Chairman, President and Chief Executive Officer

Mr. Liu Yuhai 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, the president of the Company (the "President") is responsible for the overall planning of the Group's business transformation and operational management while the chief executive officer (the "CEO") is responsible for managing the development of projects invested by the Group and the operations of the Company as a whole. Following the cessation of Mr. Liu Heqiang as the CEO after his resignation as an ED on 23 December 2022, Mr. Hu Zhiwei was appointed to perform the duties of CEO on the same date until the new CEO is appointed by the Board. On 31 March 2023, Mr. Hu Zhiwei was appointed as the President and Ms. Yang Meiyu was appointed as the CEO.

All major decisions made by the Chairman, the Vice Chairman, the President and the CEO are reviewed by the Board. As the Chairman is not an 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 2022, the Board comprised twelve (12) members: four (4) EDs, four (4) 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 17 to 23 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.

Mechanism(s) Ensuring Independent Views Available to the Board

The Board has adopted a board independent evaluation mechanisms during the Financial Year for Directors to seek independent professional advices for them to discharge their duties and responsibilities, and to ensure a strong independent element on the Board, which allows the Board to effectively exercise independent judgement to better safeguard Shareholders' interests. The Board has reviewed the implementation and effectiveness of the mechanisms and considered the same remain effective to ensure independent view and input are available to the Board for the Financial year.

Continuing improvement and development of the Board and its committee processes and procedures through Board independence evaluation provides a powerful and valuable feedback mechanism for improving Board effectiveness, maximising strengths, and identifying the areas that need improvement or further development. The evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board performance, for instance, addressing individual training and development needs of each Director.

Directors may, in making decisions to perform their duties as Directors, seek such independent professional advice and opinions as they considered necessary to fulfil their responsibilities and in exercising independent judgement at the Company's expense (the "Policy"). Independent professional advice shall include advice of lawyers, auditors, accountants, financial advisers and other professional on matters of law, accounting, tax and other regulatory and professional matters. If the Directors consider that independent professional advice and views are necessary, the Directors should communicate with the ED or the Company Secretary and to provide background and details of the events and/or transactions and/or the issues involved and/or their problems, questions, concerns or specific advice to be sought. Subject to the approval of the Board, the Company or the Directors shall contact a professional adviser within a reasonable period of time to seek independent professional advice. Any advice obtained through the Policy shall be duly documented and made available to other members of the Board.

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 C.1.4 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 current Directors during the Financial Year is summarised as follows:

Name of Directors	Topics of training covered[Note]
Mr. Liu Yuhai (Chairman and NED)	A, B, C
Mr. Li Yao Min (Vice Chairman and NED)	A, B, C
Mr. Liu Heqiang (CEO and ED) [Note 1]	A, B, C
Mr. Hu Zhiwei (Vice President and ED)	A, B, C
Ms. Yang Meiyu (ED)	A, B, C
Mr. Shi Janson Bing (ED)	A, B, C
Mr. Liu Fangqing (ED) [Note 2]	A, B, C
Mr. Wang Jiangang (NED)	A, B, C
Mr. Wang Hongxu (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. Lo Wai Hung (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

1 Resigned as a Director and ceased to act as the CEO with effect from after the voting and passing of the resolutions at the Board meeting held on 23 December 2022.

2 Appointed as a Director with effect from after the voting and passing of the resolutions at the Board meeting held on 23 December 2022.

NOMINATION MATTERS

Board Membership and NC

As at 31 December 2022, 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. Lo Wai Hung — Chairman
Mr. Kong Siu Chee — Member
Mr. Henry Tan Song Kok — Member

The NC adopted the terms of reference on 31 March 2017 and amended on 16 April 2021. 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; and

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.

The Company has received written annual confirmation of independence from each of the INEDs 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"), Zhang Hao ("Mr. Zhang") and Lo Wai Hung ("Mr. Lo") are independent.

As at the date of this Annual Report, Mr. Kong, Mr. Tan and Mr. Zhang have served as the INEDs 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 two (2) meetings.

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 the recommendation on the appointment of Director 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 structure, size and 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.

For the Financial Year and as at the date of this annual report, the Board consists of eleven (11) male members and one (1) female member. The NC considered that the Board was sufficiently diverse in terms of gender, background and experience, thus the Board had not set any measurable objectives. The Board will consider setting measurable objectives to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

Diversity in Workforce

During the Financial Year, among all the employees (including senior management) of the Group, male employees accounted for 62.5% and female employees accounted for 37.5%. The Group believes that the gender ratio of employees is within the reasonable range.

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
Liu Yuhai	18 October 2021	24 June 2022	NED and Chairman	None	None
Li Yao Min	11 January 2007	24 June 2022	NED and Vice Chairman	None	None
Hu Zhiwei	18 October 2021	24 June 2022	ED and President	None	None
Yang Meiyu	28 March 2014	24 June 2022	ED and CEO	None	None
Shi Janson Bing	12 August 2016	24 June 2022	ED	None	None
Liu Fangqing	23 December 2022	—	ED	None	None
Wang Hongxu	18 October 2021	24 June 2022	NED	None	None
Feng Xiaoliang	31 March 2023	—	NED	None	Director of the following companies: • Guangzhou Kingmed Diagnostics Group Co., Ltd. until 27 October 2020; and • Hillstone Network Communications Technology Co., Ltd. (山石網科通信技術股份有限公司) until 23 December 2021. Non-executive director of the following company: • New Century Healthcare Holding Co. Limited until 31 December 2020

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
Henry Tan Song Kok	25 September 2007	25 June 2021	Lead INED	Chairman of AC, a member of each of NC and RC	Independent non-executive director of the following companies: • Asia Vets Holdings Ltd; • BH Global Corporation Limited; • Dyna-Mac Holdings Ltd; • Penguin International Limited; • Trans-China Automotive Holdings Limited; • Yinda Infocomm Limited until 28 October 2020; and • YHI International Limited until 30 August 2021.
Kong Siu Chee	30 November 2006	24 June 2020	INED	Chairman of RC and a member of NC	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
Lo Wai Hung	30 December 2021	24 June 2022	INED	Chairman of NC, a member of each of AC and RC	Independent non-executive director of the following companies: • C Cheng Holdings Limited; • Talent Property Group Limited; • Tibet Water Resources Ltd; and • Shandong Weigao Group Medical Polymer Company Limited until the conclusion of its AGM held on 6 June 2022. Non-executive director of the following company: • SY Holdings Group Limited (formerly known as Sheng Ye Capital 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.

Pursuant to Articles 86(1) and 86(2) of the AoA, Mr. Liu Yuhai, Mr. Henry Tan Song Kok, Mr. Kong Siu Chee and Mr. Zhang Hao will retire by rotation at the forthcoming AGM shall eligible for re-election thereat.

Pursuant to Article 85(7) of the AoA, Mr. Liu Fangqing and Mr. Feng Xiaoliang will retire at the forthcoming AGM and shall then be eligible for re-election thereat.

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 2022, 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. Lo Wai Hung — Member

The RC adopted the terms of reference on 31 March 2017 and amended on 16 April 2021. Its principle functions are to:

1. 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;

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

3. make recommendations to the Board on the remuneration of non-executive Directors.

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 two (2) meetings to review and recommend the remuneration of the EDs and the senior management, the fees payable to the INEDs and the remuneration package of a newly appointed ED.

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 29 to the financial statements.

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

	2022
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 President and the chief financial officer of the Company (the "CFO"). 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 PricewaterhouseCoopers Business Consulting (Shanghai) Co., Limited Beijing Branch, 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, financial reporting functions and those relating to the Environmental, Social and Governance ("ESG") performance and reporting, 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 (including ESG risks), the scope of work in relation to continuous monitoring of risks (including ESG 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 risk management and internal control systems 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 2022, 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 President 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 President 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 2022, 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. Lo Wai Hung — Member

Mr. Henry Tan Song Kok possesses accounting and related financial management expertise and experience. The Board considers that Mr. Zhang Hao and Mr. Lo Wai Hung have sufficient financial knowledge and experience to discharge their responsibilities as members of the AC.

The AC adopted the new terms of reference on 31 March 2017 and amended on 16 April 2021. Its principal functions are to:

1. review the financial reporting process, management of financial risks and the audit process;

2. 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);

3. review the scope and results of the internal audit procedures;

4. 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;

5. review the interim and annual announcements on the results and financial position of the Company and of the Group;

6. review the co-operation and assistance given by the management to the Group's external auditors;

7. 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;

8. make recommendations to the Board on the appointment, re-appointment and remuneration of the external auditors of the Company;

9. evaluate the adequacy and adherence of the risk management and internal control systems including administrative, operating and internal accounting control of the Group; and

10. 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 three (3) 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, the cost effectiveness of its audit and the risk management and internal control systems of the Group, the annual results for the year ended 31 December 2021 and interim results for the six months ended 31 June 2022 as well as the anti-fraud and anti-corruption policy and the whistle blowing policy. 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 2021 and 2022 are set out below:

	2022	2021
	RMB'000	RMB'000
Annual audit fee	**2,200**	1,900
Other assurance service fee	**150**	600
Total	**2,350**	2,500

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 111 to 115 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 2023 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.

Anti-fraud and Anti-corruption Policy

The Company has established an anti-fraud and anti-corruption policy to promote and support anti-corruption laws and regulations. The Group is committed to achieving the highest standards of integrity and ethical behaviour in conducting business.

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 C.6.1 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 contact with the former CEO, Mr. Liu Heqiang and the President, Mr. Hu Zhiwei following the resignation of Mr. Liu Heqiang as an executive Director on 23 December 2022 or their delegates.

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 21 days was given to the Shareholders for the 2022 AGM. Sufficient notice was given in accordance with the AoA and the laws of British Virgin Islands in which the Company is incorporated.

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 Zhixin Investor Relations Consultant Limited（智信財經公關顧問有限公司）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.

Policy relating to Shareholders

The Company has in place a shareholders' communication policy to ensure that Shareholders' views and concerns are appropriately addressed. The policy is regularly reviewed to ensure its effectiveness.

Shareholders and potential investors are welcome to communicate with the Company or put forward enquiries, direct questions, request for publicly available information and provide comments and suggestions to the Board or management of the Company 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.

During the Financial Year, the Board has reviewed the implementation and effectiveness of the shareholders' communication policy including steps taken at the general meetings, the handling of queries received (if any) and the multiple channels of communication and engagement in place, and considered that the shareholders' communication policy has been properly implemented during the Financial Year and is effective.

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 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.

The Board proposed to amend the AoA at upcoming AGM in order to (i) bring AoA in line with the core shareholder protection standards set out in Appendix 3 to the Listing Rules which took effect on 1 January 2022; (ii) reflect certain updates in relation to the applicable laws of the British Virgin Islands; and (iii) to make some housekeeping amendments.

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 President, 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

In the year 2022, the world has gradually recovered from the COVID-19 pandemic (the "pandemic"), with the relief of prevention and control measures such as social distancing and lockdowns. At the same time, people's concerns about climate change and sustainability are escalating as they are developing a new living and working style under the new normal in the post-pandemic era.

Meanwhile, with the 27th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP27) successfully held in November 2022, the world has now once again realised the importance of sustainable development and the urgent need for deep, rapid and sustained reductions in global greenhouse gas emissions. Both developed and developing countries reaffirmed their commitment in the event to limiting global temperature rise to 1.5 degrees Celsius above pre-industrial levels. Besides, countries' focuses have also expanded to include not only prevention of climate risks, but also concerning the adaptation and resilience under various scenarios of climate change.

As for China, 2022 was the interim of its 14th Five-Year Plan (2021–2025) (the "Plan"), which was the crucial period for review and amendment. The Plan emphasises China's pollution reduction, energy efficiency enhancement and resource conservation commitment and states the corresponding targets to realise its ambitions. In particular, it is stated that carbon dioxide emissions reduction per unit of GDP should drop by 18%, while an 13.5% reduction in the nation's energy consumption per unit of GDP is expected at the end of the 14th plan in 2025. China has been striving to modify its development approach to embrace the environment along its economic expansion, aiming to acquire high-quality economic growth and high-standard environmental protection at the same time. In addition to the just transition towards a low-carbon future, China is also devoted to creating a sustainable world through realising the goals set by the United Nations 2030 Agenda for Sustainable Development. For instance, China has recently declared successful elimination of absolute poverty, while the urban-rural income gap was closed significantly in the recent years. Meanwhile, keeping abreast with the international sustainable development trend in pursuing equality, China has also established a comprehensive legal system for empowering and protecting the rights and interests of women and children.

Upholding our mission of enhancing the region's urbanisation level and citizens' living quality, while reckoning the collective goal of sustainable development and the urgency of limiting the greenhouse gases ("GHG") emissions, China New Town Development Company Limited (the "Company") and its subsidiaries (collectively as the "Group") have relentlessly leveraged its financial strength, systematic network resources, extensive experience in urbanisation and vision for sustainability to create value for all. Given the rapid development in China, the Group is committed to identifying the opportunities and challenges behind the fast trend of urbanisation from the perspective of sustainability. The Group has spared no effort in operating its business in accordance with environmental, social and governance ("ESG") policies to demonstrate its dedication in fulfilling corporate responsibility. To progress further in ESG matters, the Group treats ESG-related concerns and regulatory requirements as drivers to prosperity and business opportunities. Over the years, the Group has incorporated a comprehensive ESG management strategy into its "investment + downstream operation" business model and has successfully taken the environment and society into account during new town development.

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") under the "Comply or Explain" provision, the Group is pleased to present its seventh ESG report for the year ended 31 December 2022 ("FY2022"), which demonstrates the Group's approach and performance in terms of ESG management and corporate sustainable development for FY2022. For corporate governance section, please refer to the Group's 2022 Annual Report (Page 30 to 49).

Boundary Setting

Adopting the operational control approach, this ESG Report covers businesses where the Group has complete authority to create and apply operating policies. As such, this Report mainly covers the environmental and social performance of the Group's office in the 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 property under the management of the Group's subsidiary, namely the Optical Valley New Development International Centre (光谷新發展國際中心).

To illustrate its endeavours in ESG management, the Group has included the Optical Valley New Development International Centre in this ESG Report to embrace a more comprehensive reporting boundary. The Centre is located in the Wuhan Optical Valley High-tech Development Zone, which is a nationwide renowned optoelectronic and semi-conductor industry base with a total floor area of 172,496 m^2, offering flexible coworking spaces to start-up companies and individuals.

Reporting Principles

Based on the Reporting Principles as stated in the HKEx ESG Guide, the report has been prepared following the principles of Materiality, Quantitative, Balance and Consistency. Below is a description of where the principles have been applied throughout this ESG Report.

Materiality:

The Group has gathered opinions and ideas from stakeholders through science-based and objective materiality assessments to highlight material impacts. The materiality assessments identify ESG topics that are crucial to the Group's sustainable development and issues stakeholders value the most. For more information, please refer to section "Stakeholders Engagement".

Furthermore, the Group has thoroughly analysed its GHG profile and disclosed its Scope 1 and Scope 2 GHG emissions despite its business nature that is not carbon-intensive in strong support to the recommendations of the Task Force on Climate-Related Financial Disclosure ("TCFD").

Quantitative:

To explicitly show the Group's ESG accomplishment, the report quantitatively illustrates the Group's performance with regards to various ESG approaches and measures. A summary of the Group's environmental and social performance was included, strictly conforming to the Key Performance Indicators ("KPIs") outlined in the ESG Guide. It is worth noting that a Sankey Diagram is also presented to depict the Group's geographical patterns of GHG footprints, intending to provide well-presented data. Meanwhile, all related calculation methods, assumptions and conversion used are clearly stated in the footnote of the corresponding performance tables for reference.

Balance:

This Report provides an unbiased description of the Group's current sustainable progress by including achievements and room for improvement during the year under review. The Group objectively summarised its ESG data and did not intentionally omit any information.

Consistency:

This Report embraces a consistent reporting framework that follows the ESG Guide to monitor the changes in ESG development of the Group effectively. Its computation methods and scope are the same as in previous years, facilitating the comparison. Meanwhile, should there be any significant changes in the calculation methodologies, KPIs used or reporting framework used, clear explanation will be stated accordingly.

Information Disclosure

This ESG report's information 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 also referenced to internationally recognised framework during report preparation. A complete content index and a Global Reporting Initiative Standards ("GRI Standards") linkage table are available at the end of this ESG report for readers' convenience to check its integrity. This Repot was prepared in both English and Chinese. If there is any conflict or inconsistency, the English version shall prevail.

III. SUSTAINABILITY MANAGEMENT

The Group acknowledges corporate responsibility and sustainable development are essential to its long-term growth. Over the years, the Group has been optimising its sustainability management approach and upholding a robust, diverse and structured governance structure to handle ESG risks properly and grasp opportunities tightly.

The Group deeply recognises the vital role of the Board of Directors (the "Board") in ESG policies execution and supervision. As such, the Board leads the Group toward sustainability by integrating the "Top-down" approach in its management, intending to facilitate communication and coordinate employees of all levels. Besides from overseeing all ESG-related matters across the Group including the annual ESG Reporting matters, the Board also holds the ultimate responsibility for spotting any potential ESG risks and ensuring the effectiveness of the Group's ESG policies. Through conducting annual Materiality Assessment and receiving regular reporting from the management teams and company secretary, the Board ensures that ESG risks of the Group are managed and controlled. The Board has continuously supervised and monitored the implementation of risk management through well-defined sustainability metrics and the functioning of internal control systems of the Group.

Meanwhile, the management teams delegated by the Board are accountable for supervising and tracking the implementation of sustainability practices and advising the solutions to problems from the real time execution, while the general employees are required to follow the plans and report practical experiences during daily operations to the management.

Furthermore, the Group has been in the progress of setting up an ESG committee to assist the Board in ESG matters management. Comprised of members who are in relevant field such as those holding the membership of the Institute of Singapore Chartered Accountants Sustainability & Climate Change Reporting Committee, the committee is deemed to deliver timely ESG information to the Board, including the progress, budgets and the latest policies to facilitate the Board to make appropriate and informed decisions.

Acknowledging the global demands on sustainability and the overarching Beautiful China Initiative of China, the Group has strived to perform better in ESG aspects. Each part of the Group performs its respective responsibilities orderly and collaborates with each other effectively to promote sound ESG management. Since FY2021, the Group has set a series of clear and long-term targets under environmental subject, which will be taken as a guide that leads the Group's staff to pursue success in forging a resilient and sustainable enterprise. All the targets and metrics used for tracking the progress are universally applicable to its businesses and closely related to the Group's operations as well as sustainability plans. The Board will review and monitor the performance and progress of the Group in achieving the well-established goals on an annual basis.

ESG Management

Board of Directors

- Overseeing the Group's sustainability practices
- Formulating and approving ESG-related policies
- Identifying ESG-linked risks and opportunities
- Approving the materiality assessment results
- Directing the Group toward sustainability

Management Teams

- Implementing and monitoring the Group's ESG practices at the operational level
- Addressing the problems arose from real operations
- Reporting spotted issues and delivering important information to the Board
- Coordinating the stakeholders engagement and facilitating their participation in the Materiality Assessment

Employees Across All Departments

- Following the policies and practices outlined by the Board
- Reporting operational problems to the management
- Making use of innovative approaches and technologies for financing and project management with considerations of ESG criteria

Top-down approach with communication and idea exchange

IV. BOARD STATEMENT

Dear valued stakeholders,

Since China takes the view that urbanisation and cities are essential for economic development and prosperity, it has made relocating people to well-developed areas as a priority. Attributed to the "new urbanisation strategy" outlined in the 14th Five-Year Plan, we believe there are tremendous opportunities for development projects in the coming years.

Management approach

In 2022, the world has been gradually recovering from the influence inflicted by the pandemic. Yet, we acknowledge that there are increasing concerns amid the market and business resumption, with more people paying attention to ESG issues. Even though stepping up the urbanisation brings business opportunities to the Group, tremendous environmental nuisances and wider income gaps may be associated, which are of concerns to the general public.

As such, we strive to incorporate environmental and societal matters into our business operations and management approach, hoping to align with stakeholders' expectations. In 2022, we gathered and analysed stakeholders' insights on material ESG issues through the Materiality Assessment and optimised our business strategies, directions and approaches taking into account their interests and concerns.

Besides, we are devoted to responsible investment to align with our core value of identifying and turning potential risks into opportunities. Being a leading enterprise in new town development, we endeavours to design, construct and operate new towns in a sustainable manner by applying ESG factors in project screening and supplier selection. We instill ESG consideration into our "investment + downstream product operation" model to engage in sustainable-orientated projects only. 2022 was another meaningful year for us as we have progressed in these aspects while making various accomplishments on the contribution to the UN SDGs.

Climate change actions

Climate change was another issue that came to the spotlight in 2022. With the increased frequency and severity of extreme weather, people started to recognise the threats associated with greenhouse gas emissions and carbon footprints. In addition, nations in every part of the world also reaffirmed their carbon reduction commitment in the COP27 held in November 2022 and were devoted to limiting the global temperature rise. Amongst all, China continued to hold on to its "Dual Carbon Goals" of peaking its carbon emissions by 2030 and reaching carbon neutrality before 2060 through launching stricter policies and guidance for building ecological civilisation in pursuit of green development and a low-carbon future.

To support the meaningful targets and address any potential transitional risks arose, we have set emission and resource consumption targets accordingly, aiming to gradually step towards the common goal. Specifically, we quantify our GHG emissions based on well-defined scopes for better monitoring and comparison and plan to utilise climate-related scenario analysis to identify potential problems as soon as possible. Showcasing environmental achievement and eliminating risks boost our reputation and competitiveness in the long term, which is believed to be beneficial to our prosperity. For more information about our environmental targets and corresponding actions, please refer to the sub-section "Targets and Actions".

Robust governance structure

To demonstrate our commitment, we continue to uphold our robust governance and management system in the reporting year. As part of our sound management approach, the Board continues to oversee the ESG issues of the Group through a top-down management approach and takes the utmost responsibility for the overall ESG issues. Meanwhile, the dedicated management team of the Group is also constantly responsible for executing, monitoring and supervising the outlined ESG practice at the operational level. More importantly, the Group coordinates and communicates with general staff to facilitate the execution of ESG policies and gathers their insights to adjust the policies. In FY2022, with our Board member attaining sustainability related professional memberships, we continued to monitor the market demand and regulatory requirements, and we are committed to setting up a specific ESG Committee or ESG Task Force which is responsible for specifically handling and facilitating the Board's oversight on ESG issues when substantial needs are identified.

Looking ahead

With respect to 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 emphasises green development and human well-being, we will continue our effort in environmental protection and poverty elimination. Environmental commitments, social responsibilities and effective governance framework will be our main focus in the coming years, dedicated to being an ESG leader in the industry and bringing positive influence to society.

On behalf of the Board of Directors, we would like to take this opportunity to thank the stakeholders for their support in the transition towards sustainability. We highly appreciate all parties' efforts, insights and professional opinions.

Best regards,

Hu Zhiwei
Executive Director and President
China New Town Development Company Limited

V. STAKEHOLDER ENGAGEMENT

Reckoning the importance of stakeholders' views in developing sustainable and purpose-aligned strategies, the Group has actively engaged its internal and external stakeholders to consult their concerns and interests. To create a solid and trustful relationship with the stakeholders and conduct a comprehensive Materiality Assessment, the Group has sustained effective two-way dialogues with its key stakeholders through channels listed in the table below.

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	— Protect the legitimate labour rights and interests of employees — Health and safety in the workplace — Eco-friendly daily operations — Internal training and development opportunities — Undertake the social responsibility of the state-owned enterprise — Promote local employment and develop educational projects — ESG regulation compliance — Risk management	— 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 — Law compliance — ESG governance	— 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 and 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

Acknowledging the increasing attention on the United Nations Sustainable Development Goals ("SDGs"), the Group strives to incorporate the SGDs into its goals to create a common language with worldwide companies. With reference to the SDG Impact Standards, the Group has proactively managed its strategies, management approach, solutions and services to fulfil and contribute to the sub-targets of the SDGs. Elaboration on the Group's ESG strategies, programs, and goals that support the specific SDGs are detailed below.

The SDGs Alignment

Transparency
- Disclosing the Group's ESG performance annually in an unbiased manner

Strategy
- Committing to operating responsibly and taking the environment and society into consideration
- Fathoming the connections between various SDGs and the Group's business
- Identifying material SDGs through stakeholders' engagement
- Setting targets aligned with the SDGs

Governance
- Monitoring the ESG trends and identifying associated risks and opportunities through communication and reporting
- Adopting a top-down approach to ensure the coverage of the entire group

Management Approach
- Integrating sustainability strategy into the Group's direction and culture
- Prioritising material SDGs topics in decision-making
- Seeking continuous improvement in ESG reporting, management and performance

In FY2022, the Group engaged its stakeholders through online survey to identify their expectations and emphasis on the SDGs. On top of the five prioritised SDGs identified in FY2021, namely, Goal 3 (Good health and well-being), Goal 4 (Quality education), Goal 5 (Gender equality), Goal 6 (Clean water and sanitation) and Goal 7 (Affordable and clean energy), the Group further identified Goal 3 (Good health and well-being) and Goal 4 (Quality education) as its focus areas among the total 17 SDGs during the year under review. In response to the call and interest of stakeholders, the Group will allocate more resources to these areas and set metrics to monitor the corresponding achievements.

Corporate realisation of the UN Sustainable Development Goals ("SDGs")

3 GOOD HEALTH AND WELL-BEING

Reckoning that the health and well-being of people is pivotal to its operations and growth, the Group has allocated resources to ensure enough support for the community, especially the vulnerable groups. For instance, to render universal access to childcare services and promote elderly healthcare, the Group has implemented healthcare and retirement projects such as the specific planning approval and construction of the Junzhuang Project.

Besides, the Group has also provided the employees with medical health insurance and executed internal policies to ensure occupational health and safety. In view of the threats on public health caused by the pandemic and the imminent challenge to the healthcare system imposed throughout the past few years, the Group has responsively enforced pandemic preventive measures according to the local government guidelines. In particular, the Group conducted body temperature checking, distributed protective equipment, maintained office ventilation and organised disinfection works to safeguard its employees and minimise health risks.

Target: *The Group strives to maintain zero work-related injuries or incidence of occupational hazard in next five years*

4 QUALITY EDUCATION

The Group believes education contributes to success and prosperity, and thus it encourages inclusive and equitable quality education and promotes lifelong learning opportunities for all. To support the central government's direction of "developing a fair and quality education system", the Group has incorporated comprehensive and diversified education in its urbanization projects. The Group has allocated Kaiyuan Education Fund LP to build an international bilingual K-12 school and a Reigate Grammar Bilingual School. Furthermore, the Group has also donated money to remote areas to improve their education quality.

The Group also values employees' personal development. Therefore, the Group has also supported vocational education and training through well-designed programs such as QingXueTang (輕學堂), HuiXianMingJia (匯賢名家) and LeBanBan (樂班班). The Human Resources Department is responsible for organising training workshops regularly to enrich the staff. Each business unit also implements coordinated corporate policies on vocational training to organise weekly learning and training activities.

Target: *The Group strives to equip each employee with at least one training annually*

5 GENDER EQUALITY

The Group believes that both genders are equally important to the Group's development. Acknowledging that equality is fundamental to its ethical operation, the Group strives to eliminate discrimination through implementing internal policies such as regulating the recruitment, promotion and dismissal processes, as well as preventing sexual harassment. In FY2022, the Group employed 47 female employees, accounting for around 40% of the total number of its annual workforce.

Besides, the Group is also dedicated to providing equal opportunity for everyone. In FY2022, the Group provided training for 38 female staff, demonstrating the Group's commitment to empowering females. The Group also engaged females in recreational activities and gathering so as to build cohesion. Commit beyond its own operation boundaries, the Group also performs assessments on suppliers' compliance with recognised standards, regulations or laws in relation to protecting the rights of female employees.

Target: *The Group strives to eradicate work-related gender discrimination or sexual harassment within the Group*

6 CLEAN WATER AND SANITATION

Water resources are essential yet precious and limited. Given the Group's business nature of planning, managing and operating new towns, it is of great importance for the Group to guarantee the public's access to clean water and sanitation. The Group recognises water sourcing is not a "free lunch" and is committed to conserving water by implementing internal policies to manage water usage and analysing the water footprint so as to optimise the corresponding guidelines accordingly. The Group has also promoted the reuse of fresh water among employees to improve overall water efficiency.

Target: *The Group aims at maintaining its water consumption intensity at the level of FY2022 and hopes to gradually reduce its water consumption intensity on a yearly basis*

7 AFFORDABLE AND CLEAN ENERGY

Recognising that the traditional form of energy sources expedite climate change and are contrary to the national goals, the Group looks for sustainable alternatives and is dedicated to raising energy efficiency. One of the Group's urgent missions is to improve energy usage performance while not compromising its excellence in business operations.

The Group endeavours to filter out energy-intensive investments for urbanisation projects by integrating climate-related risks into project analysis. In regards of its daily operations, the Group strives to lower its energy consumption with dedicated practices implemented, including switching off idle electrical devices and purchasing energy-efficient equipment with energy labels indicating the good environmental performance.

Target: *The Group strives to seek opportunities and make good use of innovative technologies to decrease the Group's energy intensity further*

Materiality Assessment

Given that different business natures and models are associated with various ESG risks and opportunities, it is of great importance to identify the Group's ones. As such, the Group engaged its stakeholders to conduct a Materiality Assessment survey yearly to identify their main concerns and material interests in ESG issues.

In FY2022, the Group conducted its stakeholder engagement activities through entrusting a third-party agency to enhance the credibility and objectiveness of the Materiality Assessment. Specifically, a group of internal and external stakeholders including suppliers, customers, general employees, managerial staff, senior management and professionals were identified, prioritised and selected based on their influence and dependence on the Group. With reference to the principles set out in ISO 26000 (Guidance on Social Responsibility), the Group prioritised and weighted its stakeholders against criteria including legal obligations, power of influence, significance in the value chain and willingness for engagement. Representatives from each selected stakeholder group are then invited to participate in the online survey to express their concerns on a list of ESG matters which are deemed to be material to the Group's business development. The results of the surveys are analysed to generate a materiality matrix, in which matters the stakeholders concerned the most are shown. The analytical result is used as a reference and guidance for the Group to develop its ESG strategies and action plans.

Among a wide range of internal and external stakeholders, the Group believes the opinions of its most relevant and material stakeholder groups through a fair and proper process are key to the accuracy and meaningfulness of the Materiality Assessment that informs decision-making processes. As such, the "Analytic Hierarchy Process" (AHP), which is a structured technique of assigning weights to different groups by pairwise comparisons is used to prioritise the Group's stakeholder groups. Six criteria namely Vulnerability, Influence, Legitimacy, Willingness for engagement, Contribution and Necessity of involvement are used for the comparison amongst the stakeholder groups. 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

Materiality Assessment Factors

1.	GHG Emissions	**15.**	Product/Service Quality and Safety
2.	Energy Management	**16.**	Customer Privacy and Data Security
3.	Water and Wastewater Management	**17.**	Marketing and Promotion
4.	Solid Waste Stewardship	**18.**	Intellectual Property Rights
5.	Climate Change Mitigation and Adaptation	**19.**	Labelling Relating to Products/Services
6.	Renewable and Clean Energy	**20.**	Business Ethics and Anti-corruption
7.	Labour Practices	**21.**	Internal Grievance Mechanism
8.	Employee Remuneration and Benefits	**22.**	Participation in Philanthropy
9.	Occupational Health and Safety	**23.**	Cultivation of Local Employment
10.	Employee Development and Training	**24.**	Support of Local Economic Development
11.	Green Procurement	**25.**	Business Model Adaptation and Resilience to Environmental, Social, Political and Economic Risks and Opportunities
12.	Engagement with Suppliers	**26.**	Management of the Legal and Regulatory Environment (regulation-compliance management)
13.	Environmental and Social Risk Management of Supply Chain	**27.**	Critical Incident Risk Responsiveness
14.	Supply Chain Resilience	**28.**	Systemic Risk Management (e.g. Financial Crisis)

As presented in the materiality matrix, the Group identified "Business Ethics and Anti-corruption", "Internal Grievance Mechanism" and "Management of the Legal and Regulatory Environment (regulation-compliance management)" as the top three material issues for its operations. Reckoning the concerns on these ESG factors, the Group is devoted to reviewing and identifying the risks and opportunities in these areas, while relevant management measures will be 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

Reckoning natural resources are limited and environmental pollutions are irreversible, the Group is committed to reducing its environmental nuisances during its operations. In FY2022, the Group complied with relevant environmental laws and regulations in cities of the PRC and Hong Kong, including 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 comprises of the Group's environmental-related policies, practices, and quantitative data on emissions, use of resources, the environment and natural resources as well as climate change in FY2022.

A.1 Emissions

The Group strongly agrees with the thought of President Xi on "Lucid waters and lush mountains are invaluable assets" (綠水青山就是金山銀山), thus always bearing in mind the importance of environmental protection and environmental sustainability during its operations. In FY2022, the Group complied with the 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.

In November 2022, global leaders reaffirmed their carbon reduction goals in COP27, highlighting the urgency to achieve the Paris Agreement's target of limiting the average global temperature increase to 1.5℃ (above pre-industrial levels). In view of the ambitious "3060" national goal and the policy approach on building ecological civilisation, the Group reckons that it should take actions to minimise its environmental impacts including reducing its GHG emissions in order to stay align with and support the national goals.

In order to demonstrate the Group's commitment and to expedite its improvement on environmental stewardship, environmental emissions controls have been integrated into the business portfolio of "urbanisation investment" and "downstream operation". The Group takes the environment into account when making business activities and investment decisions. In specific, the Group advocates the application of intelligent technologies to manage natural resources usages better and adopts equipment with high energy efficiency. For the livelihood improvement project investments, the Group consider environmental compliance and ecological benefits in conjunction with the Group's management approach and objectives, hoping to create the most incredible value to shareholders.

In FY2022, air pollutants emitted by the Group mainly included sulphur oxides ("SOx"), nitrogen oxides ("NOx") and particulate matter ("PM"), which equalled to 3.4 kg, 179.1 kg and 40.7 kg respectively. The main sources of these air pollutants are vehicles for business commuting.

In the meantime, the Group produced 16.0 tonnes of non-hazardous solid wastes and 156,542.0 m^3 of non-hazardous wastewater from its business activities and offices. During the year under review, there were no hazardous wastes and wastewater generated. The Group's total emissions in FY2022 are summarised in Table 1 below.

Table 1 The Group's total emissions by category in FY2021 and FY2022[8]

Emission Category	Key Performance Indicator (KPI)	Unit	Amount in FY2022	Intensity[1] (Unit/ Million RMB) in FY2022	Amount in FY2021	Intensity[1] (Unit/ Million RMB) In FY2021)
Air Emissions[2]	SOx	Kg	3.4	8.30×10^{-3}	2.7	9.96×10^{-3}
	NOx	Kg	179.1	0.44	142.4	0.52
	PM	Kg	40.7	0.10	31.6	0.12
GHG Emissions	Scope 1[3] (Direct Emissions)	Tonnes of CO_2e	1,001.9	2.47	526.8	1.94
	Scope 2[4] (Energy Indirect Emissions)	Tonnes of CO_2e	9,412.3	23.20	9,824.5	36.12
	Scope 3[5] (Other Indirect Emissions)	Tonnes of CO_2e	83.3	0.21	106.0	0.39
	Carbon offset by tree planting[3]	Tonnes of CO_2e	840.1	—	0.58	—
	Total (Scope 1 & 2 & 3)	Tonnes of CO_2e	9,657.3	23.81	10,456.7	38.44
Non-hazardous Waste	Solid Wastes[6]	Tonnes	16.0	0.04	14.8	0.05
	Wastewater[7]	m^3	156,542	385.89	152,776.7	561.68

1 Intensity was calculated by dividing the amount of air, GHG and other emissions by the operating income of the Group in FY2022 and FY2021 respectively, which was 405,668 RMB'000 in FY2022 and 272,000 RMB'000 in FY2021;

2 Air emissions included the air pollutants in the vehicle exhaust gas from the combustion of fossil fuels for business transportation, as well as the stationary combustion of gaseous fuel during its operations;

3 The Group's Scope 1 (Direct Emissions) included only the consumption of fuels for motor vehicles and boiler operations. The carbon offset included GHG removals by 36,501 trees;

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

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;

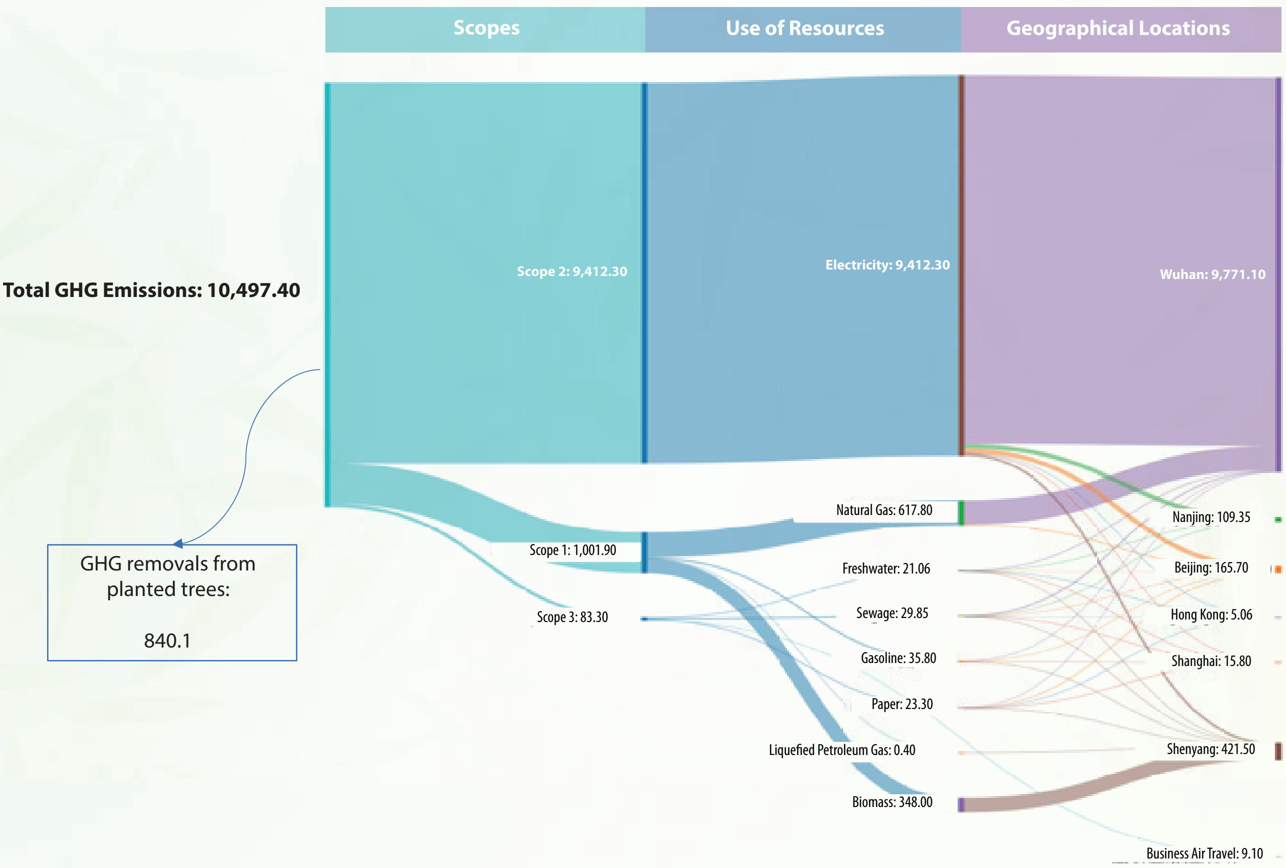
6 The solid wastes only covered domestic and commercial wastes from the property buildings where the Group's employees worked;

7 Except the headquarter in Beijing, the wastewater generated from the Group 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 was based on the assumption that 100% of the consumed fresh water entered the municipal drainage system; and

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, GHG Protocol Corporate Standard and the IPCC Emission Factor Database.

A Sankey diagram has been formulated to better illustrate the GHG emissions of the Group, especially from the perspective of geographical locations, use of resources, and emission scopes. It visualises the corporate GHG emissions patterns, with the width of the flows representing the magnitude of the emissions.

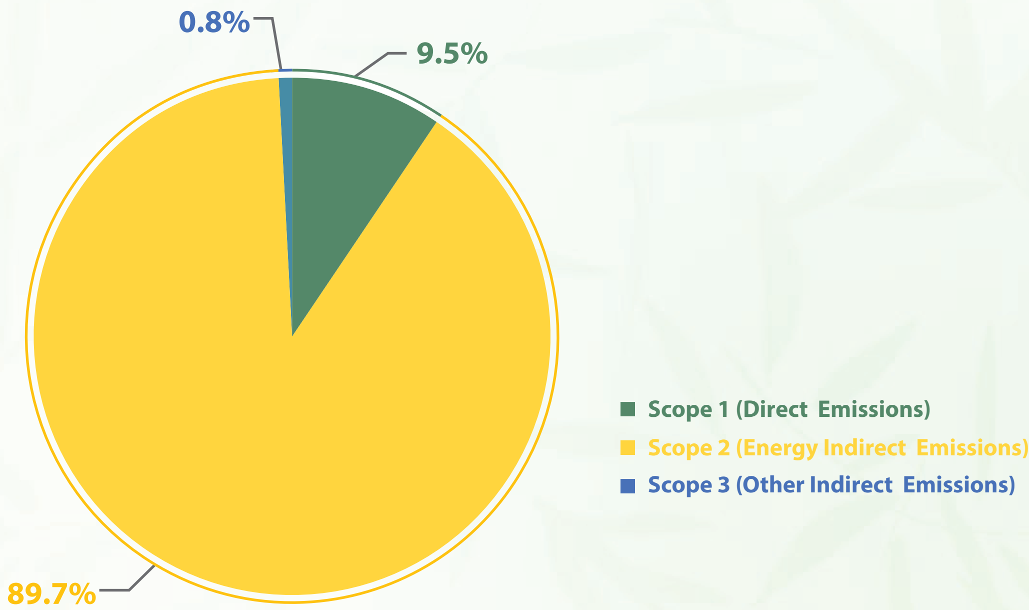
Sankey Diagram for GHG Emissions of the Group in FY2022



Air & GHG Emissions

The Group understands the negative impacts of GHGs and believes the resulting global warming would accelerate climate change and put human race in trouble. Hence, the Group has quantified its GHG emissions to identify risks and capture the opportunities to transit toward a low-carbon economy. In FY2022, the Group's primary GHG emissions were fossil fuel combustions for transportation and electricity for office operations. The Group's total GHG emissions amounted to 9,657.3 tonnes of CO_2e, which was 8% lower that of FY2021, mainly due to the decline in Scope 3 (Other Indirect Emissions) caused by the lessening of business air travel in the reporting year, as well as the surge in carbon removal by tree planting. During the year under review, Scope 2 emissions (Energy Indirect Emissions) accounted for the majority of the Group's annual GHG emission profile, representing 89.7% of the total annual emissions.

GHG Emissions Distribution in FY2022 Excluding GHG Removals From Planted Trees



Goals and Actions

Reckoning that relieving climate change is not one man's duty, the Group has instilled the carbon neutrality concept in every employee's mind through training and seminars on environmental topics and formulated internal policies to reduce their operational air pollutants.

Acknowledging China's "30.60 Dual Carbon Goals" of reaching peak carbon emissions by 2030 and achieving carbon neutrality by 2060, the Group has set targets accordingly. The Group aspires to reduce 22.5% of its GHG emissions in Scope 1 and Scope 2 by 2030, using FY2021 as the baseline year. As such, the Group has implemented internal policies and the following practices:

- 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;

- Turn off the idle lighting and heat-producing appliances to reduce air-conditioning load when necessary;
- Promote low-carbon transportation and educate its employees to prioritise public transit over private cars;
- Strengthen the Group's vehicle use management; and
- Appoint specific staff to monitor electricity and water consumption in the subsidiaries of the Group.

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

Wastewater

In FY2022, since the Group did not consume significant freshwater in its business activities, no notable amount of commercial and hazardous wastewater was produced. The Group's wastewater was primarily commercial wastewater from the offices and wastewater from the project buildings. It is worth noting that wastewater production intensity was similar as compared with FY2021.

Typically, the Group's non-reusable wastewater is discharged directly into the building's municipal sewage network and handled by the property management. Understanding the volume of wastewater produced is highly correlated to the freshwater consumption intensity, the Group actively executes water-saving measures to reduce the overall water usage and improve water efficiency. The details of the actions are further discussed in the subsection "**Water**".

Solid Wastes

In FY2022, the Group's solid wastes mainly comprised non-hazardous domestic and commercial waste from routine operational activities. With effective solid waste management, the amount of solid waste maintained at similar level with 8% slight increase as compared with that of FY2021. In FY2022, the Group also furthered its commitment in waste handling and recycled a total of 2.3 tonnes of solid waste, in which 2.0 tonnes are paper-made waste while 0.3 tonnes are plastic-made waste.

Goals and Actions

Given that the Group's current solid waste generation is within an acceptable range, the Group believes setting an ambitious solid waste reduction target is not urgent. Thus, the Group endeavours to maintain its solid waste intensity within 5% margins, using FY2021 as the baseline year.

In response to China's circular economy goal, which aims to maximize resource use and the lifecycle of products, the Group has required its employees to conduct waste classification and separation. The Group reuses the recyclable waste if applicable. Besides, the Group encourages waste recycling to reduce waste disposal in landfills and extend the life of valuable resources. For instance, it is highly recommended to recycle used ink cartridges.

The Group is committed to improving its waste management to align with the nationwide trend and realise a truly circular economy. To disseminate the waste reduction concept and emphasise every small step matters, the Group has developed the Sustainable Waste Management based on the principle of "Waste Hierarchy". In particular, the Group endeavours to realise the following:

- **ELIMINATE** the use of materials, e.g. replace paper with the application of electronic documents and digital materials; Abolish the use of disposable items such as plastic tableware.
- **REDUCE** the amount of materials used, e.g. set double-sided printing as the default mode for printing devices; Place microwaves in the offices to encourage employees to bring their lunch boxes to reduce takeaway packaging materials.
- **REUSE** materials, e.g. use non-confidential printing paper as draft paper; reused office supplies.
- **RECYCLE** materials, e.g. dispose outdated electronics or materials to recycling organisations.
- **DISPOSAL** of the solid waste which cannot be reused or recycled after sorting.

To prevent excessive purchases, the Group has formulated stringent internal policies to monitor employees' procurement. According to the Group's "Administrative Items Management Measures" (行政物品管理辦法), the staff is required to fill in the "Approval Form for Receipt of Small Value Items and Office Consumables" (小額物品及辦公耗材領用審批表) to provide purchase details and get approval before receiving the items.

Furthermore, the Group pays attention to its supply chains and contractors' environmental behaviours. The Group would continue tightening the requirement on the contractors and subcontractors and pitch its business partners to manage waste properly to step towards a sustainable economy. Given the business model of "investment + downstream product operation", the Group has evaluated its investment projects based on environmental benchmarks and sustainability-related criteria during preliminary analysis before investing and engaging in any project.

A.2 Use of Resources

In FY2022, the Group's resource consumption included electricity, gasoline, natural gas, liquefied petroleum gas, water, paper and biomass. In particular, natural gas was a major energy resource for the operation of boilers in project management. The use of packaging materials does not apply to the Group because of its business nature.

The Group has closely tracked and reviewed its resource consumption patterns and designed reduction approaches using the "3R Principle". To enhance resource efficiency, the Group has formulated the "China New Town Development Company Limited Policy Compilation" (中國新城鎮發展有限公司制度彙編), indicating the General Department is responsible for the management and supervision of the use of materials and resources following internal policies, such as the Measures for the Administration of Official Vehicles (公務用車管理辦法). Table 2 shows the Group's detailed resource usage in FY2022.

Table 2 Total Resource Consumption in FY2022 and FY2021[4]

Use of Resources	Key Performance Indicator (KPI)	Unit	Amount in FY2022	Intensity[1] (Unit/Million RMB) in FY2022	Amount in FY2021	Intensity[1] (Unit/Million RMB) in FY2021
Energy	Electricity	MWh	16,203.6	39.94	15,859.4	58.31
	Gasoline	MWh	146.3	0.36	191.8	0.71
	LPG	MWh	2.1	0.01	5.8	0.02
	Natural gas	MWh	3,550.7	8.75	3,219.3	11.84
	Heat[2]	MWh	—	—	691.4	2.54
	Biomass	MWh	966.7	2.38	—	—
	Total energy consumption	MWh	20,869.3	51.44	19,967.6	73.41
Water	Water	m^3	157,129.0	387.33	153,602.7	564.72
Paper	Paper[3]	Kg	4,862.7	11.99	10,761.0	39.56

1 Intensity was calculated by dividing the amount of resources that the Group consumed in FY2022 and FY2021 by the operating income of the Group in FY2022 and FY2021 respectively, which was 405,668 RMB'000 in FY2022 and 272,000 RMB'000 in FY2021;

2 No heat consumption recorded in FY2022. Heat consumption included Beijing headquarter and Shenyang office in FY2021;

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; and

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

Electricity

In FY2022, the Group consumed 16,203.6 MWh of electricity from local utilities, which slightly increased by 2% as compared with that of FY2021. Despite the recovery from the pandemic and the resuming of business activities, the Group maintained its electricity usage intensity through active consumption control. The electricity consumption in the year under review mainly attributed to the Optical Valley New Development International Centre (光谷新發展國際中心).

Goals and Actions

To support China's carbon reduction initiatives with concrete actions, the Group has made an indefinite reduction target to keep improving and continuously lower the electricity intensity. In conjunction with the management measures and policies of other energy resources, the ultimate goal in the electricity efficiency is to reach its aforementioned 2030 carbon reduction plan.

Being an enterprise dominated by office operations, electricity becomes a major resource consumed and a significant GHGs contributor. As such, monitoring electricity usage and enhancing electricity efficiency has become essential for the Group to walk the talk. The Group has aspired to reduce its GHG emissions through electricity-saving measures. To consider "Saving Electricity" in operations and decisions, the Group actively implements the following practices:

- Switch off the office equipment after office hours and avoid standby mode;
- Maintain and repair offices' 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);
- Turn off the idle air-conditioner in offices, meeting rooms;
- Affix "Save Energy" labels at apparent areas as a reminder;
- 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 associated with good environmental performance labels in the offices; and
- Apply centralised approach to better monitor all lighting fixtures in public areas.

Other Energy Resources

Other than electricity, the Group also consumed gasoline for transportation, natural gas for boilers, LPG and biomass for its daily operations. In FY2022, the energy used (excluding electricity) was 4,665.8 MWh, around 13.5% higher than that in FY2021.

Goals and Actions

In specific, the Group's goal of improving energy efficiency is to bring down its Scope 1 (Direction emissions) and Scope 2 (Energy indirect emissions) emissions by 22.5%, using FY2021 as the baseline. To realise the targets, the Group monitors energy consumption strictly and conducts thorough energy usage investigations annually by recording and assessing all sectors' energy performance. Besides, the Group has composed various regulating policies to minimise energy consumption. For instance, the use of corporate vehicles are restricted by the "Measures for the Administration of Official Vehicles" (公務用車管理辦法). Specific guidance includes but not limited to the following:

- The department or personnel that needs to use corporate vehicles for business trips shall fill in the "Application Form for Corporate Vehicle Use (公務用車申請單)" and submit it to the General Department for review and arrangement the confirmation by the Head of Department;
- The use of corporate vehicles during holidays and weekends shall be strictly controlled with draconian approval requirements; and
- Drivers shall maintain corporate vehicles regularly to ensure safety and efficiency.

The Group's internal policies also guide its employees to behave in an environmentally friendly way, aiming to develop a "low-carbon" business culture. For example, the subsidiaries of the Group are required to wash and wax the corporate vehicles to improve the aerodynamics and therefore increase fuel efficiency. Drivers are recommended to take the shortest route and maintain a constant speed to eliminate sudden brakes. Meanwhile, employees are encouraged to prioritise shared vehicles for business trips.

Water

In FY2022, the Group consumed 157,129.0 m^3 of freshwater, which is 2% slightly more than in FY2021 because of increased in office operating hours amid the recovery from the pandemic. With coherent efforts and implementation of water-saving initiatives, most business offices' water usage maintained during the year under review. In FY2022, there was no issue in sourcing water that was fit for its purpose recorded.

Goals and Actions

Reckoning water resources are precious and limited, the Group is committed to increasing the water efficiency by promotion of sustainable use of water resources and comprehensive reductions in domestic water wastage. The Group believes that water-saving practices not only reduce operational costs, but also ease the nationwide water crisis, which is a win-win situation.

Owning to the business nature, the Group does not use a significant amount of water in its business activities. Despite the fact that the Group's operations are not water intensive, it strives to conserve water resources to align with China's direction as stated in the 14th Five-Year Plan period (2021–2025) and the global trend. Hence, the Group has set an indefinite reduction target to promote continuous progress. Specifically, the Group aims to maintain its water intensity at the level of FY2021 and further lower the intensity year by year.

To walk the talk, the Group has incorporated water conservation into business development and highlighted water-saving advantages to its employees. As the Group truly believes water conservation brings economic appeal and reduces environmental pollution, it has integrated this concept into the internal policies and executed the following measures:

- Manage subsidiaries' environmental performance through recording and documenting water consumption data;
- Analyse water consumption patterns and implement water-saving tactics;
- Facilitate internal communication and commit to employ a monitoring and control approach to report progress and reward achievements;
- Apply 3R principle in water stewardship, including but not limited to reusing water for irrigation in offices; and
- Fix dripping taps timely once any leakage of water supply system is spotted.

Paper

In FY2022, the Group paper consumption is primarily for administrative works. The Group consumed 4,862.7 kg of paper while recycled 1,550.0 kg of paper, which was a significant achievement of plummeting 55% of paper consumption while increasing the amount of paper recycled from in FY2022 by around 100 times.

Goals and Actions

With the development of the internet and digital document, many leading enterprises have already transformed into paperless working mode. As such, the Group has gradually reduced its reliance on paper and adopted electronic versions. To facilitate the transition towards paperless offices, the Group has implemented the following measures:

- Purchase recycled paper and reuse paper bags for filing;
- Set double-sided printing as the normal setting of printers;
- Remind employees to avoid unnecessary print by posting reminder stickers;
- 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.

Besides, the Group strictly manages its paper procurement and usage through "Administrative Procurement Management Measures" (行政採購管理辦法). The Group also documents the paper usage of all its subsidiaries and operating sites in order to review and update its management approach and internal policies.

A.3 The Environment and Natural Resources

In FY2022, the Group's operations did not cause significant impacts on the environment and natural resources because of its business nature. Through in-depth analysis of the environmental performance, including the emissions and resource consumptions, the Group pinpointed business travels associated GHG emissions and operations' electricity consumption influenced the environment the most.

It is well recognised that climate change and extreme weather events are highly correlated by GHG emissions. Therefore, the Group is committed to switching its business approach towards the low-carbon operation as it recognises the importance of lowering GHG emissions at sources and reducing electricity dependence. Other than that, the Group longs to contribute to the national goals of peaking its carbon emissions in 2030 and to align with the global target of becoming carbon neutral in the future. As such, the Group has formulated clear environmental targets and carried out internal policies accordingly. For instance, the Group has stringent fossil fuel application and electricity consumption management. Furthermore, the Group engages external stakeholders to spot the room for improvement better. The Group strives to identify environmental correlated risks and opportunities through a systematic approach.

To further reduce its energy consumption, the Group has adopted a holistic data management platform to provide a full picture of the Group's consumption patterns. The management platform stores all sectors' resource usage-related information orderly for easy reference and comparison. Hence, the Group could design control plans with respect to the current situation to focus on the most polluting areas.

Besides, the Group actively applies renewable energy to alleviate its GHG emissions. The Group also eagerly transits to a paperless working mode, substituting traditional paper works with electronic formats. Instilling the green operation concept in every business activity has become one of the most urgent tasks in FY2022. In the operation of downstream projects, the Group focuses on ecological wellbeing, and pursues the unification of highest profits with sustainable development.

A.4 Climate Change

Undoubtedly, climate change and correlated extreme weather events are threatening people's lives and incurring financial risks. To prepare well for the uncertainty, the Group strives to identify climate-related risks at the earliest possible time. As a supporter of TCFD initiative, the Group has referenced the overarching four pillars of TCFD framework in its climate-related management.

Governance

The Board is responsible for approving and monitoring policies and mechanisms to manage climate-related issues and allocating resources to address the physical and transitional risks. In FY2022, the Board performed a climate risk assessment through online surveys to close the gaps of the Group's management system with the best practices. Further, the Group plans to take robust actions to enhance resilience in operations.

Strategy

The Group has split the material climate-related threats that it faces into physical and transition risks.

Risks		**Potential Impacts**
Physical Risks	• More frequent extreme weather events such as more frequent torrential rain • More intense extreme weather events	• Damage to the properties and infrastructures, affecting the business operations • Incur repair costs • Deter development projects' progress resulting in delay in project delivery
Transition Risks	• Stricter regulations and standards	• Increase in compliance costs of operations • Require new technologies to meet the new requirement

Risk Management

To handle climate-related risks properly, the Group has developed systematic risk management processes and policies to outline each party's role and duty, standard procedures and preventive measures. For instance, flood risk assessment is conducted in the preliminary project study to design and incorporate flood-adaptive elements in project development.

Since China has set ambitious carbon reduction targets, it is believed the local governments will align with the central government's direction through tightening the environmental law and regulations and regulating enterprises' environmental performance. As such, the Group integrates carbon risk exposure assessment into the decision-making process, aiming to filter out carbon-intensive projects. The Group views carbon-intensive projects as risky as they may be subject to stringent regulation in the future, which may affect the project's profit.

Metrics and Targets

The Group aspires to reduce its GHG emissions by 22.5% before 2030, using FY2021 as the baseline. Meanwhile, the Group takes the Scope 1 and Scope 2 emission intensities as an indicator for monitoring the progress and determining improvement effectively. To demonstrate the Group's determination, environmentally friendly measures and green practice training apply to staff at all levels.

The Group welcomes stakeholders' comments and suggestions by making the environmental performance transparent and open. Besides, the Capital Market Department and company secretary generate an annual report for the Board to review.

Opportunities

Being an enterprise committed to sustainability, the Group believes responsible investments are crucial and profitable in the long term. The Group has therefore prioritised ecological civilisation and green development with respect to the "Guiding Opinions of the State Council on Accelerating the Establishment and Improvement of a Green, Low-Carbon and Circular Development Economic System" (國務院關於加快建立健全綠色低碳循環發展經濟體系的指導意見).

The Group endeavours to spot opportunities amid the climate change era. Looking ahead, the Group plans to launch climate scenario analysis that informs the formulation of its decarbonisation strategy and improve its resilience in combatting climate change.

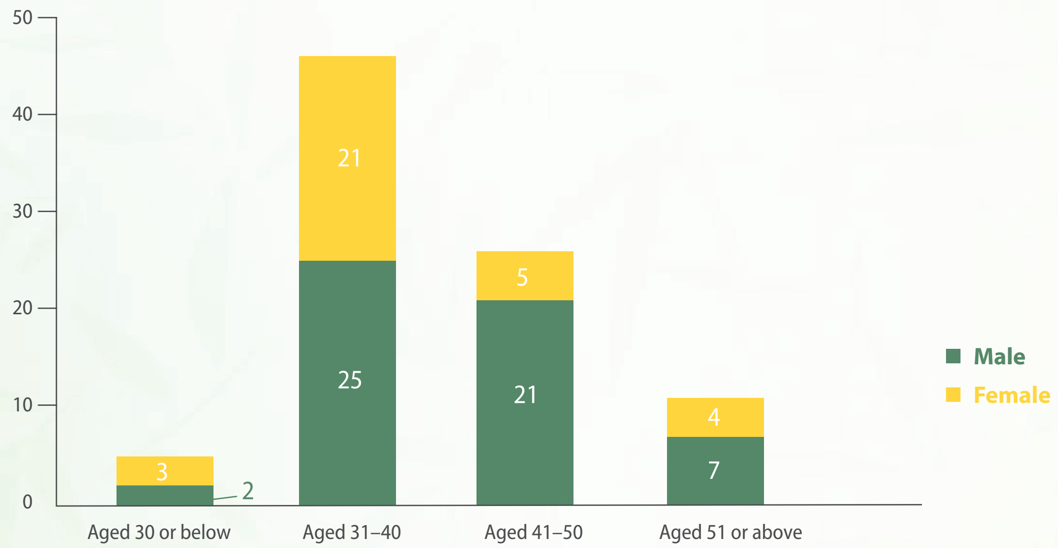
VII. SOCIAL SUSTAINABILITY

EMPLOYMENT AND LABOUR PRACTICES

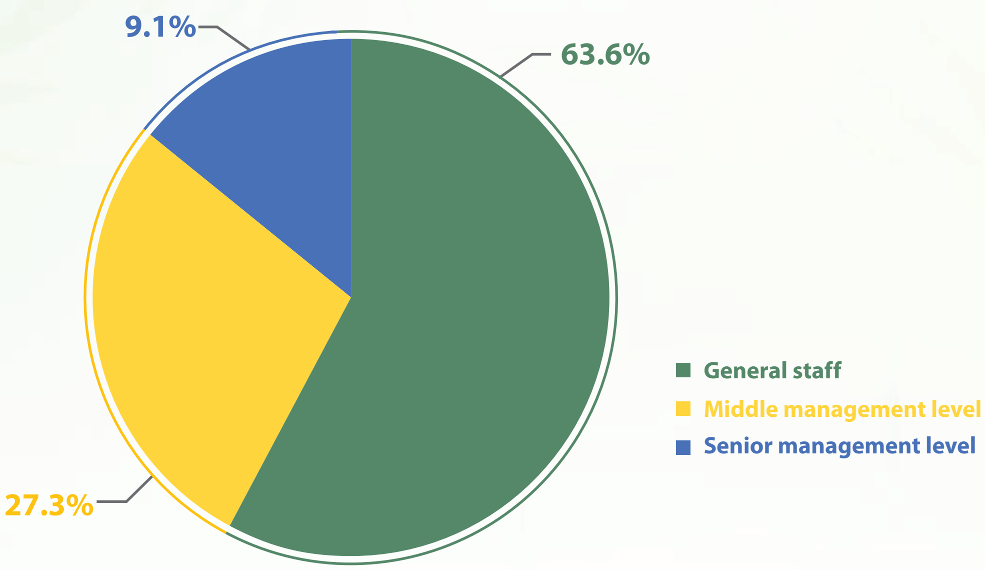
B.1 Employment

The Group attributes its success in the past two decades to its employees and believes they are fundamental to the Group's operation. As such, the Group pays attention to retaining talents by creating an inclusive, ethical and fair workplace. The mature employment management within the Group protects employees' rights and ensures obedience to the applicable labour regulations. As of the end of FY2022, there were 88 full-time employees, with 83 employees in the PRC and 5 employees in Hong Kong.

The Number of Employees by Gender and Age Group in FY2022



The Percentage of Employees by Position in FY2022



Law Compliance

As labour-related laws and regulations vary from time to time, it is of great importance to monitor the changes and update the Group's employment policies accordingly. In specific, the Human Resources Department is responsible for ensuring the Group's employment policies comply with relevant laws and regulations. In FY2022, 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);
- Disability Discrimination Ordinance (Cap. 487 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 Principles

Recruitment and promotion

Talent acquisition has always been essential for the Group's long-term development and prosperity. As such, the Group develops and strictly executes internal recruitment and employee management policies. For instance, 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) are in place to ensure legal and fair recruitment. The guidelines clearly indicate recruitment standards, procedures and methods to avoid grey areas.

The Group adheres to its "Prioritising Both Ability and Virtue To Pursue Meritocracy" (德才兼備、以德為先、任人唯賢) recruitment principle and plans its recruitment procedures duly. Specifically, the standardised recruitment procedures mainly comprise six steps, including planning, employment advertising, resume filtration, written and oral examination, candidate identification and notice issues. The Group offers 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.

Any department that needs extra human resources should submit "Staff Demand Application Form" (人員需求申請表) to the Human Resource Department for review and seek the directors' approval in advance of the recruitment process.

Recruitment Approach

To recognise employees' contributions and achievements, the Group conducts promotions according to market benchmarks and equally treats all employees with outstanding performance. "Staff Manual" (員工手冊) and "Measures on Staff Promotion Management" (員工晉升管理辦法) are in place to regulate the promotion criteria and process.

Besides, the Group incorporates the principle of "Virtuous and Gifted, Practical Standards, Mass Line" (德才兼備、實踐標準、群眾路線) into its management and provides staff with opportunities to explore their capability and learn new skills. To boost the Group's overall performance, the Group promotes the concept of "The capable ones are promoted, the mediocre ones are inferior, and the inferior are eliminated" (能者上、庸者下、劣者汰).

Compensation and Dismissal

In order to offer attractive and competitive rewards, the Group reviews its salary package according to the capability and performance of its employees. As such, the Group conducts appraisals regularly, intending to classify employees according to their achievements and remunerate them accordingly.

The Group has formulated the "Measures on Compensation Management" (薪酬管理辦法) for proper adjustment of salary packages. The guidelines outline the Group's salary structure, grade difference, salary composition, fixed-float ratio and a series of key indicators underpinning the salary system.

Other than reasonable compensation, the Group strives to prohibit any unfair or illegitimate dismissals. For underperformed employees, the Group will first issue a verbal warning. If the employee repeats the same mistakes several times with no regret and reflection, the Group will dismiss the relevant person in compliance with 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). The Group strictly conforms to dismission procedures and rules as stated in internal policies to ensure the legitimacy of any dismissal. In FY2022, the employee turnover rate of the Group was 14.2%.

Working Hours and Rest Periods

Since the Group understands employees' health and well-being are crucial to its growth and competitiveness, it has constructed internal policies to provide appropriate working hours and rest periods. For instance, "Measure on Staff Attendance and Vacation Management" (員工考勤與休假管理辦法) and "Supplementary Provisions for Strengthening Employee Attendance Management" (加強員工考勤管理的補充規定) are formulated to regulate working hours and provide compensation for overtime working. In particular, there is an attendance machine for staff to sign in and out. In case the employee fails to sign in, one needs to fill out the "Special Punching Situation Explanation Form" (特殊打卡情況説明表) at the front desk. The internal policies are updated regularly to be consistent with 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).

In addition to statutory holidays, employees are also entitled to special leaves including maternal leave, medical leave, bereavement leave, etc. In FY2022, in view of the local regulatory updates, the Beijing headquarter has also extended the maternity leave for female staff.

Equal Opportunities and Anti-Discrimination

Striving to promote equality in the workplace, the Group integrates anti-discrimination and fairness into its human resources and employment decisions. Training and promotion opportunities, dismissals and retirement decisions are made regardless of age, sex, marital status, pregnancy, family status, disability, race, colour, descent, national or ethnic origins, nationality, religion or other non-job-related elements.

The Group believes a diverse, respectful and inclusive environment boosts working efficiency, which benefits the Group's development. As such, the Group follows the "Staff Manual" (員工手冊) to eliminate workplace discrimination, harassment or vilification and complies with relevant laws and regulations. If there are potential discrimination or harassment issues, staff can report to the Human Resources Department. After in-depth investigations with substantiated evidence, the Group would take necessary disciplinary actions against the assailants.

A wide variety of channels, including emails and regular corporate meetings, are applied to facilitate communication between employees and management and ensure employees' concerns are adequately addressed.

Other Benefits and Welfare

The Group believes that a solid employee package of employee benefits can help to attract and retain talent. The Group provides many staff benefits to its employees in various forms including medical subsidies, continuous education fund, supplementary insurance and special seasonal bonus as well as subsidies (e.g. for heatstroke prevention).

In FY2022, the Group encouraged its staff to engage in an array of well-being and entertainment programs and activities, including annual gatherings, sports events and body building activities. Besides, the Labour Union actively organised activities, including basketball, badminton, calligraphy, dancing and swimming games, to enhance staff cohesion, build team spirit and relieve their stress from work.

In FY2022, the Group abided by 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

Law Compliance

To empower its employees to be the best version of themselves, the Group respects and pays special attention to its staff's occupational health and safety. In order to maintain a secure working environment, the Group implemented a series of internal health and safety policies following national and local standards in Hong Kong and the PRC. The relevant national and local laws and regulations include the following:

- Occupational Safety and Health Ordinance (Cap. 509 of the Laws of Hong Kong);
- Law of the People's Republic of China on the Protection of Production Safety (中華人民共和國安全生產法); and
- Regulation on Work-Related Injury Insurance (工傷保險條例).

Management Approach

Reckoning occupational health and safety are critical to the Group's reputation and growth, the Group has strived to avoid risks in the workplace. Even though health and safety has not caused significant issue to the Group before, it has still enacted a comprehensive mechanism with internal policies to perform even better. The internal guidelines regulate the Group's operation practices using national standards. For instance, 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) are established. The General Department is responsible for the overall occupational health and safety risk management of the Group.

To provide all-round protection to its staff, the Group equips them with health examinations and insurance and schedules training in fire control, food safety and occupational health and safety. Furthermore, the Group arranges professional inspections of fire control systems and emergency exits on a regular basis. The internal departments supervise and follow up on any deficit found and remedy it immediately. The Group rigorously prohibits smoking and drinking liquor in the workplace and disinfects the air-conditioning systems frequently, endeavouring to create a comfortable and safe working environment.

Table 3 Number and Rate of Work-related Fatalities of the Group in Past Three Financial Years[1]

Year	FY2022	FY2021	FY2020
Number of work-related fatalities	0	0	0
Rate of work-related fatalities	0	0	0

1 The information about injury and fatality was obtained from the Group's Human Resources Department. The methodology adopted for reporting the number and rate of work-related fatalities set out above was based on "How to Prepare an ESG Report? — Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

In FY2022, the Group recorded zero lost days due to work-related injuries. The Group abided by 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.

Actions in the Post-Pandemic Era

In 2022, the pandemic alleviated with human activities resumed normal. Owning to the leadership of the Central Government, China has gradually recovered from the pandemic influence and stepped into the new normal in the post-pandemic era.

Despite the number of infected cases decreased during the year under review, the Group continued to monitor the situation closely to safeguard its employees. The Group enacted a series of internal policies based on the local and central government instructions, 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) to manage its staff behaviours and guide them to adopt appropriate measures.

In the post pandemic period, the Group will not relax its efforts but strengthen its health management with the experience from the pandemic. In the meantime, the Group will also continue to follow and execute the local government policies.

In specific, the Epidemic Prevention and Control Taskforce was established to formulate and carry out actions plans and emergency measures, while the "Responsibility for Epidemic Prevention and Control" was implemented to assign corresponding duties to each departments and teams for better epidemic management.

B.3 Development and Training

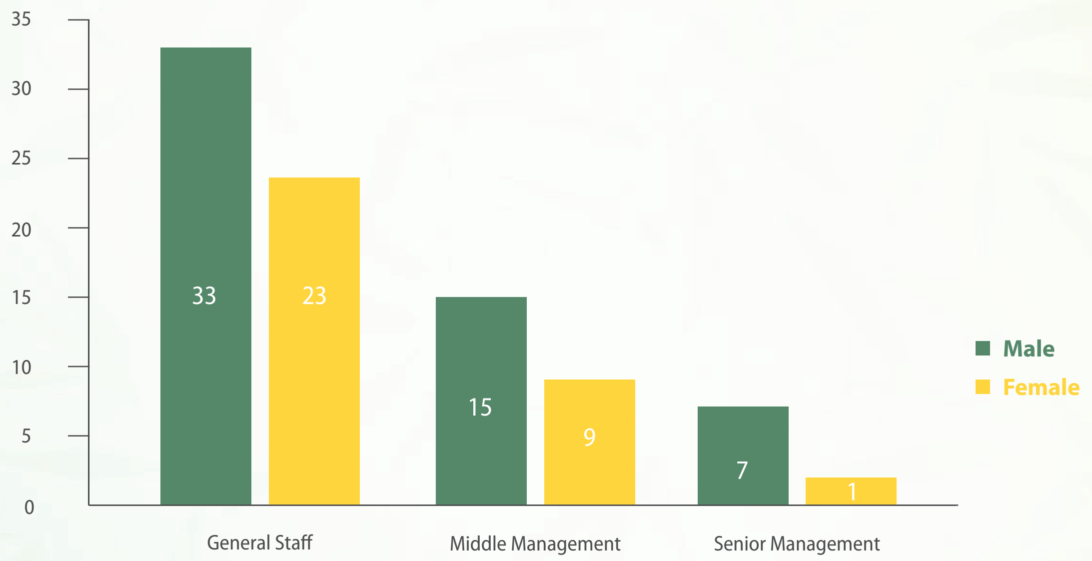
The Group strives to provide continuous training to raise its employees' abilities and widen their horizons. Over the years, the Group has established a multitude of channels and platforms to offer its employees suitable training programs. Meanwhile, the "Staff Manual" (員工手冊) and "Measures on Training Management" (培訓管理辦法) are established to optimise the internal training policies.

To build the concept of "Learning often, Learning in daily life" (學在經常、學在日常) and develop a learning-prone atmosphere, the Group has held various training and workings in the year under review. The Group adheres to "extensive learning, huge improvement and strict implementation" (大學習、大提升、大落實) so as to sustain its competitiveness. Hence, profession-oriented courses are offered regularly to experienced staff to advance their technical skills and expand their horizons. At the same time, comprehensive orientation programs covering corporate culture, organisational structure and relevant rules are held to familiarise new hires with the Group's culture and internal policies.

Reckoning the importance of learning new things, the Group has explored different means of training programs, including utilising digital technologies and conducting online lessons to motivate its employees. In FY2022, the online courses were offered through platforms such as Xuexi Qiangguo (學習强國), HuiXianJiangTan (匯賢名家講壇), QingXueTang (輕學堂) and LeBanBan (樂班班).

To incentivise its employees to join the online courses, the Human Resources Department established the "Learn weekly"(周周學) initiative. The Group would record its employees' annual online learning hours and consider the data during the annual performance appraisal, aiming to keep it to more than 50.

The Number of Employees Trained by Position and Gender in FY2022



B.4 Labour Standards

As a supporter of the International Labour Organisation's (ILO) Declaration on Fundamental Principles and Rights at Work, the Group is committed to upholding basic human rights by respecting freedom of association and eliminating all forms of forced or compulsory labour, child labour, and discrimination.

In FY2022, the Group complied with applicable labour related laws and regulation, including but not limited to:

- Employment Ordinance (Cap. 57 of the Laws of Hong Kong); and
- Labour Law of the People's Republic of China (中華人民共和國勞動法).

The Group emphasises and protects labour rights with reference to the "Measures on Recruitment and Dismissal Management" (員工招聘與離職管理辦法), the "Measures on Labour Contract Management" (勞動合同管理辦法) and a series of internal policies.

The Group's internal policies regulate the recruitment process strictly. To abolish illegal employment, including child labour, underage workers and forced labour, the Human Resource Department validates applicants' identity documents to guarantee they can be legally appointed prior to confirmation of employment. Besides, the Group and the Labour Union also inspect the employees' backgrounds and ages from time to time.

The Group's Human Resource Department is responsible for updating corporate policies and practices according to relevant laws and regulations to combat child and forced labour. If any incompliance with the applicable labour laws, regulations or internal standards is found, the Group will immediately terminate the relevant contract and discipline the persons in charge of the employment.

In FY2022, the Group abided by 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 believes a robust and stable supplier relationship is crucial to its long-term development. Being an enterprise engaged in "urbanisation investment" and "downstream operation", the Group endeavours to minimise its value chain's environmental and social risks. The Group has always prioritised supply chain management to forge an effective approach that better identifies and manages its suppliers' and contractors' associated ESG risks.

In FY2022, the Group collaborated with 63 major suppliers, among which 2 were located in the USA, 17 suppliers in Hong Kong while 44 in mainland China. All suppliers are subject to the Group's supply chain management practices. Meanwhile, operating subsidiaries of the Group are responsible for managing suppliers' conduct following internal policies.

Management Approach

The Group has formulated internal policies to monitor the suppliers' selection and assessment to prioritise "green suppliers". For instance, "Measures on Administrative Procurement Management" (行政採購管理辦法), "Measures for the Administration of Intermediaries" (中介機構管理辦法), "Measures for the Administration of External Lawyers" (外聘律師管理辦法) and "Measures for the Administration of Business Contraction Documents" (業務合同檔案管理辦法) standardise the supplier engagement approaches and evaluation standards. In specific, the Group should take the following factors into account during supplier comparison, which are the quality of goods and services, business license, timeliness of product delivery, adherence to corporate ethics and the fulfilment of social and environmental responsibilities.

The Group has assigned specific departments to handle the procurement and facilitate supplier engagement. The host department of contract file management is responsible for managing procurement contracts for business partnerships. The Operation Management Department supervises the file management work while the Finance Department oversees the establishment of contract ledgers. Meanwhile, the General Department is responsible for the contract seals and contract documents filing under the relevant policies. All departments are associated with clear duties.

Maintaining a close relationship with suppliers through effective engagement is of great importance for the Group to develop a reliable supply chain and handle associated ESG risks properly. The Group has interacted with its suppliers and business partners through various channels, such as the Internet and phone calls to understand their operation difficulties and spot corresponding ESG risks as soon as possible. To ensure suppliers act consistently with the Group's sustainable values and fulfil corporate ethics, the Group reviews, evaluates and approves their services and products with respect to internal criteria. During the year under review, all suppliers were supervised under the Group's general supply chain management policies.

Social Risks Management

Given its business nature, the Group's supply chain management mainly focuses on administrative procurement, such as office supplies and collaboration with service providers such as solution consultants. To avoid inappropriate procurement and reduce suppliers' risks, the Group's Operation Management Department, Investment and Development Department and General Department are responsible for executing the social risk management policies and administering onsite inspection and online comparisons to evaluate candidate suppliers.

For the purchase of administrative items, it is regulated by the "Measures on Administrative Procurement Management" (行政採購管理辦法), which indicates the responsible divisions, the standardised procedures from supplier identification to ledger management and the supervising approaches.

For the engagement with service providers, the Group follows internal policies including "Measures for the Administration of Intermediaries" (中介機構管理辦法), "Operating Procedures for External Financial Intermediaries" (聘財務中介操作規程), "Operating Procedures for External Consultants" (外聘咨詢顧問操作規程), "Measures for the Administration of External Lawyers" (外聘律師管理辦法) and "Measures for the Administration of the Authorisation for Signing External Legal Documents" (對外簽署法律文書授權管理辦法). In specific, the Group embeds the principle of "Lowest Price and Comprehensive Evaluation" (報價最低及綜合評價原則) into its decision-making and adopts the Invitation For Bid, Competitive Negotiation and other approaches according to the intermediary selection process.

Environmental Risks Management

The Group integrates "Green Procurement" in its business operation to reduce its supply chain's associated adverse environmental impacts and prioritise environmentally preferable products and services when selecting suppliers. Reckoning the escalating need to address the supply chain's environmental disturbance, the Group is committed to incorporating environmental aspects into its supply chain management. Despite the fact that the current suppliers bring minimal environmental risks, the Group is inclined to "Green Procurement", taking into account environmental considerations when purchasing goods. For example, the Group purchases energy-efficient equipment and device and prefers products with a higher level of recyclability and longer lifespan.

The Group's General Department is responsible for overseeing and reviewing the implementation of the "Green Procurement" principle during procurement.

B.6 Product Responsibility

In FY2022, the Group has invested in numerous projects including the construction and operation of industrial parks and science and technology parks in the field of new urbanisation development. Besides, the Group also contributed to the education and healthcare sectors to improve people's livelihood.

To deliver reliable, robust and responsible products and services, the Group has always strived for improvement and strictly implemented internal standards. Regarding the Group's health and safety, advertising, labelling and privacy matters of its products and services, the Group complied with the relevant rules, regulations and standards in the PRC and Hong Kong in FY2022, including:

- 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).

Management Approach

In the quest to assure high-level product/service quality, the Group has formulated and implemented a series of internal policies that regulate business operations under its "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 "Measures for the Management of Material Information" (重大信息管理辦法), "Project Due Diligence Operational Procedures" (項目盡職調查操作規程), "Measures for the Management of Business Secrets" (業務秘密管理辦法), "Measures for the Administration of Information and Supervision" (信息和督辦工作管理辦法) are in place to regulate the Group's product/service responsibilities and guarantee the quality. According to the accountability system, the Group's Capital Market Department, Operation Management Department and General Department are responsible for implementing relevant policies, with support from other functional units of the Group.

Product & Service Assurance

Besides, the Group is committed to corporate stewardship and responsible investment. As such, the Group endeavours to fulfill its fiduciary duty and integrate ESG considerations into its preliminary analysis and investment decision-making processes. The Group conducts thorough background research and due diligence in advance of any investment in developments projects to avoid project associated with tremendous ESG risks.

To further handle the investment, project and operational risks, the Group has formulated and executed the "Risk Management Regulations" (風險管理規定) and "Measures for the Administration of Investment Business"(投資業務管理辦法). These internal guidelines aim to provide professional business practice and develop proactive management to combat violations of laws and industry standards. In specific, the "Investment Business Operating Procedures" (投資業務操作規程) manage the investment business approaches, covering project acceptance, project approval, due diligence and project promotion, investment review and decision-making, investment execution, post-investment management, and project exit.

Complaints

The Group values suggestions and comments from its clients. As such, clients' feedback is addressed mindfully with the application of response mechanisms and handling procedures. Once any complaint or feedback is received, the head office will substantiate it before further action. Meanwhile, the responsible department is required to notify the complainant of any handling result promptly.

During the year under review, the Group did not receive any complaint concerning product quality.

Privacy Matters

Acknowledging the pressing concerns of privacy matters, the Group has established 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) to regulate staff practices. The General Department of the Group is responsible for supervising and managing matters concerning customer privacy. Meanwhile, personal data collected is restricted for predefined purposes and all employees are prohibited from disclosing confidential information to external parties without customers' authorisation. The employees in relevant positions are required to enter into a non-disclosure agreement to protect the privacy of the Group's clients. The IT Department regularly inspects and upgrades the Group's system to avoid data leakage and virus attacks.

Given the Group's business nature, recall procedures, labelling, advertising, health and safety and intellectual property rights issues are not significant nor relevant to the Group. Adhering to the Materiality principle, this ESG Report does not disclose policies and information under these subjects. In FY2022, 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

Law Compliance

Promoting honesty, fairness and transparency in all business activities is vital for the Group's prosperity. To build a working environment equipped with ethics, the Group followed local laws and regulations relating to anti-corruption and bribery, irrespective of the region in which the Group operated in FY2022. The relevant laws and regulations including:

- Anti-Corruption Law of the People's Republic of China (中華人民共和國反腐敗法);
- Law of the People's Republic of China on Anti-money Laundering (中華人民共和國反洗錢法);
- Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615 of the Laws of Hong Kong); and
- Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong).

Management Approach

To demonstrate the Group's resolute commitment, the Group has formulated and implemented a series of internal policies. The "Measures on Staff Discipline and Code of Conduct Management" (員工紀律和行為規範管理辦法), "Measures for the Administration of Points for Minor Violations" (輕微違規行為積分管理辦法) and "Outgoing Audit Management Measures" (離任審計管理辦法) intend to provide standardised operational practices and avoid grey areas for misconducts. In the meantime, the Finance Department, Operation Management Department, Human Resources Department and General Department are jointly responsible for implementing internal policies to eradicate corruption, extortion and money laundering activities within the Group. Furthermore, they ensure employees conform to the Group's code of conduct.

The Group requires its staff to be trustworthy and perform duties with integrity, aiming to develop a positive atmosphere that drives efficiency. Besides, the Group pays efforts to educate its employees to eliminate all forms of bribery and corruption. In FY2022, the Group organised various anti-corruption and ethics training workshops and seminars to raise its employees' awareness and update business practitioners with the latest anti-corruption laws and regulations requirements. For instance, in September 2022, Integrity Warning Education Seminar ("廉政警示教育") was arranged for Managerial Staff while Sharing of Typical Cases of Discipline and Law Violations in the Financial Sector ("金融領域違紀違法典型案例") was also arranged for all staff members in the same month. In FY2022, there was no concluded legal case regarding corrupt practices brought against the Group or its employees. The Group held 4 training workshops about anti-corruption, totalling 8 hours for all staff of the Group, including the management and general employees, to raise their awareness and to encourage them to eliminate incorrect practices collaboratively.

In the past, the Group conducted centralised investigations on its employees' behaviours and had face-to-face conversations with them to better acknowledge their opinions, work, life, integrity and other conditions. The Group also strictly monitored integrity risk positions, which focused on key areas, key links, and business positions that were prone to conflict of interests or transfer of interests, and formulated corruption preventive measures accordingly.

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. To protect whistle-blowers from unfair dismissal or victimisation, investigations are conducted confidentially and an effective grievance mechanism is implemented. Where the Group substantiates any crime, a report will be submitted promptly to relevant regulators or law enforcement authorities when the management of the Group considers it necessary.

In FY2022, the Group was abided by 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 endeavours to fulfill its corporate social responsibility by contributing to local communities and alleviating the difficulties of underprivileged groups. To align with China's goal of urbanisation and elimination of poverty, the Group allocates resources and actively participates in community events to improve citizens' quality of life.

Starting from FY2019, the Group has cordially organised and participated in poverty elimination and social welfare activities. For instance, the Group held a poverty relief campaign called "Happy Project — Act to Help the Impoverished Mother" (幸福工程 — 救助貧困母親行動) to support and donate to impoverished mothers. Under the Group's motivation, employees earnestly engaged in fundraising activities such as "Perceive and Protect Our Original Aspiration, Undertake Our Mission of Poverty Alleviation" (悟初心、守初心、勇擔扶貧使命). Besides, the Group initiated the activity of "Alleviating Poverty Through Spending" (消費扶貧).

Due to the pandemic and its preventive measures in FY2022, Group's participation in physical charitable activities was limited. Nonetheless, the Group continued to pay attention to people who are in need of help and strived to improve people's living standards and quality of life. In FY2022, the Group particularly focused on public health issues, especially for the most pandemic-affected areas. The Group supported the battle against the virus via soliciting donations. 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), realising sustainable development by taking society into consideration and creating value for all.

VIII. APPENDIX I

Hierarchy with Consolidated Priorities

Goal	Criteria	Global Prioritisation	Managerial Staff	General Staff	Senior Management	Supplier
Prioritisation of	Vulnerability	6.00%	0.534	0.067	0.305	0.094
Stakeholder	Influence	4.00%	0.153	0.067	0.569	0.211
Groups in the	Legitimacy	42.40%	0.154	0.065	0.542	0.239
Materiality	Willingness for engagement	30.60%	0.278	0.053	0.519	0.150
Assessment	Contribution	5.00%	0.257	0.183	0.502	0.059
	Necessity of involvement	12.00%	0.122	0.271	0.544	0.064
			21.60%	**9.20%**	**52.00%**	**17.20%**

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.

IX. APPENDIX II

TABLE A — Number of Employees by Age Group, Gender, Employment Type, Position Level and Geographical Location of the Group in FY2022[1]

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	2	25	21	7	55
Female	3	21	5	4	33
Total	5	46	26	11	88

Employment type		
Full time	**Part time**	**Total**
88	0	88

Position Level			
General staff	**Middle-level management**	**Senior management and directors**	**Total**
56	24	8	88

Geographical location	
Locations	**Number of employees**
PRC	83
Hong Kong	5
Total	88

1 The employment data in headcount was obtained from the Group's Human Resources Department based on the employment contracts entered into between the Group and its employees. The data covered employees engaged in a direct employment relationship with the Group according to relevant local laws and workers whose work and/or workplace was controlled by the Group. The methodology adopted for reporting on employment data set out above was based on "How to Prepare an ESG Report — Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

TABLE B — Employee Turnover Rate by Age Group, Gender and Geographical Location in FY2022[1]

Unit：Number of employees

Gender	Age group Aged 30 or below	Aged between 31 and 40	Aged between 41 and 50	Aged 51 or above	Total
Male	0	3	3	2	8
Employee turnover rate	0%	12.0%	14.3%	28.6%	14.5%
Female	0	2	2	0	4
Employee turnover rate	0%	9.5%	40.0%	0%	12.1%
Total	0	5	5	2	12
Total employee turnover rate	0%	10.9%	19.2%	18.2%	13.6%

Geographical locations

Locations	Employee turnover	Employee turnover rate (percentage)
PRC	12	14.5%
Hong Kong	0	0%

1 The turnover data in headcount was obtained from the Group's Human Resources Department based on the employment contracts entered into between the Group and its employees. Turnover rate was calculated by dividing the number of employees who resigned in FY2022 by the number of employees in FY2022. The methodology adopted for reporting on turnover data set out above was based on "How to Prepare an ESG Report — Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

TABLE C — Number and Percentage of Training Participants of the Group by Gender and Position in FY2022[1]

Total employees trained in FY2022	91
Total employees in FY2022	88
% of total employees trained[2]	103%

Unit：Number of employees	Position			
Gender	General staff	Middle management	Senior management and directors	Total
Male	33	15	5	53
% of employees trained	36.3%	16.5%	5.5%	58.0%
Female	25	11	2	38
% of employees trained	27.5%	12.1%	2.2%	42.0%
Total	58	26	7	
% of employees trained	63.7%	28.6%	7.7%	

1 The training information was obtained from the Group's Human Resources Department. Training refers to the vocational training that the Group's employees attended in FY2022. The methodology adopted for reporting on the number and percentage of employees trained set out above was based on "How to Prepare an ESG Report — Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange; and

2 The percentage of employees trained in the Group was calculated based on the number of employees of the Group in FY2022 year end. Taking the turnover number of the Group into account, the number of employees trained is more than the number of employees at FY2022 year end.

TABLE D —Training Hours of the Group by Gender and Position in FY2022[1]

Unit：Training Hours	Position			
Gender	General staff	Middle management	Senior management and directors	Total
Male	66	46	48	160
Average training hours	2.0	3.1	6.9	2.9
Female	54	52	12	118
Average training hours	2.3	5.8	12.0	3.6
Total	120	98	60	278
Average training hours	2.1	4.1	7.5	3.2

1 The training information was obtained from the Group's Human Resources Department. The methodology adopted for reporting training hours set out above was based on "How to Prepare an ESG Report — Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

X. REPORT DISCLOSURE INDEX

Stock Exchange ESG Guide content index

Aspects	ESG Indicators	Description	GRI Standards and Disclosures*	Section	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. Note: Air emissions include NO_x, SO_x, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.	GRI 2–27, GRI 3–3 (c), GRI 305, GRI 306	Environmental Sustainability	65
	KPI A1.1	The types of emissions and respective emissions data.	GRI 305–1, 305–2, 305–3, 305–6, 305–7	Environmental Sustainability — Emissions	66
	KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	GRI 305–1, 305–2, 305–4	Environmental Sustainability — Emissions	66
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	GRI 306–3 (a)	Environmental Sustainability — Emissions	66
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	GRI 306–3 (a)	Environmental Sustainability — Emissions	66
	KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	GRI 3–3 (c, d), GRI 305–5	Environmental Sustainability — Emissions	68
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	GRI 3–3 (c, d), GRI 306–4, 306–5	Environmental Sustainability — Emissions	69

Aspects	ESG Indicators	Description	GRI Standards and Disclosures*	Section	Page
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	GRI 3–3 (c)	Environmental Sustainability	70
	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 302–1, 302–3	Environmental Sustainability — Use of Resources	71
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	GRI 303–5	Environmental Sustainability — Use of Resources	71
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	GRI 3–3 (c, d), GRI 302–4, 302–5	Environmental Sustainability — Use of Resources	71
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	GRI 3–3 (c, d), GRI 303–1	Environmental Sustainability — Use of Resources	73
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	GRI 301–1	Environmental Sustainability — Use of Resources	70
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	GRI 3–3 (c)	Environmental Sustainability	74
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	GRI 3–3 (c, d), GRI 303–1, GRI 304–2, GRI 306–1, 306–2	Environmental Sustainability — The Environment and Natural Resources	74
A4: Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	GRI 2–12 (a, b-i), GRI 3–3 (c)	Environmental Sustainability	75
	KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	GRI 201–2	Environmental Sustainability — Climate Change	75

Aspects	ESG Indicators	Description	GRI Standards and Disclosures*	Section	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 2–27, GRI 3–3 (c)	Social Sustainability	77
	KPI B1.1	Total workforce by gender, employment type (for example, full- or parttime), age group and geographical region.	GRI 2–7 (a, c), GRI 405–1 (b)	Appendix II	92
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	GRI 401–1 (b)	Appendix II	93
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 2–27, GRI 3–3 (c), GRI 403–1	Social Sustainability	82
	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	GRI 403–9, 403–10	Social Sustainability — Health and Safety	83
	KPI B2.2	Lost days due to work injury.	N/A	Social Sustainability — Health and Safety	83
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	GRI 3–3 (c, d), GRI 403–1, 403–3, 403–5, 403–7	Social Sustainability — Health and Safety	83
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	GRI 3–3 (c), GRI 404–2 (a)	Social Sustainability	84

Aspects	ESG Indicators	Description	GRI Standards and Disclosures*	Section	Page
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	N/A	Appendix II	94
	KPI B3.2	The average training hours completed per employee by gender and employee category.	GRI 404–1	Appendix II	94
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 2–27, GRI 3–3 (c)	Social Sustainability	85
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	GRI 3–3 (c), GRI 408–1 (c), GRI 409–1 (b)	Social Sustainability — Labour Practices	85
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	GRI 3–3 (c, d), GRI 408–1 (c), GRI 409–1 (b)	Social Sustainability — Labour Practices	85
Operating Practices					
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	GRI 3–3 (c)	Social Sustainability	86
	KPI B5.1	Number of suppliers by geographical region.	GRI 2–6 (b-ii)	Social Sustainability — Supply Chain Management	86
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	GRI 2–6 (b-ii), GRI 3–3 (c, d), GRI 303–1 (c), GRI 308–1, 308–2, GRI 414–1, 414–2	Social Sustainability — Supply Chain Management	86
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	GRI 2–6 (b-ii), GRI 3–3 (c, d), GRI 303–1 (c), GRI 308–1, 308–2, GRI 414–1, 414–2	Social Sustainability — Supply Chain Management	86
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	GRI 3–3 (c, d)	Social Sustainability — Supply Chain Management	87

Aspects	ESG Indicators	Description	GRI Standards and Disclosures*	Section	Page
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 2–27, GRI 3–3 (c), GRI 417–2, 417–3, GRI 418–1	Social Sustainability	87
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	N/A	—	The Group did not experience any recall incident during the year under review.
	KPI B6.2	Number of products and service related complaints received and how they are dealt with.	GRI 2–29, GRI 3–3 (c, d), GRI 418–1	Social Sustainability — Product Responsibility	88
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	N/A	—	Due to its business nature, Intellectual Property Rights are considered not material to the Group.
	KPI B6.4	Description of quality assurance process and recall procedures.	N/A	Social Sustainability — Product Responsibility	88
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	GRI 3–3 (c)	Social Sustainability — Product Responsibility	88
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 2–27, GRI 3–3 (c), GRI 205–3	Social Sustainability	89

Aspects	ESG Indicators	Description	GRI Standards and Disclosures*	Section	Page
	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	GRI 205–3	Social Sustainability — Anti-corruption	89
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	GRI 2–26, GRI 3–3 (c), GRI 205	Social Sustainability — Anti-corruption	89
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	GRI 205–2	Social Sustainability — Anti-corruption	89
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 3–3 (c)	Social Sustainability	90
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	GRI 203–1 (a)	Social Sustainability — Community Investment	90
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	GRI 201–1(a-ii)	Social Sustainability — Community Investment	90

* 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' (updated July 2020), with amendments from the GRI Universal Standards 2021.

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 of the Company (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 2022 (the "Financial Year").

PRINCIPAL ACTIVITIES

The Group is a new town investor and developer in the People's Republic of China (the "PRC"). Since 2014, the Group's business model has been optimized through land development to developing investment and product operation in terms of new urbanization and people's livelihood improvement and participating in diversified product operation in the field of people's livelihood improvement based on the investment of fixed return. The principal activities of its principal subsidiaries are set out in Note 3 to the financial statements on pages 147 to 152 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", "President's Statement" and "Management Discussion and Analysis" on pages 8 to 16 and pages 25 to 29 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 50 to 100 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 our business mainly includes urbanization investment income and property leasing operation income.

During the Financial Year, purchases from our single largest supplier accounted for approximately 42% of our total purchases, while purchases from our five largest suppliers accounted for approximately 95% of our total purchases. Sales to our largest customer accounted for approximately 8% of our total sales and the sales to our five largest customers accounted for approximately 38% of our total sales.

The Directors were not aware of any interests of any Directors, their respective close associates (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "HKEx" and the "Listing Rules", respectively)) 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 116 of this Annual Report.

The board of Directors (the "Board") has resolved not to recommend any payment of final dividend for the Financial Year (2021: Nil).

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 page 178 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 2022, 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 177 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 (2021: Nil).

BANK BORROWINGS

Details of the movements in bank borrowings of the Group during the Financial Year are set out in Note 24 to the financial statements on page 179 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 171 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 24 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 (the "EDs")
Liu Heqiang *(Chief Executive Officer)* (resigned on 23 December 2022)
Hu Zhiwei *(President)* (appointed on 31 March 2023)
Yang Meiyu *(Chief Executive Officer)* (appointed on 31 March 2023)
Shi Janson Bing
Liu Fangqing (appointed on 23 December 2022)

Non-executive Directors (the "NEDs")
Liu Yuhai *(Chairman)*
Li Yao Min *(Vice Chairman)*
Wang Jiangang (resigned on 31 March 2023)
Wang Hongxu
Feng Xiaoliang (appointed on 31 March 2023)

Independent Non-executive Directors (the "INEDs")
Henry Tan Song Kok
Kong Siu Chee
Zhang Hao
Lo Wai Hung

Pursuant to Articles 86(1) and 86(2) of the AoA, Mr. Liu Yuhai, Mr. Henry Tan Song Kok, Mr. Kong Siu Chee and Mr. Zhang Hao will retire by rotation at the forthcoming annual general meeting of the Company (the "2023 AGM") and shall be eligible for re-election at the 2023 AGM.

Pursuant to Article 85(7) of the AoA, Mr. Liu Fangqing and Mr. Feng Xiaoliang will retire at the 2023 AGM and shall then be eligible for re-election at the 2023 AGM.

The nomination committee of the Board recommends the re-election of Mr. Liu Yuhai, Mr. Henry Tan Song Kok, Mr. Kong Siu Chee, Mr. Zhang Hao, Mr. Liu Fangqing and Mr. Feng Xiaoliang 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 2023 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.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and senior management are set out on pages 17 to 23 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 29 to the financial statements on pages 181 to 184 of this Annual Report.

CORPORATE GOVERNANCE

The Corporate Governance Report for the Financial Year is set out on pages 30 to 49 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.

SECURITIES INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at 31 December 2022, 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

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

Save as disclosed above, as at 31 December 2022, 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 2022, 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 to the Company under the provisions of Division 2 and 3 of Part XV of the SFO or were required to be entered in the register kept by the Company pursuant to section 336 of the SFO:

Long Position in the Shares

		Number of Shares held				
Name of substantial shareholders	**Capacity**	**Direct interest**	**Corporate interest**	**Other interests**	**Total**	**Approximate percentage of the issued Shares**
Xitong International Holdings (HK) Limited ("Xitong International")(1)	Beneficial owner	2,917,000,000	—	—	2,917,000,000	29.99%
Wuxi Communications Industry Group Co., Ltd. ("Wuxi Communications")(1)	Interests of a controlled corporation	—	2,917,000,000	—	2,917,000,000	29.99%
China Development Bank International Holdings Limited ("CDBIH")(2)	Beneficial owner	2,430,921,071	—	—	2,430,921,071	24.99%
China Development Bank Capital Corporation Limited ("CDBC" or "CDB Capital")(2)	Interests of a controlled corporation	—	2,430,921,071	—	2,430,921,071	24.99%
China Development Bank Corporation ("CDB")(2)	Interests of a controlled corporation	—	2,430,921,071	—	2,430,921,071	24.99%
SRE Investment Holding Limited ("SREI")	Beneficial owner	1,468,356,862	—	—	1,468,356,862	15.10%
Shi Jian ("Mr. Shi")(3)	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")(4)	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%
Jiashun (Holding) Investment Limited ("Jiashun")(4)	Interest of controlled corporations	—	1,027,849,803	—	1,027,849,803	10.57%
Jiasheng (Holding) Investment Limited ("Jiasheng")(4)	Interest of controlled corporations	—	1,027,849,803	—	1,027,849,803	10.57%
Jiaxin Investment (Shanghai) Co., Ltd. ("Jiaxin")(4)	Interest of controlled corporations	—	1,027,849,803	—	1,027,849,803	10.57%
China Minsheng Jiaye Investment Co., Ltd. ("China Minsheng Jiaye")(4)	Interest of controlled corporations	—	1,027,849,803	—	1,027,849,803	10.57%
China Minsheng Investment Corp., Ltd. ("China Minsheng")(4)	Interest of controlled corporations	—	1,027,849,803	—	1,027,849,803	10.57%

Notes:

(1) Xitong International is a wholly-owned subsidiary of Wuxi Communications. Wuxi Communications is, therefore, deemed under Part XV of the SFO to be interested in the 2,917,000,000 Shares held by Xitong International.

(2) 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 2,430,921,071 Shares held by CDBIH.

(3) 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. On 4 March 2022, the Company has confirmed with Mr. Shi that all 6,104,938 Shares held directly by him have been sold.

(4) 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, 62.60% owned by China Minsheng. All of 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. Base on the public information available to the Company, the shareholding interest of China Minsheng in China Minsheng Jiaye has been changed to 67.26%.

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 organisation which, as at 31 December 2022, 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 pursuant to section 336 of the SFO.

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors and the five individuals with the highest emoluments for the Year are set out in Note 29 to the financial statements, respectively.

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 since the date of 2022 interim report of the Company required to be disclosed in this annual report are set out below:

- Mr. Liu Heqiang resigned as an ED and ceased to act as the chief executive officer (the "CEO") with effect from after the voting and passing of the resolution at the Board meeting held on 23 December 2022.

- Mr. Hu Zhiwei has been appointed to perform the duties of CEO until the new CEO is appointed by the Board with effect from after the voting and passing of the resolution at the Board meeting held on 23 December 2022.

- Mr. Liu Fangqing has been appointed as an ED with effect from after the voting and passing of the resolution at the Board meeting held on 23 December 2022.

- Mr. Hu Zhiwei has been appointed as the President with effect from after the voting and passing of the resolution at the Board meeting held on 31 March 2023 and ceased to perform the duties of CEO upon the appointment of Ms. Yang Meiyu as the CEO on the same date.

- Ms. Yang Meiyu has been appointed as the CEO with effect from after the voting and passing of the resolution at the Board meeting held on 31 March 2023.

- Mr. Wang Jiangang resigned as a NED with effect from after the voting and passing of the resolution at the Board meeting held on 31 March 2023.

- Mr. Feng Xiaoliang has been appointed as a NED with effect from after the voting and passing of the resolution at the Board meeting held on 31 March 2023.

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. Lo Wai Hung	*(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 2023 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 2023 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 2023 AGM.

For and on behalf of the Board

Liu Yuhai
Non-executive Director and Chairman

Hu Zhiwei
Executive Director and President

31 March 2023

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 116 to 204, which comprise the consolidated statement of financial position as at 31 December 2022, 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 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board 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") issued by the International Auditing and Assurance Standards Board. 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 Hong Kong Institute of Certified Public Accountants' *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	How our audit addressed the 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 ECLs and determining the forward-looking adjustments. As at 31 December 2022, the gross carrying amount of debt instruments at amortised cost of the Group amounted to RMB2,059 million. The allowance for debt instruments at amortised cost amounted to RMB397 million. Since the impairment assessment of financial assets involved significant judgements and estimates 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.	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 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 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 disclosures in the consolidated financial statements 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 31 December 2022, which required significant judgements and estimates that were mainly based on market conditions existing at the valuation date, including the discount rate, market rent price, vacancy rate and cash flow projections. As at 31 December 2022, the carrying amount of the investment property amounted to RMB1,486 million and the fair value gain recognised to the current year's profit amounted to RMB12,319 thousand. Since the determination of the fair value involved significant judgements and estimations and in view of the significance of amount, the valuation of the 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 engaged by the Group. We assessed the model and key parameters used by the external valuer in the assessment of the valuation of investment property, in terms of the valuation methodology, market rent price, vacancy rate and discount rate. We also assessed the appropriateness of the related disclosures in the consolidated financial statements.

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.

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

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.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

- 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
31 March 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the financial year ended 31 December 2022
(All amounts expressed in RMB'000 unless otherwise specified)

	Notes	2022	2021
Operating income		**405,668**	367,776
Revenue	5	**305,029**	273,038
Other income	6	**100,639**	94,738
Operating expenses		**(339,888)**	(218,562)
Cost of sales	7	**(43,267)**	(63,399)
Selling and administrative expenses	7	**(116,673)**	(115,755)
Finance costs	8	**(44,615)**	(50,961)
Other expenses	9	**(110,219)**	(24,425)
(Impairment losses)/reversal of impairment on financial assets		**(25,114)**	35,978
Operating profit		**65,780**	149,214
Share of losses of joint ventures and associates	4	**(9,292)**	(7,764)
Profit before tax		**56,488**	141,450
Income tax	10	**(49,034)**	(10,500)
Profit for the year		**7,454**	130,950
Other comprehensive income/(loss)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Share of other comprehensive income/(loss) of associates		**14,950**	(3,823)
Other comprehensive income/(loss) for the year, net of tax		**14,950**	(3,823)
Total comprehensive income for the year, net of tax		**22,404**	127,127
Profit attributable to:			
Equity holders of the parent		**2,702**	108,583
Non-controlling interests		**4,752**	22,367
		7,454	130,950
Total comprehensive income attributable to:			
Equity holders of the parent		**17,652**	104,760
Non-controlling interests		**4,752**	22,367
		22,404	127,127
Earnings per share (RMB per share) attributable to ordinary equity holders of the parent:			
Basic and diluted, profit for the year	12	**0.0003**	0.0112

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 2022

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

	Notes	2022	2021
Assets			
Non-current assets			
Investments in joint ventures	4(a)	**238,810**	197,732
Investments in associates	4(b)	**169,413**	148,145
Debt instruments at amortised cost	13	**715,172**	1,371,795
Financial assets at fair value through profit or loss	14	**162,438**	91,565
Investment property	15	**1,485,700**	1,475,487
Property, plant and equipment	16	**9,175**	10,259
Deferred tax assets	10	**712**	11,410
Right-of-use assets	17(a)	**11,681**	17,985
Other assets		**1,981**	4,455
Total non-current assets		**2,795,082**	3,328,833
Current assets			
Land development for sale	18	**779,714**	887,401
Prepayments		**1,719**	1,581
Other receivables	19	**604,870**	615,938
Trade receivables	20	**45,526**	58,371
Debt instruments at amortised cost	13	**947,053**	224,495
Other assets		**9,693**	14,548
Financial assets at fair value through profit or loss	14	**895,643**	1,160,866
Cash and bank balances	21	**504,252**	386,003
Total current assets		**3,788,470**	3,349,203
Total assets		**6,583,552**	6,678,036
Equity and liabilities			
Equity			
Attributable to:			
Equity holders of the parent:			
Share capital	22	**4,070,201**	4,070,201
Accumulated losses		**(618,634)**	(621,336)
Foreign currency translation reserve		**7,286**	(7,664)
Other reserves	23	**607,839**	607,839
		4,066,692	4,049,040
Non-controlling interests		**470,231**	465,479
Total equity		**4,536,923**	4,514,519

Consolidated Statement of Financial Position

As at 31 December 2022

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

	Notes	2022	2021
Non-current liabilities			
Interest-bearing bank borrowings	24	**604,380**	686,380
Other liabilities		**6,207**	6,361
Lease liabilities	17(b)	**3,457**	—
Deferred tax liabilities	10	**127,529**	104,134
Total non-current liabilities		**741,573**	796,875
Current liabilities			
Interest-bearing bank borrowings	24	**379,225**	311,529
Trade payables	25	**108,525**	117,171
Other payables and accruals	26	**358,372**	448,323
Advance from customers	27	**19,848**	11,223
Current income tax liabilities		**40,072**	70,352
Lease liabilities	17(b)	**2,699**	12,138
Contract liabilities	28	**396,315**	395,906
Total current liabilities		**1,305,056**	1,366,642
Total liabilities		**2,046,629**	2,163,517
Total equity and liabilities		**6,583,552**	6,678,036
Net current assets		**2,483,414**	1,982,561
Total assets less current liabilities		**5,278,496**	5,311,394

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

Liu Yuhai
Chairman

Hu Zhiwei
President

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2022
(All amounts expressed in RMB'000 unless otherwise specified)

	Attributable to equity holders of the parent						
	Share capital	Other reserves	Foreign currency translation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
As at 1 January 2021	4,070,201	607,839	(3,841)	(729,919)	3,944,280	443,112	4,387,392
Profit for the year	—	—	—	108,583	108,583	22,367	130,950
Other comprehensive loss	—	—	(3,823)	—	(3,823)	—	(3,823)
Total comprehensive (loss)/income	—	—	(3,823)	108,583	104,760	22,367	127,127
As at 31 December 2021	4,070,201	607,839	(7,664)	(621,336)	4,049,040	465,479	4,514,519
Profit for the year	—	—	—	2,702	2,702	4,752	7,454
Other comprehensive income	—	—	14,950	—	14,950	—	14,950
Total comprehensive income	—	—	14,950	2,702	17,652	4,752	22,404
As at 31 December 2022	**4,070,201**	**607,839**	**7,286**	**(618,634)**	**4,066,692**	**470,231**	**4,536,923**

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 2022
(All amounts expressed in RMB'000 unless otherwise specified)

	Notes	2022	2021
Cash flows from operating activities			
Profit before tax		**56,488**	141,450
Adjustments for:			
Impairment losses/(reversal of impairment) on financial assets		**25,114**	(35,978)
Depreciation of property, plant and equipment	7	**1,439**	1,668
Depreciation of right-of-use assets	7	**12,544**	12,925
Amortisation of intangible assets		**346**	341
Net fair value gain on an investment property	6	**(12,319)**	(9,794)
Net gain on financial instruments at fair value through profit or loss	6	**(59,540)**	(44,566)
Share of losses of joint ventures and associates	4	**9,292**	7,764
Interest from debt instruments at amortised cost and dividend income from other investment	5(b)/5(c)	**(150,084)**	(91,552)
Interest income from bank deposits	6	**(3,874)**	(9,182)
Interest expense on lease liabilities	8	**386**	493
Interest expense on bank and other borrowings	8	**44,229**	50,468
Foreign exchange (gain)/loss	6	**(6,242)**	4,724
Disposal loss of property, plant and equipment		**4**	—
Impairment provision of land development for sale		**109,434**	—
		27,217	28,761
Increase in land development for sale		**(1,747)**	(1,102)
(Increase)/decrease in prepayments		**(138)**	91
Decrease in other receivables and other assets		**4,059**	2,952
(Increase)/decrease in trade receivables		**(1,841)**	515,787
Increase/(decrease) in advances from customers		**8,625**	(5,224)
Increase/(decrease) in contract liabilities		**409**	(29,041)
Decrease in trade and other payables		**(18,752)**	(78,375)
		17,832	433,849
Income tax paid		**(51,747)**	(11,140)
Net cash (outflow)/inflow from operating activities		**(33,915)**	422,709

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2022

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

	Notes	2022	2021
Cash flows from investing activities			
Purchases/construction of property, plant and equipment		**(359)**	(172)
Proceeds from disposal of property, plant and equipment		**—**	25
Investments in joint ventures and associates		**—**	(10,550)
Capital expenditure on an investment property		**(81,545)**	(6,229)
Investments in debt instruments at amortised cost		**(300,000)**	(1,116,766)
Proceeds from recovery of debt instruments at amortised cost		**208,000**	1,021,109
Interest received from debt instruments at amortised cost and other investment		**136,656**	95,840
Investments in financial assets at fair value through profit or loss		**(2,841,788)**	(1,131,863)
Proceeds from redemption of financial assets at fair value through profit or loss		**3,055,325**	974,575
Interest received from bank deposits		**3,874**	9,182
Investment income from financial assets at fair value through profit or loss		**47,318**	58,688
Payments for intangible assets		**(560)**	—
Net cash inflow/(outflow) from investing activities		**226,921**	(106,161)
Cash flows from financing activities			
Proceeds from bank borrowings	37	**45,621**	245,510
Repayment of bank borrowings	37	**(70,000)**	(971,429)
Payment of lease liabilities	17(b)	**(12,853)**	(13,204)
Dividends paid		**—**	(14)
Interest paid	37	**(38,384)**	(46,576)
Net cash outflow from financing activities		**(75,616)**	(785,713)
Net increase/(decrease) in cash and cash equivalents		**117,390**	(469,165)
Effect of exchange rate changes on cash and cash equivalents		**859**	(66)
Cash and cash equivalents at beginning of year		**386,003**	855,234
Cash and cash equivalents at end of year	21	**504,252**	386,003

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 People's Republic of China ("PRC") since 2002. Since 2014, 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, the Group introduced brands of urbanization to the region in the field of people's livelihood improvement at the same time, such as education, tourism and healthcare.

The Company was a then 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 China Development Bank Capital Corporation Limited ("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.

On 11 June 2021, CDBIH signed a share transfer agreement in respect of approximately 29.99% shares of the Company (the "Share Transfer Agreement") with Wuxi Communications Industry Group Co., Ltd. ("Wuxi Communications") and Xitong International Holdings (HK) Limited ("Xitong International"), a wholly-owned subsidiary of Wuxi Communications, pursuant to which, CDBIH has agreed to transfer 2,917,000,000 shares of the Company held by it (the "Transfer Shares") to Xitong International, which represented approximately 29.99% of the number of the issued shares of the Company (the "Share Transfer"). Upon the completion of the Share Transfer on 28 September 2021, Xitong International holds 2,917,000,000 shares (29.99%) of the Company as the largest shareholder; and CDBIH holds 2,430,921,071 shares (24.99%) of the Company as the second largest shareholder.

Subsidiaries

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

2.1 BASIS OF PREPARATION

These consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on a historical cost basis, except for investment property and financial assets 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 2022. 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/Company 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

Amended standards

The Group applied for the first-time four amendments, which are effective for annual periods beginning on or after 1 January 2022 (unless otherwise stated). The Group has not early adopted any other revised standards that have been issued but are not yet effective.

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

Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). 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 Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

Reference to the Conceptual Framework — Amendments to IFRS 3

Amendments to IFRS 3 replace a reference to the previous Framework for the Preparation and Presentation of Financial Statements with a reference to the *Conceptual Framework for Financial Reporting* issued in June 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or International Financial Reporting Interpretations Committee ("IFRIC") Interpretation 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC Interpretation 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the year, the amendments did not have any impact on the financial position and performance of the Group.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

Amended standards (continued)

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

Amendments to IAS 16 prohibit an entity from 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 recognizes the proceeds from selling any such items, and the cost of those items, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41 — Annual Improvements to IFRSs 2018-2020

Annual Improvements to IFRSs 2018-2020 sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are applicable to the Group are as follows:

- IFRS 9 *Financial Instruments*: 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. The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

2.3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated 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 a material adjustment to the carrying amounts 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) Property lease classification — Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases.

2.3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Judgements (continued)

(ii) Land development services

The Group applies significant judgements in identifying performance obligations and allocation of transaction price to each performance. When the performance is not distinct, the Group combine those construction and service with other promised construction or services until it identifies a bundle of performance that is distinct. The contract price is allocated based on their relative fair values of the construction works, determined by reference to the relative estimated construction costs of each component.

Revenue derived from land development service is recognised over time based on the portions of the specific construction works or services completed. Significant judgement is made by the Group in determining the proportion of the performance obligations completed.

(iii) Contractual cash flow 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.

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

Land development for sale is stated at 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 and its recoverable amount, i.e., the revenue to be derived from the land development services, compensations from local government or proceeds in other forms.

If the cost is higher than the amount of consideration, compensations or proceeds the Group is expected to receive from the government authorities, less costs directly relate to completion and providing those services, if any, an impairment is recognised. The assessment of impairment requires the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and impairment for land development for sale in the periods in which such estimate is changed will be adjusted accordingly. In 2022, an impairment of RMB109 million was charged to state the land development for sale at net realisable value (Note 18).

(ii) Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences, and the carry forward 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 carry forward of unused tax credits and unused tax losses can be utilised. 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 income tax charge in the period in which such estimate has been changed.

2.3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

(iii) Allowance for expected credit losses

The Group uses the probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD") model to estimate the expected credit losses ("ECLs") for debt instruments at amortised cost. The parameters used by the Group to measure the ECLs, including PD, LGD and EAD, each involve numerous judgements and assumptions. The Group made adjustments based on the results of the internal rating and bridged to the external rating PD curve in determining the PD. When estimating the LGD, the Group uses the default setting of Basel Agreement since the risk of their debt instruments at amortised cost is similar to subordinated bonds. The Group also applies expert judgements to predict macroeconomic indicators, analyses the correlations with modelled parameters such as PD, and makes forward-looking adjustments on parameters.

The Group uses the historical credit loss experience to estimate the ECLs of trade receivables and other receivables. The provision rates are based on groupings of various counterparty segments that have similar loss patterns. It is initially based on the Group's historical observed default rates and was adjusted by forward-looking information. 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 the PD, LGD, historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and 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.

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 and the relevance of sector trends to the future performance of individual counterparties.

(iv) Fair value measurement of financial instruments

When the fair values of financial instruments 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.

(v) Fair value measurement of investment property

The fair value of the Group's investment property is evaluated by an independent professionally qualified valuer 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. In making the estimate, the Group considers information from current rentals of the lease contracts recently entered and other information that are relevant in assessing the 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 in which the Group has a long term interest of generally not less than 20% of the equity voting rights and 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 Group's investments in its associates and joint ventures are accounted for using the equity method.

Under the equity method, the investment in an associate or 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 profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in other comprehensive income ("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 associate or 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 associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate or 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 associate or joint venture.

The financial statements of the associate or 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 an associate or a joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or 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 associate or joint venture and its carrying value, then recognises the loss within 'Share of profits and losses of joint ventures and associates' in the statement of profit or loss and other comprehensive income.

Upon loss of joint control over the joint venture or loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture or associate upon loss of joint control or loss of significant influence 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 be 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 for the Group 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 certain 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 by the Group.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

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 rate ("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 profit or loss.

This category includes derivative instruments and 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 or 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.

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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

General approach (continued)

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 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. It is based on its historical credit loss experience, adjusted for forward-looking factors 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 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, and interest-bearing bank 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.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Subsequent measurement (continued)

(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 profit or loss. The net fair value gain or loss recognised in profit or loss 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 profit or loss, 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 profit or loss. The net fair value gain or loss recognised in profit or loss 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	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.

The Group reviews the estimated residual values and expected useful lives of assets at least annually. In particular, the Group considers the impact of health, safety and environmental legislation in its assessment of expected useful lives and estimated residual values.

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 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 lower of cost and net realisable value. An impairment exists if the carrying amount of the land development for sale exceeds the amount of consideration the Group is expected to receive from the local government authorities, less costs directly relate to completion and providing those services.

An impairment loss is recognised in profit or loss only if the carrying amount of the land development for sale exceeds its recoverable amount.

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 in profit or loss 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 goodwill 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)

Leases (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:

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

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 recognised in accordance with the terms of lease contracts over the lease term on a straight line basis and is included in revenue in profit or loss 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.

Investment properties

Investment properties are interests in land and buildings (including the leasehold property held as a right-of-use asset which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of the retirement or disposal.

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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

(a) *Revenue from land development services*

Revenue derived from land development services is recognised over time based on the portions of the specific construction works or services completed because the customer controls the asset as it is being created or enhanced.

(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.

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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contract balances (continued)

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 profit or loss 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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 HKD1,500 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.

Dividends

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

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 profit or loss over the time of asset realisation by way of a reduced cost of assets' depreciation 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 annual 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.

Definition of Accounting Estimates — Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of "accounting estimates". The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Group's financial statements.

Disclosure of Accounting Policies — Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 *Making Materiality Judgements*, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their "significant" accounting policies with a requirement to disclose their "material" accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures.

2.5 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

Deferred Tax related to Assets and Liabilities arising from a Single Transaction — Amendments to IAS 12

In May 2021, the IASB issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted.

The amendments are not expected to have any significant impact on the Group's financial statements.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture — Amendments to IFRS 10 and IAS 28

The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively.

The amendments are not expected to have any significant impact on the Group's financial statements.

Lease Liability in a Sale and Leaseback — Amendments to IFRS 16

The amendments specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16 (i.e., 1 January 2019). Earlier application is permitted.

The amendments are not expected to have any significant impact on the Group's financial statements.

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

3. INVESTMENTS IN SUBSIDIARIES

Company

	Notes	2022	2021
Unlisted shares, at cost	(a)	**3,524,561**	3,524,561
Advances to subsidiaries, net	(b)	**582,976**	692,410
		4,107,537	4,216,971

(a) As at 31 December 2022 and 2021, 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 (%) 2022	Proportion of ownership interest (%) 2021	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
CNTD Success Company Limited	British Virgin Islands 23 March 2022	—	**100.00**	—	Investment holding/ Hong Kong
		3,524,561			

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

3. INVESTMENTS IN SUBSIDIARIES (continued)

(a) As at 31 December 2022 and 2021, 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 (%) 2022	Proportion of ownership interest (%) 2021	Effective equity interest (%) 2022	Effective equity interest (%) 2021	Principal activities/ place of operation
Meeko and Weblink	Shanghai Golden Luodian Development Co., Ltd. ("SGLD")[1]	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")[2]	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 (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")[2]	PRC 6 March 2007 USD88,200,000	**100.00**	100.00	**100.00**	100.00	Land development/ Mainland China
Protex Investment Limited	Shanghai CNTD Management Consulting Co., Ltd.[2]	PRC 21 June 2007 USD200,000	**100.00**	100.00	**100.00**	100.00	Enterprise investment consultation/ Mainland China
CNT Holding	Beijing Kaiyuan Xincheng Management Consulting Co., Ltd[2]	PRC 20 November 2014 RMB25,000,000	**100.00**	100.00	**100.00**	100.00	Real estate consultation/ Mainland China
CNT Holding	Beijing Xincheng Kaiyuan Asset Management Co., Ltd ("Xincheng Kaiyuan")[3]	PRC 6 January 2015 RMB1,000,000,000	**100.00**	100.00	**100.00**	100.00	Asset management/ Mainland China
CNT Holding	Changchun Xincheng Construction Development Company Limited[3][4]	PRC 2 December 2015 RMB100,000,000	**100.00**	100.00	**100.00**	100.00	Real estate development/ Mainland China

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

3. INVESTMENTS IN SUBSIDIARIES (continued)

(a) As at 31 December 2022 and 2021, 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 (%) 2022	Proportion of ownership interest (%) 2021	Effective equity interest (%) 2022	Effective equity interest (%) 2021	Principal activities/ place of operation
CNT Holding	Guoxi Nanjing Investment Development Co., Ltd. ("Guoxi Nanjing")(3)	PRC 1 August 2014 RMB127,500,000	**100.00**	100.00	**100.00**	100.00	Investment and asset development/ Mainland China
CNT Holding	Beijing Xincheng Zhishang Agricultural Technology Co., Ltd ("Beijing Agricultural")(3)	PRC 15 December 2015 RMB47,692,600	**51.00**	51.00	**51.00**	51.00	Investment management/ Mainland China
CNT Holding	Kaihe (Beijing) Private Equity Fund Management Company Limited(3)(5)	PRC 22 December 2015 RMB30,000,000	**100.00**	100.00	**100.00**	100.00	Investment management/ Mainland China
CNT Holding	Chengdu Xincheng Zhisheng Agricultural Development Co., Ltd(3)	PRC 29 January 2016 RMB20,000,000	**100.00**	100.00	**51.00**	51.00	Investment management/ Mainland China
CNT Holding	ShengQi (Jiaxing) Investment Management Co., Ltd. ("ShengQi IM")(3)	PRC 23 February 2016 RMB1,000,000	**100.00**	100.00	**100.00**	100.00	Investment management/ Mainland China
CNT Holding	New Town Education Co., Ltd ("New Town Education")	Hong Kong 17 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")(3)	PRC 31 May 2018 RMB10,000,000	**100.00**	100.00	**66.40**	66.40	Leasing and property management/ Mainland China
CNT Holding	CDBC Co-Create Enterprise Management (Huzhou) Co., Ltd. ("CCEM Huzhou")(3)	PRC 2 June 2018 RMB10,000,000	**58.00**	58.00	**58.00**	58.00	Investment management/ Mainland China
CNT Holding	Hainan Xincheng Kaiyuan Investment Co., Ltd ("Hainan Xincheng")(3)	PRC 20 December 2021 RMB100,000,000	**100.00**	100.00	**100.00**	100.00	Investment management/ Mainland China
CNT Holding	Wuxi Xincheng Consulting Management Company Limited	PRC 17 June 2022 RMB50,000,000	**100.00**	—	**100.00**	—	Management consulting/ Mainland China
CNT Holding	Hainan Kaixin Equity Investment Fund Partnership (Limited Partnership)	PRC 25 July 2022 RMB30,000,000	**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 2022 and 2021, the Group's direct or indirect interests in subsidiaries are set out below: (continued)

Indirectly held by the Company (continued)

(1) This entity is registered as a Sino-foreign joint venture enterprise under PRC law.

(2) These entities are registered as wholly-foreign-owned enterprises under PRC law.

(3) These entities are registered as limited liability enterprises under PRC law.

(4) Changchun Xincheng Construction Development Company Limited was previously named as CDBC New Town Changchun Construction and Development Co., Ltd..

(5) Kaihe (Beijing) Private Equity Fund Management Company Limited was previously named as CDBC New Town (Beijing) Investment Fund Management Co., Ltd.

(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:

	2022	2021
Amounts due from:		
CNTD Shenyang	**581,463**	690,897
Safewell Investment Limited	**1,513**	1,513
	582,976	692,410

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

3. INVESTMENTS IN SUBSIDIARIES (continued)

(c) 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	2022	2021
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.

Summarised statement of profit or loss and other comprehensive income for 2022:

	SGLD	Wuhan Chuguang	CCEM Huzhou
Revenue	**2,680**	**152,265**	**—**
Cost of sales	**(8,644)**	**(34,622)**	**—**
(Loss)/profit and total comprehensive (loss)/income for the year	**(29,229)**	**64,324**	**(20,523)**
Attributable to non-controlling interests	**(8,000)**	**21,613**	**(8,620)**
Dividends paid to non-controlling interests	**—**	**—**	**—**

Summarised statement of profit or loss and other comprehensive income for 2021:

	SGLD	Wuhan Chuguang	CCEM Huzhou
Revenue	27,215	154,271	—
Cost of sales	(27,633)	(35,765)	—
Profit/(loss) and total comprehensive income/(loss) for the year	6,366	86,492	(16,315)
Attributable to non-controlling interests	1,742	29,061	(6,853)
Dividends paid to non-controlling interests	—	—	—

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

3. INVESTMENTS IN SUBSIDIARIES (continued)

(c) Partly-owned subsidiaries (continued)

Summarised statement of financial position as of 31 December 2022:

	SGLD	Wuhan Chuguang	CCEM Huzhou
Current assets	**1,765,520**	**85,919**	**1,077**
Non-current assets	**167**	**1,494,717**	**—**
Current liabilities	**(340,790)**	**(242,004)**	**(314,779)**
Non-current liabilities	**—**	**(685,876)**	**—**
Total equity	**1,424,897**	**652,756**	**(313,702)**
Attributable to non-controlling interests	**389,994**	**219,326**	**(131,755)**

Summarised statement of financial position as of 31 December 2021:

	SGLD	Wuhan Chuguang	CCEM Huzhou
Current assets	1,823,032	99,561	1,130
Non-current assets	273	1,498,509	—
Current liabilities	(388,597)	(250,439)	(294,309)
Non-current liabilities	—	(759,199)	—
Total equity	1,434,708	588,432	(293,179)
Attributable to non-controlling interests	392,679	197,713	(123,135)

Summarised cash flow information for 2022:

	SGLD	Wuhan Chuguang	CCEM Huzhou
Operating	**(2)**	**120,244**	**(53)**
Investing	**—**	**(79,123)**	**—**
Financing	**—**	**(56,112)**	**—**
Net (decrease)/increase in cash and cash equivalents	**(2)**	**(14,991)**	**(53)**

Summarised cash flow information for 2021:

	SGLD	Wuhan Chuguang	CCEM Huzhou
Operating	(439)	105,129	92
Investing	—	(14,922)	—
Financing	—	(48,054)	—
Net (decrease)/increase in cash and cash equivalents	(439)	42,153	92

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

4. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

(a) Investments in joint ventures

	2022	2021
Unlisted shares	**238,810**	197,732

Details of the joint ventures are as follows:

Name	Place and date of establishment	Proportion of ownership interest attributable to the Group (%)		Effective equity interest attributable to the Group (%)		Particulars of registered capital	Principal activities
		2022	2021	2022	2021		
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%	RMB325 million	Real estate

The investments in joint ventures are accounted for using the equity method.

(i) In 2016, Xincheng Kaiyuan and Beijing Vanke Enterprises Co. Ltd. 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 2022, the issued capital of Guowan was RMB100 million (2021: RMB100 million), which was contributed equally by both parties.

(ii) In 2017, Beijing 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 2022, the issued capital of Guoyuan was RMB15,908 thousand (2021: RMB15,908 thousand), which was contributed equally by both parties. The Group has discontinued the recognition of its share of losses of the joint venture because the share of losses of the joint venture exceeded the Group's interest in the joint venture and the Group has no obligation to take up further losses. The amounts of the Group's unrecognised share of losses of the joint venture for the current year and cumulatively were RMB260 thousand (2021: RMB164 thousand) and RMB777 thousand (2021: RMB517 thousand), respectively.

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

4. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

(a) Investments in joint ventures (continued)

(iii) In 2017, Guoxi 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 2022, the issued capital of Guofa was RMB50 million (2021: RMB50 million), where Mingfa Group has contributed RMB25.5 million (2021: RMB25.5 million), and Guoxi Nanjing has contributed RMB24.5 million (2021: RMB24.5 million).

(iv) In 2018, Guoxi 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. In 2020, Sichuan Zhongxi Property Co., Ltd transferred its shares of 50% to Jiangsu Construction Engineering Group No.1 Engineering Co., Ltd. In 2021, CNT Holding transferred its shares of 33.3% to Guoxi Nanjing. In 2022, Jiangsu Construction Engineering Group No.1 Engineering Co., Ltd. and Guoxi Nanjing increased their investment by RMB52.5 million respectively. As at 31 December 2022, Guoxi Nanjing and Jiangsu Construction Engineering Group No.1 Engineering Co., Ltd. invested RMB162.5 million (2021: RMB110 million) and RMB162.5 million (2021: RMB110 million), respectively, which represented 50% and 50% of shares.

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:

As at 31 December 2022

	Guofa	Guowan	Guoying	Others	Total
Current assets	838,993	145,915	138,086	19	1,123,013
Non-current assets	1	183,195	743,545	5,203	931,994
Current liabilities	(720,384)	(277,317)	(158,258)	(7,118)	(1,163,077)
Non-current liabilities	—	—	(413,785)	—	(413,785)
Equity	118,610	51,793	309,588	(1,896)	478,095
Proportion of the Group's ownership	49%	50%	50%	—	—
Carrying amount of the investment	58,119	25,897	154,794	—	238,810

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

4. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

(a) Investments in joint ventures (continued)

As at 31 December 2021

	Guofa	Guowan	Guoying	Others	Total
Current assets	840,110	343,292	162,089	216	1,345,707
Non-current assets	9	—	486,095	5,528	491,632
Current liabilities	(720,447)	(264,082)	(203,939)	(7,118)	(1,195,586)
Non-current liabilities	—	—	(245,269)	—	(245,269)
Equity	119,672	79,210	198,976	(1,374)	396,484
Proportion of the Group's ownership	49%	50%	50%	—	—
Carrying amount of the investment	58,639	39,605	99,488	—	197,732

Summarised statements of profit or loss and other comprehensive income of the joint ventures are set out below:

Year ended 31 December 2022

	Guofa	**Guowan**	**Guoying**	**Others**	**Total**
Revenue	**53**	**278**	**17,698**	**—**	**18,029**
Administrative expenses and other expenses	**(1,114)**	**(27,013)**	**(8,366)**	**—**	**(36,493)**
Finance costs	**—**	**(683)**	**(3,053)**	**—**	**(3,736)**
Loss before tax	**(1,061)**	**(27,418)**	**6,279**	**—**	**(22,200)**
Income tax expense	**—**	**—**	**(664)**	**—**	**(664)**
Net (loss)/profit for the year	**(1,061)**	**(27,418)**	**5,615**	**—**	**(22,864)**
Total comprehensive loss for the year	**(1,061)**	**(27,418)**	**5,615**	**—**	**(22,864)**
Group's share of loss for the year	**(520)**	**(13,708)**	**2,806**	**—**	**(11,422)**

(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 2021

	Guofa	Guowan	Guoying	Others	Total
Revenue	48	44	10,805	—	10,897
Administrative expenses and other expenses	(2,288)	(2,032)	(25,814)	(329)	(30,463)
Finance costs	—	(1,190)	—	—	(1,190)
Loss before tax	(2,240)	(3,178)	(15,009)	(329)	(20,756)
Income tax expense	—	—	(489)	—	(489)
Net loss for the year	(2,240)	(3,178)	(15,498)	(329)	(21,245)
Total comprehensive loss for the year	(2,240)	(3,178)	(15,498)	(329)	(21,245)
Group's share of loss for the year	(1,098)	(1,589)	(7,749)	—	(10,436)

(b) Investments in associates

	2022	2021
Unlisted shares	**169,413**	148,145

Details of the associates are as follows:

Name	Place and date of establishment	Proportion of ownership interest attributable to the Group (%)		Effective equity interest attributable to the Group (%)		Particulars of registered capital	Principal activities
		2022	2021	**2022**	2021		
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

(i) In 2018, GP Holding Co was established which is in turn owned by New Town 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 New Town Education, CWE and other shareholders with interest shares of 58.38%, 23.35% and 18.27%, respectively.

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

4. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

(b) Investments in associates (continued)

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:

As at 31 December 2022

	GP Holding Co	**Kaiyuan Fund**	**Total**
Current assets	**50,412**	**82,123**	**132,535**
Non-current assets	**2,293**	**247,750**	**250,043**
Current liabilities	**(19,321)**	**(56,331)**	**(75,652)**
Non-current liabilities	**—**	**—**	**—**
Equity	**33,384**	**273,542***	**306,926**
Proportion of the Group's ownership	**40%**	**58.38%**	
Carrying amount of the investment	**13,354**	**156,059**	**169,413**

As at 31 December 2021

	GP Holding Co	Kaiyuan Fund	Total
Current assets	39,733	69,585	109,318
Non-current assets	2,641	230,022	232,663
Current liabilities	(13,834)	(44,075)	(57,909)
Non-current liabilities	—	—	—
Equity	28,540	255,532*	284,072
Proportion of the Group's ownership	40%	58.38%	—
Carrying amount of the investment	11,416	136,729	148,145

* The equity included one of projects invested by Kaiyuan Fund — Shenzhen Project, which has not been invested by New Town Education, a subsidiary of the Company. The equity excluded Shenzhen Project was RMB267,298 thousand (2021: RMB234,191 thousand).

(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 2022

	GP Holding Co	Kaiyuan Fund	Total
Revenue	5,949	9,914	15,863
Cost of sales	—	—	—
Administrative expenses and other expenses	(3,812)	(7,730)	(11,542)
Finance costs	—	—	—
Profit before tax	2,137	2,184	4,321
Income tax expense	—	—	—
Net profit for the year	2,137	2,184	4,321
Other comprehensive income	2,707	23,751	26,458
Total comprehensive income for the year	4,844	25,935	30,779
Group's share of profit for the year	855	1,275	2,130

Year ended 31 December 2021

	GP Holding Co	Kaiyuan Fund	Total
Revenue	8,760	(4,659)	4,101
Cost of sales	—	—	—
Administrative expenses and other expenses	(4,673)	(4,655)	(9,328)
Finance costs	—	—	—
Profit/(loss) before tax	4,087	(9,314)	(5,227)
Income tax expense	—	—	—
Net profit/(loss) for the year	4,087	(9,314)*	(5,227)
Other comprehensive loss	(908)	(5,927)	(6,835)
Total comprehensive income/(loss) for the year	3,179	(15,241)	(12,062)
Group's share of profit for the year	1,635	1,037	2,672

* The net loss for the year ended 31 December 2021 included the dispose loss of Shenzhen Project, which was not invested and then should not be shared by New Town Education. The net profit for the year ended 31 December 2021, adjusted by Shenzhen Project, was RMB1,776 thousand.

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

5. REVENUE

	Notes	2022	2021
Land development	(a)	**2,680**	27,215
Property management	(a)	**35,189**	34,638
Revenue from contracts with customers	(a)	**37,869**	61,853
Rental income		**117,076**	119,633
Interest from debt instruments at amortised cost	(b)	**143,120**	85,113
Others	(c)	**6,964**	6,439
Revenue from other sources		**267,160**	211,185
Total revenue		**305,029**	273,038

(a) Revenue from contracts with customers

Disaggregated revenue information

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

2022

Segments	**Land development**	**Property management**	**Total**
Types of goods or services			
Land development	**2,680**	**—**	**2,680**
Property management	**—**	**35,189**	**35,189**
Total revenue from contracts with customers	**2,680**	**35,189**	**37,869**
Timing of revenue recognition			
Services rendered over time	**2,680**	**35,189**	**37,869**

2021

Segments	Land development	Property management	Total
Types of goods or services			
Land development	27,215	—	27,215
Property management	—	34,638	34,638
Total revenue from contracts with customers	27,215	34,638	61,853
Timing of revenue recognition			
Services rendered over time	27,215	34,638	61,853

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

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

5. REVENUE (continued)

(a) Revenue from contracts with customers (continued)

Land development

SGLD is given the right to carry out construction and preparation works in respect of the ancillary public facilities (owned by the local governments) in the Western Zone of Luodian New Town.

Revenue of RMB2.68 million (2021: RMB27.22 million) was recognised in respect of construction of the ancillary public facilities with the fulfilment of the performance obligation in 2022, of which RMB2.68 million (2021: RMB27.22 million) was released from contract liabilities.

Property management services

The performance obligation is satisfied over time as property management services are rendered and short-term advances are normally required before rendering the services. Property management service contracts are billed based on the time incurred. The amount of revenue recognised in the current year that was included in the contract liabilities at the beginning of 2022 was RMB2,839 thousand (2021: RMB4,664 thousand).

For property management services, the Group has a right to consideration from customers in an amount that corresponds directly with the value to customers of the Group's performance completed to date. The Group has elected the practical expedient not to disclose the remaining performance obligations for these contracts.

(b) The detailed information of interest from debt instruments at amortised cost is as follows:

	2022	2021
Chengdu Jintang Huaizhou New City General Aviation Industrial Park Project	**27,510**	1,643
Taizhou Jingjiang Huaxin Science and Technology Innovation Park Standard Plant Construction Project	**24,388**	2,943
Yangzhong Changwang Operation Area Logistics Park Construction Project	**23,968**	590
Yangzhou Jiangdu People's Hospital New Project	**18,858**	154
Lianyungang Liandao Cultural Tourism Project	**14,316**	16,260
Hubei Daye Advanced Manufacturing Standard Plant Construction Project	**12,795**	—
Suqian Yanghe Bio-tech Industrial Park Project	**10,132**	10,867
Yancheng Sheyang Ruiyang Technology Fixed Income Project	**4,618**	—
Chengdu Jintang Huaizhou New City Yunding Ranch Cultural Tourism Project	**—**	19,821
The first Phase Construction Project of High-tech Science and Technology Innovation Park in Yangzhong City, Jiangsu Province	**—**	17,385
Gaoyou PPP Project	**—**	4,364
Taizhou Tongtai Intelligent Manufacturing Industrial Park Project	**—**	2,370
Others	**6,535**	8,716
	143,120	85,113

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

5. REVENUE (continued)

(c) The detailed information of others is as follows:

	2022	2021
CDB (Beijing) — BOCOMM New-Type Urbanization Development Fund	**6,964**	6,439

6. OTHER INCOME

	2022	2021
Interest income from bank deposits	**3,874**	9,182
Net fair value gain on financial instruments at fair value through profit or loss	**12,222**	—
Investment income from financial assets at fair value through profit or loss	**47,318**	59,911
Fair value gain on investment property	**12,319**	9,794
Foreign exchange gain, net	**6,242**	—
Others	**18,664**	15,851
	100,639	94,738

7. EXPENSES BY NATURE

	2022	2021
Cost of land development	**8,644**	27,633
Depreciation of property, plant and equipment	**1,439**	1,668
Depreciation of right-of-use assets	**12,544**	12,925
Audit fees and non-audit fees	**2,666**	3,342
Audit fees		
— Auditor of the Company	**2,200**	2,500
— Other auditors	**451**	832
Non-audit fees		
— Auditor of the Company	**—**	—
— Other auditors	**15**	10
Employee benefits	**56,753**	51,333
Utility expenses	**12,543**	11,443
Advertising	**878**	6,681
Rental expenses	**1,577**	1,608
Property management service expenses	**23,610**	24,963
Intermediary and professional service charges	**5,335**	9,888
Other expenses	**33,951**	27,670
Total cost of sales, selling and administrative expenses	**159,940**	179,154

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

8. FINANCE COSTS

	2022	2021
Interest on bank and other borrowings	**44,229**	50,468
Interest on lease liabilities	**386**	493
	44,615	50,961

No borrowing cost has been capitalised for the year ended 31 December 2022 (2021: Nil).

9. OTHER EXPENSES

	2022	2021
Bank charges	**48**	46
Net fair value loss on financial instruments at fair value through profit or loss	**—**	15,345
Foreign exchange loss, net	**—**	4,724
Loss on disposal of property, plant and equipment	**4**	52
Impairment of land development for sale (Note 18)	**109,434**	—
Others	**733**	4,258
	110,219	24,425

10. INCOME TAX AND DEFERRED 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.

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated 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.

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

10. INCOME TAX AND DEFERRED TAX (continued)

Mainland China — withholding tax (continued)

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 profit or loss.

The major components of income tax are as follows:

	2022	2021
Income tax charge/(credit):		
Current income tax	**14,969**	5,159
Deferred tax	**34,093**	(471)
Withholding tax	**(28)**	5,812
Income tax charge as reported in profit or loss	**49,034**	10,500

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 2022

	HK and BVI		**Mainland China**		**Total**	
Profit before tax	**80,295**		**(23,807)**		**56,488**	
Tax at the statutory tax rate	**20,074**	**25.0%**	**(5,952)**	**25.0%**	**14,122**	**25.0%**
Effect of subsidiaries applying the non-statutory tax rate	**(2,126)**	**(2.7%)**	**(4)**	**0.0%**	**(2,130)**	**(3.8%)**
Income not subject to tax	**(17,784)**	**(22.1%)**	**(5,944)**	**25.0%**	**(23,728)**	**(42.0%)**
Profit and losses attributable to joint ventures and associates	**(351)**	**(0.4%)**	**2,855**	**(12.0%)**	**2,504**	**4.4%**
Non-deductible expenses for tax purposes	**4,283**	**5.3%**	**123**	**(0.5%)**	**4,406**	**7.8%**
Adjustments in respect of current tax of previous periods	**—**	**0.0%**	**99**	**(0.4%)**	**99**	**0.2%**
Utilisation/adjustment of previously unrecognised tax losses	**—**	**0.0%**	**(1,975)**	**8.3%**	**(1,975)**	**(3.5%)**
Unrecognised tax losses and deductible temporary differences	**—**	**0.0%**	**49,011**	**(205.9%)**	**49,011**	**86.8%**
Effect of withholding tax*	**6,725**	**8.4%**	**—**	**0.0%**	**6,725**	**11.9%**
Income tax as reported in the statement of profit or loss and other comprehensive income	**10,821**	**13.5%**	**38,213**	**(160.5%)**	**49,034**	**86.8%**

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

10. INCOME TAX AND DEFERRED 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: (continued)

Year ended 31 December 2021

	HK and BVI		Mainland China		Total	
Profit before tax	9,000		132,450		141,450	
Tax at the statutory tax rate	2,250	25.0%	33,113	25.0%	35,363	25.0%
Effect of subsidiaries applying the non-statutory tax rate	6,870	76.3%	—	0.0%	6,870	4.8%
Income not subject to tax	(13,207)	(146.7%)	—	0.0%	(13,207)	(9.3%)
Profit and losses attributable to joint ventures and associates	566	6.3%	1,084	0.8%	1,650	1.2%
Non-deductible expenses for tax purposes	3,521	39.1%	325	0.2%	3,846	2.7%
Adjustments in respect of current tax of previous periods	—	0.0%	1,989	1.5%	1,989	1.4%
Utilisation/adjustment of previously unrecognised tax losses	—	0.0%	(39,391)	(29.7%)	(39,391)	(27.8%)
Unrecognised tax losses and deductible temporary differences	—	0.0%	7,568	5.7%	7,568	5.3%
Effect of withholding tax*	5,812	64.6%	—	0.0%	5,812	4.1%
Income tax as reported in the statement of profit or loss and other comprehensive income	5,812	64.6%	4,688	3.5%	10,500	7.4%

* In 2022, the HK and BVI companies received interest and dividend income from Mainland China amounting to RMB65,538 thousand (2021: RMB52,391 thousand), after the deduction of the withholding tax of RMB6,497 thousand (2021: RMB5,812 thousand).

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

10. INCOME TAX AND DEFERRED TAX (continued)

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.

Deferred income tax relates to the following:

	Consolidated statement of financial position		Consolidated profit or loss	
	2022	2021	**2022**	2021
Deferred tax assets/(liabilities)				
Fair value change and depreciation of investment property	**(75,512)**	(66,458)	**(9,054)**	(5,020)
Fair value change of financial instruments at fair value through profit or loss	**(5,179)**	(3,734)	**(1,445)**	6,229
Accrued expenses	**93**	1,942	**(1,849)**	(155)
Taxable timing difference for interest accrued	**(20,364)**	(17,502)	**(2,862)**	(2,377)
Provision for ECLs	**2,049**	2,868	**(819)**	(2,601)
Effect of withholding tax at 10% on the distributable profits of the Group's subsidiaries in Mainland China	**(27,904)**	(21,151)	**(6,753)**	—
Loss available for offsetting against future taxable income	**—**	11,311	**(11,311)**	4,395
Net deferred tax liabilities	**(126,817)**	(92,724)		
Deferred income tax (charge)/credit			**(34,093)**	471

Deferred tax movements:

	2022	2021
As of 1 January	**(92,724)**	(93,195)
Deferred tax income recognised in profit or loss	**(34,093)**	471
As at 31 December	**(126,817)**	(92,724)
Deferred tax assets	**712**	11,410
Deferred tax liabilities	**(127,529)**	(104,134)

As at 31 December 2022, the unrecognized deductible temporary differences amounting to RMB102,213 thousand (2021: RMB67,128 thousand) and the unrecognized accumulated tax losses amounting to RMB292,863 thousand (2021: RMB156,427 thousand) mainly arose from those subsidiaries that have been loss-making for years. The unrecognized tax losses of RMB292,863 thousand (2021: RMB156,427 thousand) will expire in the coming one to five years. 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.

11. DIVIDENDS

No final dividend to the shareholders has been proposed by the board of directors of the Company in respect of the year ended 31 December 2022 (2021: Nil).

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

12. EARNINGS PER SHARE

The calculation of the basic earnings per share amounts is based on the profit attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 9,726,246,417 (2021: 9,726,246,417) in issue during the year.

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

	2022	2021
Profit attributable to ordinary equity holders of the parent for basic and diluted earnings per share	**2,702**	108,583
Weighted average number of ordinary shares used to calculate basic and diluted earnings per share	**9,726,246,417**	9,726,246,417
Basic and diluted earnings per share (RMB)	**0.0003**	0.0112

The Group had no potential dilutive ordinary shares in issue during the years ended 31 December 2022 and 2021.

13. DEBT INSTRUMENTS AT AMORTISED COST

	2022	2021
Investments in debt instruments related to:		
Nanchang Science and Technology Park Project of Chinese Academy of Sciences	**400,000**	400,000
Taizhou Jingjiang Huaxin Science and Technology Innovation Park Standard Plant Construction Project	**327,608**	318,667
Chengdu Jintang Huaizhou New City General Aviation Industrial Park Project	**300,000**	300,000
Yangzhong Changwang Operation Area Logistics Park Construction Project	**251,000**	251,000
Yangzhou Jiangdu People's Hospital New Project	**253,379**	246,470
Hubei Daye Advanced Manufacturing Standard Plant Construction Project	**200,000**	—
Suqian Yanghe Bio-tech Industrial Park Project	**107,000**	107,000
Yancheng Sheyang Ruiyang Technology Fixed Income Project	**100,000**	—
Lianyungang Liandao Cultural Tourism Project	**—**	200,000
Others	**90,000**	150,500
	2,028,987	1,973,637
Accrued interest	**29,826**	23,363
	2,058,813	1,997,000
Less: allowance for ECLs	**(396,588)**	(400,710)
	1,662,225	1,596,290
Amounts due in the next 12 months classified as current assets	**947,053**	224,495
Amounts classified as non-current assets	**715,172**	1,371,795

As at 31 December 2022, the Group was entitled to fixed returns ranging from 5.88% to 15.00% (2021: 5.70% to 15.00%) per annum before tax for debt instruments at amortised cost.

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

13. DEBT INSTRUMENTS AT AMORTISED COST (continued)

Movements of ECL allowance during the years ended 31 December 2022 and 2021 are as follows:

	2022	2021
At beginning of year	**400,710**	477,372
Credit loss recognised in profit or loss	**(4,122)**	(71,529)
Write- off	**—**	(5,133)
At end of year	**396,588**	400,710

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 2022	**1,591,000**	**—**	**406,000**	**1,997,000**
New debt instruments	**300,000**	**—**	**—**	**300,000**
Recovery	**(277,863)**	**—**	**(6,000)**	**(283,863)**
Accrued interest	**29,826**	**—**	**—**	**29,826**
Foreign currency exchange	**15,850**	**—**	**—**	**15,850**
At 31 December 2022	**1,658,813**	**—**	**400,000**	**2,058,813**

	12-month ECLs	Lifetime ECLs		
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2021	1,375,260	—	536,133	1,911,393
New debt instruments	1,116,766	—	—	1,116,766
Recovery	(923,760)	—	(125,000)	(1,048,760)
Write-off	—	—	(5,133)	(5,133)
Accrued interest	23,363	—	—	23,363
Foreign currency exchange	(629)	—	—	(629)
At 31 December 2021	1,591,000	—	406,000	1,997,000

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, credit losses expected within the next 12 months are estimated, otherwise, credit losses expected over the remaining life of the exposure are 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 2022	**15,910**	**—**	**384,800**	**400,710**
Provision and remeasurement	**3,256**	**—**	**—**	**3,256**
Reversal	**(2,578)**	**—**	**(4,800)**	**(7,378)**
At 31 December 2022	**16,588**	**—**	**380,000**	**396,588**

	12-month ECLs	Lifetime ECLs		
	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2021	27,505	—	449,867	477,372
Provision and remeasurement	6,880	—	—	6,880
Reversal	(18,475)	—	(59,934)	(78,409)
Write-off	—	—	(5,133)	(5,133)
At 31 December 2021	15,910	—	384,800	400,710

An impairment analysis is performed at each reporting date by considering the PD of counterparty. The Group also takes into account the forward-looking information to reflect the counterparties' PD under the current conditions and forecasts of future economic conditions, as appropriate. As at 31 December 2022, the PD applied ranged from 0.39%-0.72% (2021: 0.40% to 1.86%) and the LGD was estimated to be 75% (2021: 75%) for 12-month ECLs. When measuring the credit loss for the impaired debt instruments at amortised cost (Stage 3), a discounted future cash flows is made by the Group in determining the LGD and a 100% (2021: 100%) PD is applied.

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

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	2022	2021
Funds	(a)	**2,757**	12,221
Wealth management products	(b)	**890,691**	1,160,866
Equity instruments	(c)	**162,438**	79,313
Derivatives	(d)	**2,195**	31
		1,058,081	1,252,431
Current portion		**895,643**	1,160,866
Non-current portion		**162,438**	91,565

(a) In 2022, one of the project invested by CDB (Beijing) — BOCOMM New-Type Urbanization Development Fund was default, which triggered the callback clause. As a junior-tranche holder, Xincheng Kaiyuan provided financial support of RMB13,097 thousand based on the proportional share in the junior-tranche. As at 31 December 2022, all the priority and intermediate tranche holders were fully repaid, which decreased the carrying amount of Xincheng Kaiyuan's share of the junior-tranche to RMB2,757 thousands and a fair value loss of RMB13,097 thousand was recognized in 2022.

(b) In 2022, the Group invested in wealth management products mainly issued by Shanghai Pudong Development Bank and China Construction Bank as part of cash management for the short term. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

(c) In July 2015, Guoxi Nanjing entered into an agreement to purchase a 13.89% unlisted equity interest in Jiangsu Hong-tu Software Venture Capital Investment Ltd. In December 2021, CNT Holding entered into an agreement to purchase 500 Class B unlisted shares of XN Crane International Limited. In January 2022, CNT Holding entered into an agreement to purchase 1,228,314 series seed-1 preferred shares of WeRide Inc. In August 2022, Hainan Xincheng entered into an agreement to purchase 0.6242% series D shares in Shenzhen Zhongke Micro-Light Medical Equipment Technology Co., Ltd. In December 2022, Hainan Xincheng entered into an agreement to purchase 33,496 series D shares in Shenzhen Sibionics Co., Ltd. These equity investments were designated as financial assets at fair value through profit or loss.

(d) At 31 December 2022, CNT Holding held one cross currency swap contract with China Construction Bank (Asia). The contract was 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 2022	Year ended 31 December 2021
At beginning of year	**1,475,487**	1,472,051
Subsequent expenditure and cost adjustment	**(2,106)**	(6,358)
Gain from increase in fair value (Note 6)	**12,319**	9,794
At end of year	**1,485,700**	1,475,487

The Group owned an investment property of New Development International Centre, a building located in Wuhan, China that has retail, office and car park spaces for rental purpose. The fair value of the property was determined on the basis of valuation carried out by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent professionally qualified valuer. The valuation was performed based on the income approach. As at 31 December 2022, the fair value of the investment property was RMB1,486 million (2021: RMB1,475 million).

The following amounts relating to the investment property have been recognised in profit or loss:

	Year ended 31 December 2022	Year ended 31 December 2021
Rental income (Note 5)	**117,076**	119,633
Property management income (Note 5)	**35,189**	34,638
Gain from increase in fair value (Note 6)	**12,319**	9,794
Direct operating expenses	**(32,488)**	(32,861)

The investment property is pledged for an interest-bearing bank borrowing (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 2021	19,261	11,030	4,761	35,052
Additions	108	64	—	172
Disposals	—	(871)	—	(871)
At 31 December 2021	19,369	10,223	4,761	34,353
Additions	96	263	—	359
Disposals	—	(65)	—	(65)
At 31 December 2022	**19,465**	**10,421**	**4,761**	**34,647**
Accumulated depreciation				
At 1 January 2021	9,170	9,508	4,542	23,220
Provided during the year	875	668	125	1,668
Disposals	—	(794)	—	(794)
At 31 December 2021	10,045	9,382	4,667	24,094
Provided during the year	877	494	68	1,439
Disposals	—	(61)	—	(61)
At 31 December 2022	**10,922**	**9,815**	**4,735**	**25,472**
Net carrying amount				
At 1 January 2021	10,091	1,522	219	11,832
At 31 December 2021	9,324	841	94	10,259
At 31 December 2022	**8,543**	**606**	**26**	**9,175**

17. LEASES

Group as a lessee

The Group has lease contracts for various items of buildings, motor vehicles and other equipment in its operations. Leases of buildings and 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.

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

17. LEASES (continued)

Group as a lessee (continued)

(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
At 1 January 2021	28,647	339	1,924	30,910
Depreciation expense	(12,428)	(339)	(158)	(12,925)
At 31 December 2021	16,219	—	1,766	17,985
Additions	5,583	657	—	6,240
Depreciation expense	(12,221)	(166)	(157)	(12,544)
At 31 December 2022	**9,581**	**491**	**1,609**	**11,681**

(b) ***Lease liabilities***

The carrying amount of lease liabilities and the movements during the year are as follows:

	2022	2021
At 1 January	**12,138**	24,849
New leases	**6,485**	—
Interest expense	**386**	493
Payments	**(12,853)**	(13,204)
As at 31 December	**6,156**	12,138
Current	**2,699**	12,138
Non-current	**3,457**	—

Lease liabilities are repayable:

	2022	2021
Within one year or on demand	**2,699**	12,138
In the second year	**3,457**	—
As at 31 December	**6,156**	12,138

The maturity analysis of lease liabilities is disclosed in note 34 to the financial statements.

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

17. LEASES (continued)

Group as a lessee (continued)

(c) ***The following are the amounts recognised in profit or loss:***

	2022	2021
Depreciation expense of right-of-use assets (included in administrative expenses)	**12,544**	12,925
Interest expense on lease liabilities (included in administrative expenses)	**386**	493
Expense relating to short-term leases (included in cost of sales)	**1,540**	1,553
Expense relating to leases of low-value assets (included in administrative expenses)	**37**	55
	14,507	15,026

The Group had total cash outflows for leases of RMB14,430 thousand in 2022 (2021: RMB14,812 thousand). The Group had no significant commitments for short-term leases or leases of low-value assets 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 as well as car park spaces. These leases have terms of between 1 and 20 years. Rental income recognised by the Group during the year was RMB117,076 thousand (2021: RMB119,633 thousand).

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:

	2022	2021
Within one year	**111,197**	88,099
After one year but within two years	**75,261**	58,138
After two years but within three years	**19,172**	24,796
After three years but within four years	**5,260**	5,257
After four years but within five years	**3,276**	3,839
More than five years	**5,128**	5,345
	219,294	185,474

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

18. LAND DEVELOPMENT FOR SALE

	2022	2021
The Mainland China — Shenyang Lixiang	**779,714**	887,401

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.

Impairment charge to state land development for sale at net realisable value

In 2022, the board of directors of the Company (the "Board") determined to dispose of the entire equity interest in Shenyang Lixiang. As at 31 December 2022, the disposal was not completed and the Board assessed the purchaser may not be able to perform its obligations to purchase the entire equity interest in Shenyang Lixiang in accordance with the terms of the agreement in the short term due to the financial position of the purchaser. Though the Company will continue to urge the purchaser to perform its obligations to purchase the equity interest in Shenyang Lixiang and seek for other buyers, the Board expected an impairment is incurred, due to the character of land development, adverse economic environment and real estate market in Shenyang, and fiscal position of local government.

As a result of the aforementioned, the Board assessed the net realisable value of the land development for sale and determined an impairment loss of RMB109 million was incurred and recognised for the year ended 31 December 2022.

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

19. OTHER RECEIVABLES

	Notes	2022	2021
Balances due from Wuxi Project		**20,977**	20,977
Due from SREI	(i)	**140,146**	140,146
Balances due from entities disposed of		**24,384**	24,384
Due from joint ventures	(ii)	**485,848**	481,967
Due from associates		**3,353**	2,402
Others		**56,397**	57,747
		731,105	727,623
Less: allowance for ECLs		**(126,235)**	(111,685)
Other receivables, net		**604,870**	615,938

The Group has assessed the ECLs based on its historical credit loss experience, adjusted for forward-looking factors to the debtors and the economic environment. The loss rate of Stage 1 was estimated to be 1% (2021: 1%), and the loss rate of Stage 3 was estimated to be ranging from 40% to 100% (2021: ranging from 30% to 100%). The movements in allowance of impairment are as follows:

	2022	2021
At beginning of year	**111,685**	71,402
Credit loss recognised in profit or loss	**14,550**	45,755
Write-off	**—**	(5,472)
At end of year	**126,235**	111,685

(i) The balances due from SREI is in relation to the Disposal Assets in 2017, after a series of settlements made between the Company and SREI.

(ii) The balances due from joint ventures are shareholder's loans lent to Guofa and Guowan to facilitate their daily operations, which are unsecured and interest-free and should be repayable on demand.

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

20. TRADE RECEIVABLES

	2022	2021
Receivables from land development for sale	**47,218**	47,218
Others	**17,353**	15,512
	64,571	62,730
Less: allowance for ECLs	**(19,045)**	(4,359)
Trade receivables, net	**45,526**	58,371

The above balances are unsecured and interest-free. The fair values of the trade receivables as at the end of each reporting period approximate to their carrying amounts. No trade receivables were written off in 2022. (2021: 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 assessed the ECLs based on its historical credit loss experience, adjusted for forward-looking factors to the debtors and the economic environment. The loss rate was estimated to be ranging from 1% to 100% (2021: ranging from 1% to 100%). The movements in allowance of impairment are as follows:

	2022	2021
At beginning of year	**4,359**	14,563
Credit loss/(reversal of credit loss) recognised in profit or loss	**14,686**	(10,204)
At end of year	**19,045**	4,359

An ageing analysis of the carrying amount of the trade receivables based on the invoice dates are as follows:

	2022	2021
Within 6 months	**13,631**	12,289
6 months to 1 year	**—**	4,729
1 year to 2 years	**—**	4,729
2 years to 3 years	**—**	4,729
Over 3 years	**31,895**	31,895
	45,526	58,371

21. CASH AND BANK BALANCES

	2022	2021
Cash at banks	**504,252**	386,003

Cash at banks earns interest at floating rates based on daily bank deposit rates.

The Group's cash at banks are denominated in the following currencies:

RMB equivalent of the following currencies:	**2022**	2021
RMB	**490,953**	384,802
HKD	**4,821**	914
EUR	**4,656**	—
USD	**3,822**	287
	504,252	386,003

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

	2022		2021	
	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.

There was no movement in the Company's issued share capital during the year (2021: Nil).

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

23. OTHER RESERVES

Group

	Imputed equity contribution upon reorganisation	Capital contribution received upon the repurchase of convertible bonds	Others	Total
At 1 January 2021, 31 December 2021 and 2022	224,032	163,433	220,374	607,839

Company

	Imputed equity contribution upon reorganisation	Capital contribution received upon the repurchase of convertible bonds	Others	Total
At 1 January 2021, 31 December 2021 and 2022	1,557,445	163,433	191,805	1,912,683

Nature and purpose of other reserves

Imputed equity contribution upon reorganisation

The Company acquired several companies now comprising the Group from the then controlling shareholder on 20 December 2006. The Group applied the pooling of interests method to account for the business combination under common control. The reserve of the Group of RMB224,032 thousand represents the difference between the consideration paid by the Company for the business combination under common control and the accumulated equity contribution made by the then controlling shareholder.

The Company's reserve of RMB1,557,445 thousand represents the difference between the consideration paid by the Company for the business combination under common control and the fair value of the investments in the acquired companies.

Capital contribution received upon the repurchase of convertible bonds

This reserve of the Group and the Company represents the capital contribution from SREI in connection with the Company's repurchase of convertible bonds.

Other reserves

The other reserves of the Company 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 other reserves of the Group represent the fair value change of the equity component of certain convertible bonds issued by the Company upon their purchase of RMB191,805 thousand and other equity transaction with the joint venture and non-controlling shareholder of RMB39,201 thousand and RMB(10,632) thousand respectively.

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

24. INTEREST-BEARING BANK BORROWINGS

Details of interest-bearing bank borrowings are as follows:

	2022	2021
Bank borrowings — secured	**687,280**	752,399
Bank borrowings — unsecured	**296,325**	245,510
	983,605	997,909

The interest-bearing bank borrowings are repayable as follows:

	2022	2021
Within 6 months	**338,225**	33,559
6 months to 9 months	**41,000**	32,500
9 months to 12 months	**—**	245,470
Current	**379,225**	311,529
1 year to 2 years	**94,000**	82,000
2 years to 5 years	**310,000**	314,000
Over 5 years	**200,380**	290,380
Non-current	**604,380**	686,380
	983,605	997,909

The Group's interest-bearing bank borrowings bore interest at EURIBOR plus 1.95%, LIBOR plus 1.95%, 4.2% and 4.44% per annum for the year ended 31 December 2022 (2021: at EURIBOR plus 1.95% and 4.44% per annum).

Bank borrowings — secured

As at 31 December 2022, bank borrowings of RMB687,280 thousand (2021: RMB752,399 thousand) were secured by the investment property, whose carrying amount at 31 December 2022 was RMB1.486 billion (2021: RMB1.475 billion).

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

25. TRADE PAYABLES

	2022	2021
Payable for land development for sale	**108,525**	117,171

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

	2022	2021
Within 1 year	**1,505**	15,725
1 to 2 years	**5,991**	—
Over 2 years	**101,029**	101,446
	108,525	117,171

Trade payables are non-interest-bearing.

26. OTHER PAYABLES AND ACCRUALS

	2022	2021
Payroll and welfare	**12,249**	17,435
Other taxes payable	**14,893**	22,285
Amounts due to related parties (Note 31(a))	**4,497**	171
Payable for intermediary and professional service charges	**13,724**	12,972
Payable for Wuxi Project	**42,250**	42,250
Other borrowings from Huzhou Tongchuang Jintai Huizhong Enterprise Management Partnership (Limited Partnership) ("Tongchuang LP")	**130,386**	123,501
Dividend payables	**101**	93
Payable for investment property	**14,486**	98,134
Deposits	**37,848**	34,825
Others	**87,938**	96,657
	358,372	448,323

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% per annum and are repayable 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

	2022	2021
Rental received in advance	**19,848**	11,223

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

	2022	2021
Contract liabilities arising from:		
Land development	**390,388**	393,067
Property management	**5,927**	2,839
	396,315	395,906

As at 31 December 2022, the contract liabilities arising from land development for sale represent the amounts received or receivable from the land authorities or local governments to fulfil the performance obligation of land development services. 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. EMPLOYEE BENEFITS AND DIRECTORS' REMUNERATION

Employee benefits (including directors)

	2022	2021
Included in selling and administrative expenses:		
Wages and salaries	**30,204**	23,891
Social welfare other than pensions	**6,434**	5,787
Pension — defined contribution plan	**5,444**	4,387
Staff welfare and bonuses	**14,671**	17,268
	56,753	51,333

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

29. EMPLOYEE BENEFITS AND DIRECTORS' REMUNERATION

(continued)

Directors' remuneration

Details of the directors' remuneration are as follows:

	2022	2021
Fees	2,681	2,619
Other emoluments:		
Salaries, allowances and benefits in kind	3,873	1,855
Discretionary bonuses	1,627	1,682
Equity-settled share option expense	—	—
Pension scheme contributions	—	—
	8,181	6,156

The names of the directors and their remuneration for the year are set out below:

Year ended 31 December 2022	Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Pension scheme contributions	Total
Li Yao Min	692	—	—	—	692
Liu Heqiang*	—	815	549	—	1,364
Yang Meiyu	—	1,689	612	—	2,301
Shi Janson Bing	692	35	—	—	727
Henry Tan Song Kok	409	—	—	—	409
Kong Siu Chee	360	—	—	—	360
Zhang Hao	225	—	—	—	225
Liu Yuhai	—	—	—	—	—
Wang Hongxu	—	—	—	—	—
Lo Wai Hung	303	—	—	—	303
Hu Zhiwei	—	1,334	466	—	1,800
Liu Fangqing**	—	—	—	—	—
Wang Jiangang	—	—	—	—	—
	2,681	3,873	1,627	—	8,181

* Resigned as director in year 2022.

** Joined as director in year 2022.

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

29. 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 2021	Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Pension scheme contributions	Total
Li Yao Min	663	—	—	—	663
Liu Heqiang	—	756	519	—	1,275
Yang Meiyu	—	706	906	—	1,612
Ren Xiaowei*	—	348	257	—	605
Shi Janson Bing	663	33	—	—	696
Henry Tan Song Kok	380	—	—	—	380
Kong Siu Chee	334	—	—	—	334
Zhang Hao	216	—	—	—	216
E Hock Yap*	272	—	—	—	272
Liu Yuhai**	—	—	—	—	—
Wang Hongxu**	—	—	—	—	—
LO Wai Hung**	—	—	—	—	—
Hu Zhiwei**	91	12	—	—	103
Zuo Kun*	—	—	—	—	—
Wei Dongzheng*	—	—	—	—	—
Wang Jiangang	—	—	—	—	—
	2,619	1,855	1,682	—	6,156

* Resigned as director in year 2021.

** Joined as director in year 2021.

Five highest paid employees

The five highest paid employees of the Group during the year included three (2021: two) directors, details of whose remuneration are set out above. Details of the remuneration of the remaining two (2021: three) non-director, highest paid employees for the year are as follows:

	2022	2021
Salaries, allowances and benefits in kind	**1,703**	1,860
Discretionary bonuses	**760**	1,680
Pension scheme contributions	**195**	351
	2,658	3,891

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

29. EMPLOYEE BENEFITS AND DIRECTORS' REMUNERATION (continued)

Five highest paid employees (continued)

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	2022	2021
Nil to HK$1,000,000	**—**	—
HK$1,000,001 to HK$1,500,000	**2**	3
HK$1,500,001 to HK$2,000,000	**—**	—
	2	3

30. CONTINGENT LIABILITIES

Shanghai Management is currently a defendant in the lawsuits brought by Shanghai Hengchang Trading Co., Ltd. and Shanghai Yuanyi Industrial Co., Ltd., which were alleged for the over-received amount of RMB14,400 thousand and RMB1,000 thousand, respectively, in relation to certain consideration and payments of the Disposal Assets.

The directors of the Company, based on the advice from the Group's legal counsel, believe that Shanghai Management. have valid defense against the allegation and, accordingly, the Group has not provided for any claim arising from the litigation, other than the related legal and other costs.

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.

With the completion of the share transfer in 2021, Xitong International holds 29.99% of the issued share capital of the Company and became the largest shareholder and CDBIH became the second largest shareholder.

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

31. RELATED PARTY DISCLOSURES (continued)

(a) Amounts due to related parties

	2022	2021
Other payables		
Shareholder of the Company and its parent:		
CDBIH	**55**	50
CDB Capital, holding company of CDBIH	**105**	105
	160	155
Associates:		
Kaiyuan Investment Advisor (HK) Limited	**99**	16
GP Holding Co	**50**	—
Kaiyuan Fund	**4,188**	—
	4,497	171

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

31. RELATED PARTY DISCLOSURES (continued)

(b) Amounts due from related parties

	2022	2021
Other receivables		
Shareholder and a then parent of the Company:		
SREI	**140,146**	140,146
Less: ECLs	**(56,201)**	(41,703)
	83,945	98,443
Associates:		
GP Holding Co	**85**	10
Kaiyuan Investment Advisor (HK) Limited	**3,268**	2,392
Less: ECLs	**(34)**	(24)
	3,319	2,378
Joint ventures:		
Guowan	**104,141**	100,828
Guoyuan	**1,118**	1,118
Guofa	**380,000**	380,000
Guoying	**589**	21
Less: ECLs	**(5,965)**	(4,820)
	479,883	477,147
	567,147	577,968

(c) Debt instruments at amortised cost

	2022	2021
Interest-bearing loans:		
Joint ventures:		
Guowan	**18,018**	17,128
Guoying	**98,281**	145,410
Less: ECLs	**(1,163)**	(1,625)
	115,136	160,913

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

31. RELATED PARTY DISCLOSURES (continued)

(d) In addition to the balances detailed in notes 31(a), 31(b) and 31(c) above, the Group had the following material transactions with related parties during the years ended 31 December 2022 and 2021:

	Notes	**2022**	2021
Transactions with joint ventures			
Financial guarantee to Guoying	(i)	**250,000**	250,000
Interest income from Guowan	(ii)	**913**	913
Interest income from Guoying	(iii)	**5,371**	7,503
Rent fee from Kaiyuan Investment Advisor (HK) Limited	(iv)	**627**	508

Notes:

(i) A financial guarantee to the extent of RMB250 million (2021: RMB250 million) was provided to Guoying.

(ii) A loan of RMB15,000 thousand (2021: RMB15,000 thousand) was lent to Guowan in 2019 and the Group generated related interest income of RMB913 thousand in 2022 (2021: RMB913 thousand). The loan was unsecured, interest-bearing at 6% per annum and repayable in 2024.

(iii) A loan of RMB75,000 thousand (2021: RMB127,500 thousand) was lent to Guoying and the Group generated related interest income of RMB5,371 thousand in 2022 (2021: RMB7,503 thousand). The loan was unsecured, interest-bearing at 5.8% per annum and repayable on demand.

(iv) Rental income was generated by CNT Holding renting out offices to Kaiyuan Investment Advisor (HK) Limited.

(e) Compensation of key management personnel of the Group:

	2022	2021
Short-term employee benefits	**13,919**	13,604

Further details of directors' remuneration are disclosed in note 29 to the financial statements.

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

32. COMMITMENTS

As at 31 December 2022 and 2021, the Group mainly had capital commitments in respect of land development for sale and various investments as follows:

	2022	2021
Commitments in respect of land development		
Contracted, but not provided for	**154,005**	153,939
Authorised, but not contracted for	**3,298,355**	3,299,625
Commitments in respect of equity investment		
Contracted, but not provided for	**174,664**	178,852
Authorised, but not contracted for	**—**	—
Commitments in respect of capital contribution to joint ventures		
Contracted, but not provided for	**200,000**	200,000
Authorised, but not contracted for	**—**	—
Total	**3,827,024**	3,832,416

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 2022					
	Land development	Urbanization development	Property leasing	Others	Reconciliation and eliminations	Total
Segment results						
External sales	2,680	150,084	152,265	—	—	305,029
Intersegment sales	—	—	—	—	—	—
Total segment sales	2,680	150,084	152,265	—	—	305,029
Results						
Depreciation	(1,110)	(12,080)	(222)	(571)	—	(13,983)
Share of (losses)/gains of joint ventures and associates	(14,229)	—	2,807	2,130	—	(9,292)
Fair value gain on investment property	—	—	12,319	—	—	12,319
Fair value gain/(loss) on financial instruments at fair value through profit or loss	—	15,949	—	(3,727)	—	12,222
Segment (loss)/profit	(144,370)	151,982	119,494	(26,003)	(44,615)[1]	56,488
Segment assets	1,015,661	3,401,437	1,729,137	436,605	712[2]	6,583,552
Segment liabilities	581,561	23,122	86,211	204,529	1,151,206[3]	2,046,629
Other disclosures						
Investments in joint ventures and associates	84,015	—	154,795	169,413	—	408,223
Capital expenditure[4]	—	359	(2,106)	—	—	(1,747)
Interest income	1	153,445	198	314	—	153,958

1 Profit/(loss) for each operating segment does not include finance costs of RMB44,615 thousand.

2 Assets in segments do not include deferred tax assets of RMB712 thousand as these assets are managed on a group basis.

3 Liabilities in segments do not include current income tax liabilities of RMB40,072 thousand, interest-bearing bank borrowings of RMB983,605 thousand, and deferred tax liabilities of RMB127,529 thousand as these liabilities are managed on a group basis.

4 Capital expenditure consists of additions of property, plant and equipment of RMB359 thousand and cost adjustment of investment property of RMB2,106 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 2021					
	Land development	Urbanization development	Property leasing	Others	Reconciliation and eliminations	Total
Segment results						
External sales	27,215	91,552	154,271	—	—	273,038
Intersegment sales	—	—	—	—	—	—
Total segment sales	27,215	91,552	154,271	—	—	273,038
Results						
Depreciation	(1,276)	(11,167)	(278)	(1,872)	—	(14,593)
Share of (losses)/gains of joint ventures and associates	(2,687)	—	(7,749)	2,672	—	(7,764)
Fair value gain on investment property	—	—	9,794	—	—	9,794
Fair value (loss)/gain on financial instruments at fair value through profit or loss	—	(19,923)	—	4,578	—	(15,345)
Segment profit/(loss)	2,189	77,198	115,375	(2,351)	(50,961)[1]	141,450
Segment assets	1,159,271	3,373,214	1,679,854	454,287	11,410[2]	6,678,036
Segment liabilities	595,891	43,398	157,060	194,773	1,172,395[3]	2,163,517
Other disclosures						
Investments in joint ventures and associates	98,245	—	99,487	148,145	—	345,877
Capital expenditure[4]	—	172	(6,358)	—	—	(6,186)
Interest income	2	94,192	245	6,295	—	100,734

1 Profit/(loss) for each operating segment does not include finance costs of RMB50,961 thousand.

2 Assets in segments do not include deferred tax assets of RMB11,410 thousand as these assets are managed on a group basis.

3 Liabilities in segments do not include current income tax liabilities of RMB70,352 thousand, interest-bearing bank borrowings of RMB997,909 thousand, and deferred tax liabilities of RMB104,134 thousand as these liabilities are managed on a group basis.

4 Capital expenditure consists of additions of property, plant and equipment of RMB172 thousand and cost adjustment of investment property of RMB6,358 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 bank balances, 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 Company's 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 cash and bank balances, debt instruments at amortised cost and interest-bearing bank and other borrowings.

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 financial instruments are not considered. In assessing the risk exposure to the changes in market interest, the maturity date of the financial assets and liabilities with fixed interest rate are treated as repricing date. The Group's equity is not affected, other than the consequential effect on the changes in profit/(loss) before tax as disclosed below.

	2022	2021
Increase/(decrease) in interest rates (basis points)	**100/(100)**	100/(100)
Increase/(decrease) in profit/(loss) before tax	**4,566/(4,566)**	3,456/(3,456)

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 instruments at amortised cost, other receivables, other payables and interest-bearing bank borrowings.

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

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk (continued)

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), without take into account the consequence of the hedge instruments. The Group's equity is not affected, other than the consequential effect on the changes in the profit/(loss) before tax as disclosed below.

	2022	2021
Increase/(decrease) in the USD exchange rate	**5%/(5%)**	5%/(5%)
Increase/(decrease) in profit/(loss) before tax	**(1,503)/1,503**	14/(14)
Increase/(decrease) in the HKD exchange rate	**5%/(5%)**	5%/(5%)
Increase/(decrease) in profit/(loss) before tax	**131/(131)**	44/(44)
Increase/(decrease) in the EUR exchange rate	**5%/(5%)**	5%/(5%)
Increase/(decrease) in profit/(loss) before tax	**16,560/(16,560)**	15,881/(15,881)

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 2022 and 2021, 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 to the financial statements, 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 any 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 2022. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

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

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

As at 31 December 2022

	12-month ECL	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
Debt instruments at amortised cost*					
— Pass	**1,658,813**	**—**	**—**	**—**	**1,658,813**
— Loss	**—**	**—**	**400,000**	**—**	**400,000**
Trade receivables**	**—**	**—**	**—**	**64,571**	**64,571**
Other receivables***	**525,832**	**—**	**205,273**	**—**	**731,105**
Financial guarantee	**250,000**	**—**	**—**	**—**	**250,000**
	2,434,645	**—**	**605,273**	**64,571**	**3,104,489**

As at 31 December 2021

	12-month ECL	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
Debt instruments at amortised cost*					
— Pass	1,591,000	—	—	—	1,591,000
— Loss	—	—	406,000	—	406,000
Trade receivables**	—	—	—	62,730	62,730
Other receivables***	421,522	100,828	205,273	—	727,623
Financial guarantee	250,000	—	—	—	250,000
	2,262,522	100,828	611,273	62,730	3,037,353

* The Group established a balanced score card model to assess the credit rating of the debt instruments based on different dimensions and classified to five categories. Which are pass, special mention, sub-standard, doubtful and loss. Among the five-category classification, the credit rate of pass was divided into Stage 1, the credit rate of special mention was divided into Stage 2 and the others are divided into Stage 3.

** For trade receivables to which the Group applies the simplified approach for impairment, information based on the historical credit loss experience is disclosed in note 20 to the financial statements.

*** The other receivables are classified to Stage 1 when they are not past due and there is no information indicating that the other receivables had a significant increase in credit risk since initial recognition, otherwise, the other receivables are classified to Stage 2. The other receivables are classified to Stage 3 when there is evidence indicating the assets are credit impaired.

Further quantitative and qualitative information in respect of the Group's exposure to credit risk arising from debt instruments at amortised cost, other receivables and trade receivables are disclosed in notes 13, 19 and 20 to the financial statements, respectively.

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

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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 2022	**On demand**	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**Over 5 years**	**Total**
Interest-bearing bank borrowings	**—**	**306,877**	**103,145**	**473,440**	**208,396**	**1,091,858**
Trade payables	**108,525**	**—**	**—**	**—**	**—**	**108,525**
Lease liabilities	**—**	**778**	**2,052**	**3,651**	**—**	**6,481**
Other liabilities	**331,135**	**—**	**—**	**—**	**—**	**331,135**
	439,660	**307,655**	**105,197**	**477,091**	**208,396**	**1,537,999**

31 December 2021	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Interest-bearing bank borrowings	—	46,171	303,263	483,506	308,765	1,141,705
Trade payables	117,171	—	—	—	—	117,171
Lease liabilities	—	866	12,142	—	—	13,008
Other liabilities	408,510	—	—	—	—	408,510
	525,681	47,037	315,405	483,506	308,765	1,680,394

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 principally engaged in land development, urbanization development, property leasing operation and investments in debt instruments, 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).

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

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management (continued)

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:

	2022	2021
Interest-bearing bank borrowings	**983,605**	997,909
Interest-bearing other borrowings	**130,386**	123,501
Less: Cash and bank balances	**(504,252)**	(386,003)
Net debt	**609,739**	735,407
Capital:		
Total equity	**4,536,923**	4,514,519
Capital and net debt	**5,146,662**	5,249,926
Gearing ratio	**11.8%**	14.0%

Collateral held

The Group did not hold any collateral as at 31 December 2021 and 2022.

(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:

2022

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
Other receivables	—	604,870	604,870
Trade receivables	—	45,526	45,526
Debt instruments at amortised cost	—	1,662,225	1,662,225
Cash and bank balances	—	504,252	504,252
Financial assets at fair value through profit or loss	1,058,081	—	1,058,081
	1,058,081	2,816,873	3,874,954

Financial liabilities

	Financial liabilities at amortised cost	Total
Interest-bearing bank borrowings	983,605	983,605
Interest-bearing other borrowings	130,386	130,386
Trade payables	108,525	108,525
Others	200,743	200,743
	1,423,259	1,423,259

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

35. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

2021

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
Other receivables	—	615,938	615,938
Trade receivables	—	58,371	58,371
Debt instruments at amortised cost	—	1,596,290	1,596,290
Cash and bank balances	—	386,003	386,003
Financial assets at fair value through profit or loss	1,252,431	—	1,252,431
	1,252,431	2,656,602	3,909,033

Financial liabilities

	Financial liabilities at amortised cost	Total
Interest-bearing bank borrowings	997,909	997,909
Interest-bearing other borrowings	123,501	123,501
Trade payables	117,171	117,171
Others	285,009	285,009
	1,523,590	1,523,590

(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 and other borrowings, 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 2022:

			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 2022	**1,058,081**	—	937,775	120,306
Investment property (Note 15)	31 December 2022	**1,485,700**	—	—	1,485,700

There were no transfers of fair value measurement between Level 1 and Level 2 during the year ended 31 December 2022. Financial assets at fair value through profit or loss of shares in XN Crane International Limited was transferred out of Level 3 to Level 2 during the year ended 31 December 2022, whose amount is RMB31,863 thousand as at 31 December 2021 and RMB42,132 thousand as at 31 December 2022. Since the investment portfolio of XN Crane International Limited invested had been listed in 2022 and had a restricted period of sale, the fair value could be measured by significant observable inputs.

(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 2021:

			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 2021	1,252,431	—	1,173,118	79,313
Investment property (Note 15)	31 December 2021	1,475,487	—	—	1,475,487

There were no transfers of fair value measurement between Level 1 and Level 2, and no transfers into or out of Level 3 during the year ended 31 December 2021.

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, wealth management products, derivatives and an equity instrument. 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 the net asset value by financial institutions as at the end of the reporting period. For derivatives, the fair value was determined using the forward foreign exchange rate and CNH risk-free rate that are observable market inputs. For the equity instrument, the fair value was determined based on the stock price with a discount for lack of marketability.

(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

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy as at 31 December 2022 and 2021 are shown below:

	Valuation technique	Significant unobservable inputs	31 December 2022	31 December 2021
Office	Income approach	Net yield	**5.5%**	5.5%
		Estimated rental value (per square metre and per month)	**83**	83
		Long term vacancy rate	**18%**	15%
Retail	Income approach	Net yield	**5.5%**	5.5%
		Estimated rental value (per square metre and per month)	**170**	182
		Long term vacancy rate	**25%**	20%
Car park	Income approach	Net yield	**5.5%**	5.5%
		Estimated rental value (per square metre and per month)	**400**	407
		Long term vacancy rate	**30%**	—
Non-listed equity investments	Discounted cashflow approach	Discount rate	**7.0%**	7.0%
	Market valuation approach	Discounts for lack of marketability	**30%**	30%

Sensitivity analysis of the significant unobservable inputs to fair value:

The higher the discount rate used in the fair value measurement of office, the retail and the car park spaces, the lower the fair value;

The higher the estimated rental value used in the fair value measurement of office, the retail and the car park spaces, the higher the fair value;

The higher the rent growth used in the fair value measurement of office, the retail and the car park spaces, the higher the fair value;

The higher the long term vacancy rate used in the fair value measurement of office and the retail spaces, the lower the fair value;

The higher the discount rate used in the fair value measurement of non-listed equity investments, the lower the fair value;

The higher the discounts for lack of marketability used in the fair value measurement of non-listed equity investments, the lower the fair value.

(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)

The movements of financial assets at fair value through profit or loss in fair value measurements within Level 3 during the year are as follows:

	Year ended 31 December 2022	Year ended 31 December 2021
At beginning of year	**79,313**	52,414
Total gains/(losses) recognised in profit or loss	**23,000**	(4,964)
Transfer to level 2	**(31,863)**	—
Purchases	**49,856**	31,863
At end of year	**120,306**	79,313

37. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	At 1 January 2022	Cash flows	Foreign exchange movement	Others	At 31 December 2022
Interest-bearing bank borrowings	**997,909**	**(62,763)**	**9,715**	**38,744**	**983,605**
Interest-bearing other borrowings	**123,501**	**—**	**—**	**6,885**	**130,386**
Lease liabilities	**12,138**	**(12,853)**	**—**	**6,871**	**6,156**
Total liabilities from financing activities	**1,133,548**	**(75,616)**	**9,715**	**52,500**	**1,120,147**

	At 1 January 2021	Cash flows	Foreign exchange movement	Others	At 31 December 2021
Interest-bearing bank borrowings	1,724,064	(772,495)	4,158	42,182	997,909
Interest-bearing other borrowings	116,615	—	—	6,886	123,501
Lease liabilities	24,849	(13,204)	—	493	12,138
Financial liabilities at fair value through profit or loss	6,451	—	—	(6,451)	—
Total liabilities from financing activities	1,871,979	(785,699)	4,158	43,110	1,133,548

(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	2022	2021
Assets			
Non-current assets			
Investments in subsidiaries		**4,107,537**	4,216,971
Property, plant and equipment		**10**	10
Right-of-use assets		**577**	2,083
Other assets		**—**	57
Total non-current assets		**4,108,124**	4,219,121
Current assets			
Other receivables		**213,287**	227,690
Dividend receivables		**260,000**	260,000
Cash and bank balances		**3,761**	4,235
Amounts due from subsidiaries		**44,594**	65,020
Total current assets		**521,642**	556,945
Total assets		**4,629,766**	4,776,066
Equity and liabilities			
Equity			
Equity holders of the parent:			
Share capital	22	**4,070,201**	4,070,201
Accumulated losses		**(1,409,126)**	(1,265,167)
Other reserves	23	**1,912,683**	1,912,683
Total equity		**4,573,758**	4,717,717

(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	2022	2021
Non-current liabilities			
Lease liabilities		**318**	—
Total non-current liabilities		**318**	—
Current liabilities			
Other payables and accruals		**55,327**	56,300
Lease liabilities		**262**	1,956
Dividend payables		**101**	93
Total current liabilities		**55,690**	58,349
Total liabilities		**56,008**	58,349
Total equity and liabilities		**4,629,766**	4,776,066
Net current assets		**465,952**	498,596

Liu Yuhai
Chairman

Hu Zhiwei
President

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

39. 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 2021	1,912,683	(1,275,107)	637,576
Total comprehensive income	—	9,940	9,940
As at 31 December 2021	1,912,683	(1,265,167)	647,516
Total comprehensive loss	—	(143,959)	(143,959)
As at 31 December 2022	**1,912,683**	**(1,409,126)**	**503,557**

There were no movements in other reserves during the years ended 31 December 2022 and 2021.

40. EVENTS AFTER THE REPORTING PERIOD

As of 31 March 2023, there was no significant event occurred after the reporting period.

41. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors of the Company on 31 March 2023.

NEW TOWN

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

Stock Code: 1278