推進城鎮化投資建設

凝心聚力 蓄勢待發

China New Town Development Company Limited

中國新城鎮發展有限公司

Stock Code: 1278

NEW TOWN

2021 ANNUAL REPORT

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. Till then, the Company has officially become the sole listed platform of CDB and CDB Capital in the business segment of new urbanization. By giving full play to the advantage of the controlling shareholder's resources and experience, and combining with the policy orientation and opportunities of the new urbanization policy in China, we will build a leading brand in investment and operation of new urbanization in China. 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.

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 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 shareholder and the rich experience of project teams.

GOAL

Our Goal is to become the 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 our shareholders.

MISSION

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

Contents

Our Business

OUR BUSINESS

Introduction

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

Upon becoming a subsidiary of 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 transfer 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 shareholder. 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.
- In 2021, the project company overcame the negative impact of pandemic and education policy of "double reduce" on tenants, and thus it 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". Based on the unique geographical position of the project and combined with its spatial characteristics, it will be developed into a comprehensive industrial park with functions of cultural and technological innovation, ecological and healthcare, tourism and leisure and so on, and create an innovative town that combines cultural and technological innovation with green industry development.
- The Group and Beijing Vanke Enterprises Co. Ltd. has jointly established a project company (we are entitled to a 50% equity interest), which will be granted an exclusive right to develop and operate the Eastern Zone of the project. The project company will succeed in contracting the agricultural land (農用地) from the relevant village community economic cooperatives. In addition, using a model known as the "Village-Corporate Collaboration" with the co-ops, the project company shall also develop and operate the construction land collectively owned (集體建設用地) by the relevant village community economic cooperatives.

Our Major Projects

Property Development Project in Tiexin Bridge of Yuhuatai District, Nanjing

- Total site area of 23,475.91 sq.m.
- It is located in the Yuhuatai District of Nanjing, adjacent to the Software Valley. Software Valley is China's largest communication software industry R&D base and the first 100 billion level software industry base.
- This project is intended to build a complex of high-end office buildings, integrated commercial and boutique apartments, with a total planned area of 120,000 sq.m..
- The Company has established a project company with Mingfa Group Nanjing Real Estate Development Co., Ltd. (held 49%) to develop projects.
- At present, the Company is communicating with local government platform companies to resolve difficulties in project implement, to engage local government platform companies in projects development and to achieve investment recovery gradually.

Shenyang Lixiang Project (100% — owned)

- Site area of 20.55 sq.km.
- Located at Dongling District, close proximity to Shenyang city centre and adjacent to Shenyang Taoxian International Airport.
- The primary development of historical stock projects. The Company is considering the project optimization program.

Our Strengths & Strategies

STRATEGIC POSITIONING

- Integrate the network and resources of substantial shareholders, and build a leading national investment and operation brand covering financing, investment, development and operation.

BUSINESS STRATEGY

- Leverage the industrial resources and business network advantages of substantial shareholders, choose high-quality project across the country, improve the quality of the Company's assets and improve profitability.
- Maintain a steady growth in the portfolio of fixed return investment, and to achieve stable revenue and cash flow on top of good control of investment risk.
- On top of fixed income investments, select region and partners nationwide with caution, and develop and operate projects in the fields of urbanization and livelihood improvement. Provide high-quality township facilities to people in the region and enhance the region's business value.
- Achieve a stable-scale investment portfolio of "investment in fixed income projects" and "investment and operation of products in the livelihood".
- Focus on new economy, and chose new business growth point for industrial plan with equity investment as entry opportunity to drive sustainable development in the future.

FINANCING STRATEGY

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

CORE COMPETITIVENESS

- Fully leverage the diversified background and resource advantages of shareholders to build market team and incentive mechanism.
- Carry out cooperation with various high-quality partners in respect of the investment in projects in the field of livelihood and equity investment in new economy segment.
- Standardize and systematically enhance project flows, accumulate relevant knowledge and experience.

Corporate Information

BOARD OF DIRECTORS

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

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

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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Facsimile: (852) 3144 9663
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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
Level 54, Hopewell Centre
183 Queen's Road East, Hong Kong

LEGAL ADVISORS

HAIWEN & PARTNERS LLP
Winston & Strawn LLP
King & Wood Mallesons
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

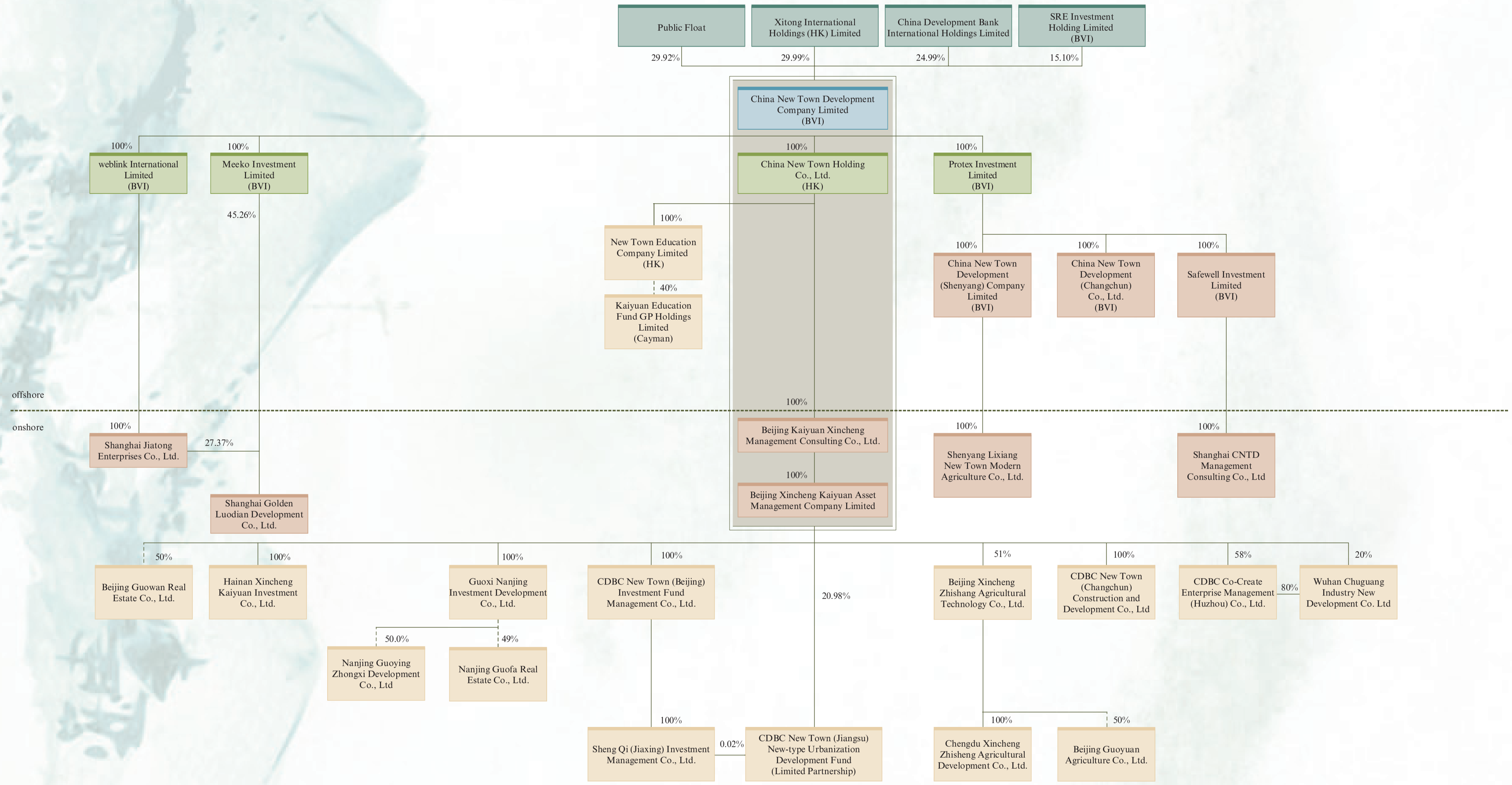
STOCK EXCHANGE LISTED

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. CDBC New Town (Beijing) Management Consulting Co., Ltd changed its name to Beijing Kaiyuan Xincheng Management Consulting Co., Ltd. on 29 June 2021.
2. CDBC Agricultural Investment Management Co., Ltd changed its name to Beijing Xincheng Zhishang Agricultural Technology Co., Ltd. on 2 July 2021.
3. CDBC Chengdu Agricultural Development Co., Ltd. changed its name to Chengdu Xincheng Zhisheng Agricultural Development Co., Ltd. On 7 July 2021.
4. CDBC New Town (Beijing) Asset Management Co., Ltd changed its name to Beijing Xincheng Kaiyuan Asset Management Company Limited on 15 July 2021.
5. Hainan Xincheng Kaiyuan Investment Co., Ltd. was newly established on 20 December 2021.
6. As China New Town Holding Co., Ltd. transferred its 33.3% equity interest in Nanjing Guoying Zhongxi Development Co., Ltd to Guoxi Nanjing Investment Development Co., Ltd., Nanjing Guoying Zhongxi Development Co., Ltd. underwent industrial and commercial changes on 7 December 2021.
7. China Development Bank Education Co., Ltd. changed its name to New Town Education Company Limited on 29 October 2021.
8. CDBC Nanjing Investment Development Co., Ltd. changed its name to Guoxi Nanjing Investment Development Co., Ltd.on 17 August 2021.

Chairman's Statement

DEAR SHAREHOLDERS,

I hereby present the Chairman's Statement of 2021 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"), which is also my first statement after serving as chairman of the Board of the Company.

On 28 September 2021, the acquisition by Xitong International Holdings (HK) Limited ("Xitong International"), a wholly-owned subsidiary in Hong Kong of Wuxi Communications Industry Group Co., Ltd. ("Wuxi Communications") of 29.99% equity interests held in China New Town by China Development Bank International Holdings Limited ("CDBI"), a wholly-owned subsidiary of China Development Bank Capital Corporation Limited ("CDB Capital"), has been completed. Upon completion, Xitong International held 29.99% equity interests of the Company; and CDBI held 24.99% equity interests. I was elected to serve as the chairman of the Board and a non-executive director of the Company at the board meeting of the Company on October 18th.

Wuxi Communications 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 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 CDBIH 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.

"On behalf of the Board of Directors of China New Town Development Company Limited, I present the Chairman's Statement of 2021."

DOMESTIC MACROECONOMIC DEVELOPMENT MADE PROGRESS WHILE MAINTAINING STABILITY

In 2021, the Chinese economy kept moving forward steadily amid internal and external crises and challenges. Due to Covid-19 epidemic, blood and other factors, China was facing triple pressures, namely demand contraction, supply shock and weakening expectations; coupled with the unstable political and economic environment abroad and sluggish world economic recovery, uncertainties increased greatly. Against this backdrop, the Chinese economy has shown strong resilience and development momentum.

The year 2021 is also the first year of the "14th Five-Year Plan". During the year, China has completed the first centenary goal and started a new journey towards the second centenary goal. Meanwhile, the development momentum of the Chinese economy has shifted from traditional factor-driven to innovation-driven, and the development pattern has shifted from opening to the outside world to a domestic and international double-loop. Economic development faces multiple challenges such as mid- to long-term structural transformation, short-term stable growth, and risk control. The CPC Central Committee with Xi Jinping at its core led the people of all ethnic groups in the country in response calmly to the changes in the century and the epidemic, and actively built a new "double loop" development pattern. Adhering to the path of high-quality development, the "14th Five-Year Plan" construction achieved a good start.

In 2021, the annual GDP increased by 8.1% year-on-year, exceeding RMB100 trillion for the second consecutive year, and its proportion in the world further increased. The per capita GDP exceeded US$10,000 for the third consecutive year, which is higher than the average of the world. Based on the average of the two years, the economic growth rates in the first, second, third and fourth quarters were 4.9%, 5.5%, 4.9% and 5.2%, respectively. The growth rate in the fourth quarter was slightly higher than that in the third quarter, which reflects the overall stable economic operation.

The year 2021 is also an important year for the reform and transformation of the Group. Under the complex and changeable economic condition at home and abroad, the Company stuck to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, and under the support of Wuxi Communications (a shareholder) and CDB Capital, all our employees unified their thoughts, changed their concepts and actively adapted to the new pattern to set new goals and embrace new challenges, which steadily promoted the reform and transformation of the Company and accumulated new momentum for business transformation and development in 2022 while ensuring a smooth transition during the equity transfer and turning losses into profits.

CLARIFIED BUSINESS DEVELOPMENT STRATEGY TAKING INTO ACCOUNT THE RESOURCES AND ADVANTAGES OF THE CONTROLLING SHAREHOLDER

In the third quarter of 2021, the shareholder of the Company smoothly completed the share transfer. In June 2021, CDBIH signed a share transfer agreement in respect of approximately 29.99% shares of China New Town Development Company Limited with Wuxi Communications and Xitong International. On 28 September 2021, the share transfer was completed, and Wuxi Communications and CDB Capital became the former largest and second largest shareholders of the Company, respectively. With the optimization of the shareholding structure, the Company achieved a mixed ownership structure as a "local state-owned enterprise + financial institution of state-owned enterprises", which is conducive to the establishment of an effective market incentive mechanism.

Given the different resource endowments and advantages of the two 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 to scientifically formulate the development strategy of the Company. It was clear that the Company would enter a business transformation period in the next 2 to 3 years. 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. Meanwhile, the Company accelerated the disposal of certain 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 IMPLEMENTING INVESTMENT IN VARIOUS NEW SECTORS

After determining the development strategy and considering the resource advantages of shareholders, the Group actively developed project resources in the target industry, and completed certain investments in new economic industries such as medical beauty industry and autonomous driving in the second half of 2021. Besides, the Group has reserved a number of high-quality projects in information technology, medical beauty, health and other industries, which laid a good foundation for project investment in 2022.

In terms of putting more in fixed-income projects as its principal business, the Group gave full play to the advantages of customer resources accumulated in the early stage, solidly prepared for project development and reserve, and completed investment in several projects in the second half of 2021. As such, the balance of fixed-income investment portfolio was approximately RMB1.43 billion at the end of 2021 after deducting the impairment provision of projects with risks, which laid a foundation for the Company to achieve its target on net profit for 2022.

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 Company developed the operation, administration and management policy for K12 bilingual school projects in line with the national education policy.

The Company accelerated the disposal of existing inefficient assets, and started negotiating an overall plan with the government for existing Shenyang Lixiang projects, striving to optimize projects successfully in 2022.

THE COMPANY TURNED LOSSES TO PROFITS

As of 31 December 2021, the Company recorded operating income of RMB368 million, net profit of RMB131 million and net profit attributable to the parent company of RMB109 million, and successfully turned losses to profits in the year.

OUTLOOK FOR THE YEAR 2022

Looking ahead, the world economy in 2022 will remain complex and severe, the recovery will be unstable and unbalanced, and there will inevitably be various derivative risks caused by epidemic. In contrast, the Chinese economy will have huge development potential and its recovery momentum will surpass the world.

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, while operating quality assets stably and disposing of existing inefficient assets, steadily advancing the premier development of the Company, and continuously creating 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 under the principles of "profitability, liquidity, and safety".

As the largest substantial 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 relevant partners for their unremitting support to the Company in the past year. Meanwhile, I would like to pay sincere heartfelt respects to the hard work of directors, management team and all staff. We will continue to strive to create more long-term interests and value for all shareholders.

CEO's Statement

Dear Shareholders,

In 2021, the controlling shareholder of China New Town Development Company Limited (hereinafter referred to as the "Company", together with its subsidiaries, the "Group") successfully completed the share transfer. Xitong International Holdings (HK) Limited ("Xitong International"), a wholly-owned subsidiary of Wuxi Communications Industry Group Co., Ltd. ("Wuxi Communications"), and China Development Bank International Holdings Limited ("CDBIH"), a wholly-owned subsidiary of China Development Bank Capital Corporation Limited ("CDB Capital"), held 29.99% and 24.99%, respectively, and became the two largest shareholders of the Company. As such, the Company obtained the support from both the state-owned financial institution and the local state-owned platform.

With the support of Wuxi Communications and CDB Capital, and taking use of the leadership, integration and promotion functions of party building in the Company's business development while resolutely and thoroughly implementing the national policy on epidemic prevention and control, the Company formulated its new development strategy with a focus on the business transformation after the share transfer, and vigorously expand its development direction of new business in the fields of big health industry, strategic emerging industries, information technology application innovation industry and others. All our employees unified their thoughts, changed their concepts and actively adapted to the new pattern, which ensured a smooth transition of the Company and accumulated new momentum for the Company's business transformation and development for 2022.

Under the support of all our employees, the Group recorded operating income of RMB368 million, net profit of RMB131 million and net profit attributable to the parent company of RMB109 million in 2021, and successfully turned losses to profits in the year.

OUR STRICTNESS, PRAGMATISM AND PRUDENCE TO ENSURE EFFECTIVE EPIDEMIC PREVENTION AND CONTROL

In 2021, the Covid-19 epidemic continued and spread globally. The epidemic prevention and control group of the Group formulated efficient work plan in a timely manner based on domestic and overseas epidemic development, performed epidemic prevention and control together with local government to investigate risks and reasonably arrange for job positions. The Group conducted cleaning and disinfection management of office spaces and engaged an external agency to carry out nucleic acid testing on all employees and the environment of the Company for the first time, to ensure a safe and healthy working environment for employees.

OUR CHANGED CONCEPTS TO VIGOROUSLY EXPAND INTO NEW BUSINESS

1. **Equity investment projects made new breakthroughs**

   In 2021, given the resources advantages of the two substantial shareholders, the development planning and the development trend of Chinese economy, the Group taken new economic sectors such as big health industry, strategic emerging industry, information technology application innovation industry as the major direction of its business transformation in the new two to three years after making in-depth analysis on the industry and the market, and intended to accumulate projects and investment and operation experience in these new economic development sectors by equity investment and otherwise, and set principal business goals to make bigger and stronger the Company's business through epitaxial growth.

   In the second half of 2021, the Company completed its deployment in investment projects in the medical beauty industry and automatic driving industry, and reserved a number of quality project resources in information technology, medical beauty, health care and other new economic formats, thus providing a sound foundation for its subsequent development.

2. **Steadily promoting fixed-income investment**

In 2021, the fixed-income investment projects of the Group were steadily promoted. The Group withdrew the expired Taizhou Tongtai Project, Chengdu Jintang Project and Yangzhong Science and Technology Innovation Park Project with a total principal amount of RMB743 million throughout the year, and recovered in full the investment returns of all ordinary projects in a timely manner, which ensured zero risk of ordinary projects.

Upon the completion of the share transfer, the Group completed fixed income investment in four projects in Jingjiang of Taizhou, Yangzhong of Zhenjiang, Jiangdu of Yangzhou and Jintang of Chengdu in the second half by making full use of the resources advantages it gained from customers in the early stage, as such, the balance of fixed-income investment portfolio was approximately RMB1.43 billion at the end of 2021 after deducting the impairment provision of projects with risks, which laid a foundation for the Company to achieve its target on net profit for 2022.

3. **Efforts made to mitigate risky investment**

The Group also endeavored to promote the mitigation of projects with investment risks while actively and prudently advancing new investment projects. After taking various measures, including recovering the principal of risky projects to reduce exposure, the Group withdrew Changchun New Town Project and Qinhuangdao Project and recovered part of the principal invested in Zhongke Nanchang Project. In particular, the Group recovered the principal invested in Changchun New Town Project at the beginning of 2021 and successfully disposed of the risk project. The Group recovered all remaining principal invested in Qinhuangdao Project at the end of 2021. The disposal of Zhongke Nanchang Project was in active process. The Group endeavored to recover its investment by, among others, involving in the debt restructuring of Zhongke Construction, accelerating the implementation of contract dispute arbitration cases and solutions other than judicial procedure.

OPERATION OF QUALITY ASSETS STABLY AND WUHAN OPTICAL VALLEY NEW DEVELOPMENT INTERNATIONAL CENTER PROJECT MAINTAINED SOUND OCCUPATION RATE

Wuhan Optical Valley New Development International Center Project overcame the difficulties brought by the Covid-19 epidemic and the large-scale rent cancellation of online education institutions arising from the "double reduction" policy in the educational industry and intensified project acquisition.

In particular, in face of the adverse impact from the rent cancellation of certain major tenants due to the policy adjustments in the education industry, the project company intensified business introduction efforts, actively explored new tenants and signed contracts with 20 new tenants, as such the occupation rate maintained at a stable level of 97.47%, and the average tax-inclusive rent was RMB95 per month/sq.m. It signed with 16 new shop tenants when 9 tenants terminated rent, the then occupation rate of this segment was 86.3% and the average tax-inclusive rent was RMB130 per month/sq.m. Both the occupation rate and rental rate of the office building segment and the shop segment maintained a leading position in Wuhan in the industry.

OUR FOCUS ON ACCELERATING THE DISPOSAL OF CERTAIN EXISTING NON-PERFORMING ASSETS

1. **The operation of certain existing non-performing assets made breakthrough progress**

   In 2021, the government returned in full all our investment in the existing SGLD Project. On 29 December 2018, Shanghai Golden Luodian Development Co., Ltd. ("SGLD") signed a cooperation agreement with the People's Government of Luodian Town in Baoshan District of Shanghai in respect of the subsequent cooperation mode of the SGLD Project, which agreed that SGLD refund the expenses for the completed demolition and resettlement in the east of RMB1.52 billion, and the first installment of RMB1 billion was settled in March 2019. In the first half of 2021, SGLD accelerated the quotation of the H-06 plot in active cooperation with the People's Government of Luodian Town and successfully received the second refund for Luodian Eastern Zone Development of RMB522.58 million from the People's Government of Luodian Town on 8 June 2021, as such all refund for Luodian East Development of RMB1,522.58 million has been settled in full.

   As for the existing Shengyang Lixiang project, the Group is in continuous communication with the People's Government of Hunnan New District to optimize the project model and recover the previous investment funds for new strategic business investment.

2022 BUSINESS OUTLOOK

In 2022, the Group will continue to prevent and control the Covid-19 epidemic while accelerating the disposal of existing non-performing assets given the current macroeconomic situation and the Company's development goals in the new state as well as its own advantages, vigorously expand into new business and endeavor to achieve annual goals with the work spirit of "embracing difficulties, management and innovation".

1. **Concentrating on and enhancing new project expansion and accelerating the promotion of the Group's business into a new track**

   The Group has defined the next two to three years as a business transformation period, and will invest in emerging economic areas such as the big health industry, strategic emerging industries, and information technology application innovation industries as its principal business in the future. In 2022, the Company will explore investment opportunities in these areas, start industrial deployment through equity investment, have in-depth understanding of the industry and core links, accumulate industrial experience, gradually be prudent to concentrate on new business goals, and focus group resources on related investment, with an aim to achieving rapid growth of new business through both endogenous and extension methods, and providing support for the sustainable growth of the Group's new principal business in the future.

2. **Steadily promoting fixed-income investment and investment in other principal businesses**

   In 2022, the Group will keep promoting the steady growth of fixed income investment as its principal business. Through in-depth analysis of domestic economic development, prudent selection of investment areas and under such case where the investment risks are controllable, the Group will select high-quality fixed-income investment projects with the support of diversified overseas financing channels. Its goal is to have a portfolio balance of approximately RMB3.0 billion at the end of the year and lay a good foundation for the realization of the annual main business income.

3. **Precisely implementing policies to further optimize remaining assets**

For existing project assets, the Group will strengthen management, maintain the smooth operation of high-quality projects, and continue to gradually withdraw from inefficient assets. For the Wuhan Optical Valley New Development International Center Project, the Group will ensure a stable occupancy rate and income throughout the year, while actively exploring the strategy of a full-chain operation and management model integrating the office building project investment, construction, investment attraction and operation. For the SGLD Project, the Group will strictly perform its obligations under the new cooperation agreement, and strive to collect the development and management expenses of the eastern zone project in full. For the Beijing Junzhuang project, after the Junzhuang Town Planning and Adjustment Plan has been approved by the relevant departments, the Group will start the project withdraw process in due course to recover the investment funds. For the Nanjing G44 project, the Group will continue to communicate and coordinate with local governments and platform companies, strive for the participation of local platforms and promote project implementation, so as to recover principal and investment income in batches, or create conditions to introduce third-party market-oriented institutions to take over the project, so as to facilitate the withdrawal of the project as soon as possible.

4. **Setting goals, opening up ideas and making every effort to promote risk mitigation of existing projects**

In order to prevent the risk mitigation from consuming too much resources and energy, in 2022, the Group will vigorously promote the disposal of risky projects under the principles of "clarifying thoughts, clarifying goals, clarifying person in charge and detailed plans". Additionally, the Group will summarize the experience and lessons from the whole process of investment in risky projects in a timely manner, so as to provide reference for future cases and achieve the purpose of strictly controlling new risks. For Zhongke Nanchang Project, in addition to accelerating the execution of contract dispute arbitration, the Group will also intensify communication and exchanges and speed up the self-rescue progress of Zhongke Science and Technology, so as to gradually recover investment.

5. **Actively expanding financing channels in overseas markets**

With the support of shareholders' credit enhancement, in 2022, the Group will carry out diversified overseas financing based on its actual capital requirements, seize overseas market opportunities and obtain optimal financing interest rates to provide sufficient financial support for business development.

Looking forward to 2022, the Group will give full play to the advantages of shareholders, integrate resources under the leadership of the Company's management team by adhering to its core values of "innovation, struggle, collaboration and dedication", and further emancipate the mind, change concepts, unit and concentrate on devoting to the hard-won new opportunities for development, and create a better future for the Company.

Profiles of Directors and Senior Management

DIRECTORS

Mr. Liu Yuhai,

aged 57, 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 71, was appointed as a Non-executive Director on 11 January 2007 and has been the Executive Vice Chairman of our Company since 1 April 2007. Mr. Li was previously appointed as Co-Vice Chairman on 1 December 2008 and has subsequently been re-designated as Chief Executive Officer and Co-Vice Chairman since 7 January 2010 and as Chief Executive Officer and Co-Chairman on 1 July 2011. Mr. Li was re-designated as a Non-executive Director and the Vice Chairman of the Board on 28 March 2014. From 1992 to 1993, he was attached to Shanghai Golden World Commercial Building Co., Ltd. as a General Manager, responsible for the overall management and development of commercial property. He has over 20 years of experience in business management and the property development industry, including over 12 years' experience in new town development in the PRC. Mr. Li is also a founder of SRE Group Limited ("SRE", stock code: 1207), and was reappointed as the co-chairman and executive director of SRE on 29 August 2013, and resigned on 5 February 2015. Mr. Li will be responsible for the duties in the absence of the chairman of the Board and the execution of the Group's business strategies and plans.

Mr. Liu Heqiang,

aged 52, was appointed as an Executive Director and the Chief Executive Officer on 28 March 2014. Mr. Liu graduated from University of Science and Technology Beijing with a master's degree in industrial engineering. Mr. Liu has extensive experience in banking and investment industry. From December 2009 to 1 April 2015, Mr. Liu was the general manager of the direct investment division III of China Development Bank Capital Corporation Limited* (國開金融有限責任公司) ("CDBC" or "CDB Capital"), where he was responsible for the investment in urban development related areas. From 1992 to 2009, Mr. Liu had been working at, in a chronological order, in State Raw Materials Investment Corporation (國家原材料投資公司), and Northeast Credit Department (東北信貸局), Tianjian Branch, and the Market and Investment Business Bureau, of China Development Bank Corporation ("CDB"). Mr. Liu is the president of the Company and is responsible for the management of the overall operation of the Company and its subsidiaries (the "Group"). Mr. Liu is also a director of several subsidiaries of the Company, such as China New Town Holding Company Limited.

Mr. Hu Zhiwei,

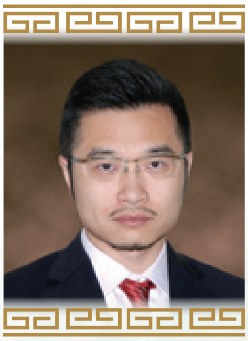
aged 50, was appointed as an Executive Director on 18 October 2021 and a vice president on 30 December 2021. Mr. Hu studied in the economic management department of Jiangnan University from 1991 to 1994 and studied business administration at the School of Economics and Management in Northwest University 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 has extensive experience in investment management.

Ms. Yang Meiyu,

aged 39, was appointed as an Executive Director on 28 March 2014. Ms. Yang graduated from Peking University with a master's degree in finance. Ms. Yang joined CDBC in December 2009, where she was responsible for urban development related investment and served as the manager, senior manager and assistant to general manager of the Direct Investment Division III of CDBC, respectively, and the vice general manager of the Management Department of a subsidiary from April 2015 to August 2016. Prior to joining CDBC, Ms. Yang worked as an investment manager at China Reits Investment, where she was involved in various fund raising and land development projects. Ms. Yang is a vice president of the Company and is responsible for equity investment in new economy industry. Ms. Yang is also the directors of several subsidiaries of the Company, such as Weblink International Limited, Meeko Investment Limited and Protex Investment Limited.

* For identification purpose only

Profiles of Directors and Senior Management



Mr. Shi Janson Bing,

aged 38, 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. Wang Jiangang,

aged 40, was appointed as a Non-executive Director on 21 March 2019 and has more than 10 years of legal experience. He obtained a master's degree in international law from the International Law Department of Foreign Affairs College. Mr. Wang is currently a deputy general manager of China Development Transformation and Upgrade Fund for Manufacturing Industry (Limited Partnership). He joined CDBC in 2010 and successively held the positions of deputy general manager of risk management department, general manager of investment management department and head of risk and legal compliance department. Prior to joining CDBC, he had worked at the bankruptcy reorganisation department and litigation and arbitration department of Beijing Jindu Law Firm.

Mr. Wang Hongxu,

aged 49, was appointed as a Non-executive Director on 18 October 2021. Mr. Wang graduated in international credit and investment major from the Department of Finance of Capital University of Economics and Business in July 1995, and thereafter obtained a master's degree in economics, majoring in finance from the School of Finance of Renmin University of China in January 2014. He is currently the general manager of the Investment Department II of CDB Capital. Mr. Wang joined CDB in December 1998. CDB is the holding company of CDB Capital. Before joining CDB, Mr. Wang served as a cadre of China Investment Bank from July 1995 to December 1998. From December 1998 to September 2009, he served successively as a cadre of the Fourth Division of the North China Credit Bureau of CDB, a deputy officer and section-level member of the Debt Management Division of the Asset Restructuring and Preservation Bureau, a section-level member of the Comprehensive Division of the North China Credit Bureau, a section-level member of No. 3 Audit Divisions of each of the No. 2 Audit Appraisal Bureau and No. 1 Audit Appraisal Bureau, deputy director of the Industrial Integration and Innovation Division of the Investment Business Bureau, a deputy director of the Industrial Integration and Innovation Division I of the Investment Business Bureau, and a deputy director of the Investment Division II of the Market and Investment Bureau. From December 2009 to December 2018, Mr. Wang successively served as a deputy director-level cadre of the risk management department, a deputy general manager of the risk management department, and a deputy general manager of Equity Division I of CDB Capital. He was responsible from presiding over the work of the Equity Division I from July to November 2011, and was later promoted to the general manager of the Equity Division I. From December 2018 to November 2020, Mr. Wang served as the general manager of the Equity Division II of CDB Capital. He has been the general manager of the Investment Division II since November 2020. Mr. Wang has extensive experience in investment management.

Mr. Henry Tan Song Kok,

aged 57, was appointed to our Board on 25 September 2007. He is the Lead Independent Non-executive Director and the Chairman of the audit committee of the Board (the "Audit Committee") and a member of each of the nomination and remuneration committees of the Board (the "Nomination Committee" and the "Remuneration Committee", respectively). He is the Group Chief Executive Officer of Nexia TS Public Accounting Corporation and Nexia TS Pte Ltd. He was the past Asia Pacific Regional Chairman and board member of Nexia International. He holds directorship for several companies. He is a director of BH Global Corporation Limited, Asia Vets Holdings Ltd, Dyna-Mac Holdings Ltd, Penguin International Limited and Trans-China Automotive Holdings Limited (these companies are listed on Singapore Stock Exchange). He is the Chairman of the Nanyang Business School (NBS) Dean's Alumni Advisory Board of NTU. Previously, he was a director of Raffles Education Corporation Limited, Ascendas Fund Management (S) Limited (Manager of Ascendas Real Estate Investment Trust), Yinda Infocomm Limited and YHI International Limited. Mr. Tan graduated with a First Class Honours Degree in Accountancy from the National University of Singapore. He is a Fellow of the Institute of Singapore Chartered Accountants, Institute of Chartered Accountants of Australia and New Zealand, CPA Australia and Insolvency Practitioners Association of Singapore Ltd and Singapore Institute of Directors and a member of Institute of Internal Auditors, Inc (Singapore Chapter) and Singapore Institute of Accredited Tax Professional Limited. Mr. Tan was Treasurer and exco member of Singapore Fintech Association and is a current council member of Institute of Singapore Chartered Accountants.

Mr. Kong Siu Chee,

aged 75, 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.

Profiles of Directors and Senior Management

Mr. Zhang Hao,

aged 62, 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 62, 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's 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 Talent Property Group Limited (stock code: 760), Shandong Weigao Group Medical Polymer Company Limited (stock code: 1066), C Cheng Holdings Limited (stock code: 1486), 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) since 10 December 2021. Mr. Lo was an independent non-executive director of Lerthai Group Limited (formerly known as LT Commercial Real Estate Limited) (stock code: 112) during March 2017 to November 2018. All the aforementioned companies are listed on the Main Board of the Stock Exchange. Mr. Lo was also an independent director of China Merchant Property Development Co. Ltd.* since 2011 and the shares of which were ceased from listing on the Shenzhen Stock Exchange on 30 December 2015.

* For identification purpose only

SENIOR MANAGEMENT

Mr. Wang Yi,
aged 48, 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 which mainly engages in business including venture capital fund, property fund and securities investment fund. 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 served as a senior project manager of Guolian Securities, deputy general manager of the investment banking department at Guolian Securities, and the managing director of the investment banking department at Hua Ying Securities, participating 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.

* For identification purpose only

Five-Year Financial Summary

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

	For the year ended 31 December				
RMB'000	**2021**	2020	2019	2018	2017
Operating income	**367,776**	475,966	614,931	722,126	1,232,296
Revenue	**273,038**	391,639	414,941	599,286	1,151,794
Other income	**94,738**	84,327	199,990	122,840	80,502
Operating expenses	**(218,562)**	(676,575)	(453,396)	(853,240)	(665,085)
Cost of sales	**(63,399)**	(40,865)	(30,931)	(444,842)	(391,246)
Selling and administrative expenses	**(115,755)**	(124,046)	(124,379)	(137,585)	(125,764)
Finance costs	**(50,961)**	(112,665)	(165,238)	(149,708)	(99,145)
Other expenses	**(24,425)**	(12,553)	(2,096)	(107,649)	(48,930)
Reversal of impairment/(impairment losses) on financial assets	**35,978**	(386,446)	(130,752)	(13,456)	—
Operating profit/(loss)	**149,214**	(200,609)	161,535	(133,144)	567,211
Share of profits and losses of joint ventures and associates	**(7,764)**	(6,458)	15,956	(14,954)	(4,395)
Profit/(loss) before tax	**141,450**	(207,067)	177,491	(146,068)	562,816
Income tax	**(10,500)**	(41,098)	(66,139)	268,320	(143,432)
Profit/(loss) for the year	**130,950**	(248,165)	111,352	122,252	419,364
Non-controlling interests	**22,367**	2,760	15,940	38,359	83,750
Profit/(loss) attributable to equity owners of the parent	**108,583**	(250,925)	95,412	83,893	335,614
Assets and liabilities					
Total assets	**6,678,036**	7,411,263	8,670,988	9,005,415	8,098,824
Total liabilities	**2,163,517**	3,023,871	3,991,530	4,388,007	3,493,610
Total equity	**4,514,519**	4,387,392	4,679,458	4,617,408	4,605,214
Equity attributable to equity owners of the parent	**4,049,040**	3,944,280	4,239,106	4,192,996	4,221,394
Non-controlling interests	**465,479**	443,112	440,352	424,412	383,820
Total equity	**4,514,519**	4,387,392	4,679,458	4,617,408	4,605,214

Management Discussion and Analysis

OPERATING RESULTS

Revenue

Our results from operation mainly include land development, urbanization development and property leasing. During the year ended 31 December 2021 (the "Year 2021"), the Group recorded revenue of RMB273 million, decreased by 30%, as compared to that of the year ended 31 December 2020 (the "Year 2020"). In 2021, the Group recorded revenue of RMB27,215 thousand from land development, increased by 129% as compared to that of last year, mainly because the actual progress of the project is faster than that of the same period last year, thus the land development revenue and cost carried forward increased accordingly. Under the influence of the Group's reform and transformation, revenue from urbanization development decreased by 60% to RMB91,552 thousand. For Year 2021, the revenue related to investment property of RMB154 million was recorded, including rental income from property leasing of RMB120 million and property management fee of RMB34,638 thousand, representing an increase of 3% as compared with that of Year 2020.

Other income

For Year 2021, other income amounted to RMB94,738 thousand, increased by 12%, as compared to that of Year 2020. It was mainly because the interest income from bank deposits increased by RMB6,493 thousand as compared to that of the same period of Year 2020, investment income from financial instruments at fair value through profit or loss increased by RMB33,277 thousand as compared to that of Year 2020, net fair value gain on financial instruments at fair value through profit or loss decreased by RMB19,954 thousand as compared to that of Year 2020 and fair value gain on investment property decreased by RMB4,091 thousand as compared to that of Year 2020. Besides, net foreign exchange gain in Year 2021 decreased by RMB6,765 thousand as compared to that of Year 2020.

Cost of sales

For Year 2021, cost of sales of RMB63,399 thousand was recorded, including cost of land development of RMB27,634 thousand and cost of property management service of RMB24,963 thousand. The cost of sales was increased by 55% as compared to that of Year 2020, mainly due to an increase in cost of land development by 134% in Year 2021 as a result of the faster actual progress of the project as compared to that of the same period last year, thus the revenue from land development and cost carried forward increased accordingly. Cost of property management service and other property operations increased 23%, which was due to an increase in asset operation management services expenditure.

Other expenses

For Year 2021, other expenses was RMB24,425 thousand, increased by 95% as compared to that of the same period of Year 2020, mainly due to 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 were recognised in Year 2021, respectively.

Reversal of impairment losses/(impairment losses) on financial assets

For Year 2021, reversal of impairment losses on financial assets of RMB35,978 thousand was recorded. It was mainly due to the collection of receivables of RMB523 million from land development for sale from SGLD and collection of certain impaired urbanization development projects amount to RMB125 million, which resulted in a reversal of impairment loss of RMB76 million. It was also offsetted by additional provision of debt instruments, additional provisions for impairment of the amount due from SRE Investment Holding Limited ("SREI") of RMB38,900 thousand and the additional provisions for impairment losses of the balances due from Wuxi Project of RMB6,757 thousand. For Year 2020, impairment losses on financial assets of RMB386,446 thousand was recorded.

Finance costs

For Year 2021, net finance costs of RMB50,961 thousand was recorded, decreased by RMB61,704 thousand as compared to that of Year 2020, mainly due to the decrease of average balance of bank borrowings in Year 2021. It is mainly due to the repayment of HKD754 million and USD49,490 thousand to China Construction Bank (Asia) Corporation Limited ("CCB (Asia)") and the repayment of loan of RMB14,000 thousand to Bank of China in Year 2021. No interest capitalization was accrued for Year 2021.

Share of profits and losses from joint ventures and associates

For Year 2021, the Group's share of net losses from joint ventures and associates was RMB7,764 thousand, among which the share of gain of RMB1,635 thousand from Kaiyuan Education Fund GP Holdings Limited ("Kaiyuan Education"), and share of gain of RMB1,037 thousand from Kaiyuan Education Fund LP ("Kaiyuan Fund"); most of the other joint ventures and associates are under construction stages with no significant income generated.

Taxation

For Year 2021, the Group recorded a current income tax of RMB10,500 thousand, such income tax was mainly attributable to (i) current income tax of RMB5,159 thousand; (ii) deferred tax credit of RMB471 thousand; and (iii) withholding tax of RMB5,812 thousand.

FINANCIAL POSITION

Investment in joint ventures

The balances as at 31 December 2021 decreased by RMB15,476 thousand as compared with the balances as at the end of 2020, mainly due to share of losses of RMB10,436 thousand from joint ventures. In addition, RMB5 million was received from the capital reduction and withdrawal from Zhongke Guoyin (Wuxi) Enterprise Management Co., Ltd., our joint venture.

Investment in associates

The balance as at 31 December 2021 increased by RMB9,399 thousand as compared with the balances as at the end of 2020, mainly because New Town Education Co., Ltd., a wholly-owned subsidiary of the Company, made new contributions of USD1,627 thousand to Kaiyuan Fund (equivalent to RMB10,550 thousand) during the Year 2021, share of gain of RMB2,672 thousand and share of other comprehensive loss of RMB3,823 thousand due to foreign currency translation.

Debt instruments at amortised cost (non-current assets)

The balances of debt instruments at amortised cost (non-current assets) for Year 2021 amounted to RMB1,372 million, an increase of RMB891 million as compared with the balance as at the end of 2020. Such increase was mainly due to (i) Lianyungang Liandao Cultural Tourism Project of RMB200 million (non-current assets) was reclassified to current assets, and Suqian Yanghe Bio-tech Industrial Park Project of RMB107 million (current assets) was reclassified to non-current assets due to the extended cooperation duration; (ii) new investment made to Taizhou Jingjiang Huaxin Science and Technology Innovation Park Standard Plant Construction Project of RMB319 million, Chengdu Jintang Huaizhou New City General Aviation Industrial Park Project of RMB300 million, Yangzhong Changwang Operation Area Logistics Park Construction Project of RMB251 million and Yangzhou Jiangdu People's Hospital New Project of RMB246 million; (iii) early withdrawal from Gaoyou PPP Project to recover RMB136 million.

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

The balance as at 31 December 2021 amounted to RMB91,565 thousand, increased by RMB18,876 thousand as compared to the balance as at the end of 2020. It was mainly due to the investment of USD5,000 thousand (equivalent to RMB31,863 thousand) in the new XN Crane International Limited at the end of 2021; the recovery of investment principal of the Urbanization Development Fund of RMB7,575 thousand, a fair value loss of RMB479 thousand, and a fair value loss of RMB4,964 thousand of Jiangsu Hongruan.

Investment property

The balance as at 31 December 2021 was RMB1,475 million, increased by RMB3,436 thousand as compared to the balance as at the end of 2020. This was due to the adjustment of the cost of the investment properties of RMB6,358 thousand and the appreciation of fair value of RMB9,794 thousand in Year 2021. As of 31 December 2021, the investment properties of Wuhan Chuguang Industry New Development Co., Ltd. ("Wuhan Chuguang") have been completed.

Right-of-use assets

The balance as at 31 December 2021 decreased by RMB12,925 thousand as compared to the balance as at the end of 2020, which was mainly due to the depreciation of right-of-use assets of RMB12,925 thousand in Year 2021.

Other receivables
The balance as at 31 December 2021 decreased by RMB47,599 thousand (see Note 19) as compared with the balance as at the end of 2020. This was mainly due to the additional provision of expected credit losses ("ECLs") of RMB40,283 thousand in Year 2021.

For Year 2021, an additional provision of ECLs of RMB38,900 thousand was made for the receivables of SREI, and an additional provision of ECLs of RMB6,757 thousand was made for the current receivables from the Wuxi Project.

Trade receivables
The balance as at 31 December 2021 decreased by RMB506 million (see Note 20) as compared to the balance as at the end of Year 2020, which was mainly due to the recovery of the receivables of RMB523 million from land development for sale from SGLD with a net reversal for ECLs of RMB10,454 thousand; the increase of RMB5,000 thousand from construction management fee, increase in rent receivables and property management fees of Wuhan Chuguang of RMB1,893 thousand.

Debt instruments at amortised cost (current assets)
The balance as at 31 December 2021 was RMB224 million, decreased by RMB729 million as compared to the balance as at the end of 2020. This was mainly due to the collection of the debt instruments on expiration of RMB890 million, with the reversal of ECLs of RMB80,262 thousand, the classification of Lianyungang Liandao Cultural Tourism Project from non-current assets to current assets of RMB200 million, the classification of Suqian Yanghe Bio-tech Industrial Park Project to non-current assets of RMB107 million due to the extension of cooperation.

Financial assets at fair value through profit or loss (current assets)
The balance as at 31 December 2021 of RMB1,161 million was mainly comprised of the wealth management products issued by Shanghai Pudong Development Bank, China Construction Bank and Industrial and Commercial Bank of China (see Note 14).

Other current assets
The balance as at 31 December 2021 of RMB14,548 thousand was mainly comprise of value-added tax to be deducted in Mainland China.

Interest-bearing bank borrowings
The balance as at 31 December 2021 decreased by RMB726 million as compared with the balance as at the end of 2020. This was mainly due to a repayment of HKD754 million and USD49,490 thousand to CCB (Asia), a repayment of RMB14 million to Bank of China, and an additional short-term borrowings of EUR34 million in Year 2021. The borrowings were denominated in RMB and EUR. Details of the bank interest rates are set out in Note 24.

Trade payables
The balance as at 31 December 2021 decreased by RMB80 million as compared with the balance as at the end of 2020, which was mainly due to the payment of approximately RMB91 million in respect of the expenditure of construction of SGLD, and the construction payable of RMB15 million in accordance with the progress of performance.

Other payables and accruals
The balance as at 31 December 2021 decreased by RMB11,282 thousand as compared with the balance as at the end of 2020, which was mainly due to the payment of RMB12 million in respect of the expenditure of office building of Wuhan Chuguang.

Financial liabilities at fair value through profit or loss
There were no financial liabilities at fair value through profit or loss of the Group as at 31 December 2021. The balance as at 31 December 2020 amount to RMB6,451 thousand. This was due to China New Town Holding Company Limited held a foreign exchange forward contract with Bank of East Asia (see Note 29).

Cash and bank balances

Overall, cash and cash equivalents for the Year 2021 decreased by RMB469 million as compared with the balance as at the end of 2020, with a total balance of RMB386 million as at 31 December 2021, which were mainly denominated in RMB and HKD, mainly due to net cash inflow from operating activities of RMB423 million, net cash outflow from investing activities of RMB106 million, and net cash outflow from financing activities of RMB786 million during the Year 2021.

Gearing ratio (defined as net debt/the sum of shareholders equity and net debt) as at 31 December 2021 was 14.0%, which decreased as compared with 18.3% as at 31 December 2020. This was mainly due to the Group repaid a number of bank loans during the Year 2021 as a result that the ending bank loan balance decreased compared with the end of 2020.

OTHERS

Material acquisitions and disposals of subsidiaries, associates and joint ventures

Save as disclosed in the financial position 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.

Significant investments

Save as disclosed in the financial position section in the management discussion and analysis, the Group did not hold any significant investments or capital assets during the Year.

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, financial instruments at fair value through profit or loss and interesting-bearing bank borrowings.

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

Contingent liabilities

Save as disclosed in Note 31 to the financial statements, as at 31 December 2021, the Group did not have any significant contingent liabilities (31 December 2020: Nil).

Employee and remuneration policy

As at 31 December 2021, there were 93 (2020: 101) employees in the Group. During the Year, the total staff cost including Directors' remuneration amounted to approximately RMB51.33 million (2020: RMB52.72 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 Company and its subsidiaries which have occurred since the end of the previous financial year:

In 2021, China's economy developed steadily amid internal and external crisis and challenges. Due to the impact of the COVID-19 pandemic and flood and others, China was facing triple pressures of demand contraction, supply shock and weakening expectations. Due to unstable foreign political and economic environments and significantly increased uncertainties, the recovery of global economy was sluggish. Against this background, China's economy has represented strong resilience and development momentum. In 2021, the gross domestic product ("GDP") grew by 8.1% year-on-year, exceeding RMB100 trillion for the second consecutive year, and the proportion to that of the world further increased. The per capita GDP exceeded USD10,000 for the third consecutive year, which has already surpassed the world average.

The year 2021 is also an important year for the Group's reform and transformation. Confronted with the complex and evolving economic condition at home and abroad, with the support of the Shareholders, Xitong International and CDBIH, and in line with the resources and advantages of the substantial shareholders, the Group has clarified its business development strategy, and actively expanded investments in industrial segments that are in line with the development prospects of the new economy, such as the health industry, strategic emerging industries, and information technology application innovation, and developed new business tracks and set major business directions. Meanwhile, the Group accelerated the divestiture of certain existing inefficient assets and stabilized the fixed income investment portfolio.

In the second half of 2021, the Group actively explored fixed-income investments and completed investment in a number of projects. The balance of the fixed-income investment portfolio returned to RMB1.4 billion at the end of the Year. Meanwhile, it completed investment in projects in some new economic industries such as medical beauty and autonomous driving, and reserved a number of high-quality projects in new economic industries such as information technology and big health.

FUTURE OUTLOOK

Looking forward to the year 2022, the Group will continue to seek investment opportunities steadily amid challenges, conduct business transformation in light of national guidelines and policies, be market-oriented and make every effort to expand business into new economic areas such as health industry, strategic emerging industry, and information technology application innovation industry. Meanwhile, it will maintain the operation of high-quality assets and discontinue existing inefficient assets, to steadily promote high-quality development of the Company and create value for Shareholders in a long-term and sustainable manner.

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, where applicable, the principles and code provisions set out in Part 2 of the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "HKEx" and the "Listing Rules", respectively) throughout the financial year ended 31 December 2021 (the "Financial Year") except for code provision F.2.2 of the CG Code that the chairman of the Board (the "Chairman") should attend the annual general meeting. However, Mr. Zuo Kun ("Mr. Zuo"), the Chairman who resigned on 18 October 2021, was unable to attend the annual general meeting of the Company held on 25 June 2021 (the "2021 AGM") due to other business engagements. In the absence of the Chairman, Mr. Liu Heqiang, an executive director and the chief executive officer of the Company (the "CEO"), took the chair of the 2021 AGM in accordance with the articles of association of the Company (the "AoA") to ensure effective communication with its shareholders.

BOARD MATTERS

The Board

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

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

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

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

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

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 AGM via teleconferencing.

1 Retired at the 2021 AGM.

2 Resigned as a Director with effect from after the voting and passing of the resolutions at the Board meeting held on 18 October 2021.

3 Appointed as a Director with effect from after the voting and passing of the resolutions at the Board meeting held on 18 October 2021.

4 Resigned as a Director with effect from the conclusion of the Board meeting held on 30 December 2021.

5 Appointed as a Director with effect from the conclusion of the Board meeting held on 30 December 2021.

Corporate Governance Report

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 and Chief Executive Officer

Following the resignation of Mr. Zuo Kun as a NED and ceased to act as the Chairman on 18 October 2021, Mr. Liu Yuhai was appointed as a NED and the Chairman on the same day. He is the Chairman and is responsible for ensuring the effectiveness of Board matters, including the formulation, development and reassessment of the Group's strategies and policies. Mr. Li Yao Min is the Vice Chairman. He is responsible for the duties of the Chairman in the absence of the latter and the execution of the Group's business strategies and plans; and advising on the development of the Group. In addition, Mr. Liu Heqiang is the CEO and is responsible for managing the development of projects invested by the Group and operations of the Company as a whole.

All major decisions made by the Chairman, Vice Chairman and the CEO are reviewed by the Board. As the Chairman is not an 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 2021, 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 16 to 21 of this Annual Report. The INEDs are expressly identified in all corporate communications pursuant to the Listing Rules.

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

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

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

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

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

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

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

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

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

Induction and Continuous Professional Development of Directors

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

The Directors have confirmed that they had complied with code provision 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. Zuo Kun (Chairman and NED) [Note 1]	B, C
Mr. Liu Yuhai (Chairman and NED) [Note 2]	A, B, C
Mr. Li Yao Min (Vice Chairman and NED)	A, B, C
Mr. Liu Heqiang (Chief Executive Officer and ED)	A, B, C
Ms. Yang Meiyu (ED)	A, B, C
Mr. Ren Xiaowei (ED) [Note 3]	B, C
Mr. Hu Zhiwei (Vice President and ED) [Note 2]	A, B, C
Mr. Shi Janson Bing (ED)	A, B, C
Mr. Wei Dongzheng (NED) [Note 1]	A, B, C
Mr. Wang Jiangang (NED)	A, B, C
Mr. Wang Hongxu (NED) [Note 2]	A, B, C
Mr. Henry Tan Song Kok (Lead INED)	A, B, C
Mr. Kong Siu Chee (INED)	A, B, C
Mr. Zhang Hao (INED)	A, B, C
Mr. E Hock Yap (INED) [Note 4]	A, B, C
Mr. Lo Wai Hung (INED) [Note 5]	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 with effect from after the voting and passing of the resolutions at the Board meeting held on 18 October 2021.

[2] Appointed as a Director with effect from after the voting and passing of the resolutions at the Board meeting held on 18 October 2021.

[3] Retired at the 2021 AGM.

[4] Resigned as a Director with effect from the conclusion of the Board meeting held on 30 December 2021.

[5] Appointed as a Director with effect from the conclusion of the Board meeting held on 30 December 2021.

NOMINATION MATTERS

Board Membership and NC

As at 31 December 2021, the NC comprised three (3) members, all of whom including the chairman were INEDs. The chairman and members of the NC during the Financial Year were as follows:

Mr. E Hock Yap — Chairman (resigned on 30 December 2021)
Mr. Lo Wai Hung — Chairman (appointed on 30 December 2021)
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 current 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 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 four (4) 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 Directors and re-appointment of retiring Directors. The NC has reviewed the Board Diversity Policy which was adopted by the Board at the Board meeting held on 13 August 2013 for assessing the 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.

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	—	NED and Chairman	None	None
Li Yao Min	11 January 2007	24 June 2020	NED and Vice Chairman	None	None
Liu Heqiang	28 March 2014	24 June 2020	ED and CEO	None	None
Yang Meiyu	28 March 2014	21 June 2019	ED	None	None
Hu Zhiwei	18 October 2021	—	ED and Vice President	None	None
Wang Hongxu	18 October 2021	—	NED	None	None
Wang Jiangang	21 March 2019	25 June 2021	NED	None	None
Shi Janson Bing	12 August 2016	21 June 2019	ED	None	Executive director of SRE until 12 July 2018

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	An independent non-executive director of the following companies: • BH Global Corporation Limited; • Asia Vets Holdings Ltd; • Dyna-Mac Holdings Ltd; • Penguin International Limited; • Trans-China Automotive Holdings Limited; • Raffles Education Corporation Limited until 6 March 2018; • 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	An independent non-executive director of the following companies: • Chinney Kin Wing Holdings Limited; and • Harbin Bank Co,. Ltd. until 7 October 2019.
Zhang Hao	13 February 2012	24 June 2020	INED	A member of AC	None

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
Lo Wai Hung	30 December 2021	—	INED	Chairman of NC, a member of each of AC and RC	Independent non-executive director of the following companies: • Tibet Water Resources Ltd; • Talent Property Group Limited; • Shandong Weigao Group Medical Polymer Company Limited; • C Cheng Holdings Limited; and • Lerthai Group Limited (formerly known as LT Commercial Real Estate Limited) until 29 November 2018. 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, Ms. Yang Meiyu, Mr. Shi Janson Bing and Mr. Li Yao Min will retire by rotation at the forthcoming AGM shall eligible for re-election thereat.

Pursuant to Article 85(7) of the AoA, Mr. Hu Zhiwei, Mr. Liu Yuhai, Mr. Wang Hongxu and Mr. Lo Wai Hung 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 2021, the RC comprised three (3) members, all of whom including the chairman were INEDs. The chairman and members of the RC during the Financial Year were as follows:

Mr. Kong Siu Chee — Chairman
Mr. Henry Tan Song Kok —Member
Mr. E Hock Yap — Member (resigned on 30 December 2021)
Mr. Lo Wai Hung — Member (appointed on 30 December 2021)

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 fees payable to the INEDs.

Disclosure on Remuneration

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

The remuneration of a senior management (other than the Directors), Mr. Wu Jubo, a former chief financial officer who resigned on 30 December 2021, whose remuneration fell within the following bands during the Financial Year is as follows:

	2021
RMB1,000,001 — RMB1,500,000	1
	1

ACCOUNTABILITY AND AUDIT

Accountability

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

The financial statements for the Financial Year have been prepared in accordance with the International Financial Reporting Standards and give a true and fair view of the state of affairs including the operations and finances of the Group and of the Company and effective risk management and sound internal control systems are in place. The Board has received assurance confirming the same from the CEO and the 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 and financial reporting functions, as well as the adequacy of training courses and related budgets that are received by relevant staff. In addition, the Board annually reviews the change in nature and severity of major risks, the scope of work in relation to continuous monitoring of risks and internal control system by the management, and major monitoring errors or weaknesses occurred during the Financial Year.

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

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

As of 31 December 2021, according to the internal control system and enterprise's risk management framework established and maintained by the Group, and referring to the work of internal auditors and management reviews, the Board and the AC believed that the Group's internal control system and the risk management system are fully effective in coping with financial, operational, compliance and information technology risks. The Board has received written confirmations from the CEO and the CFO that the financial records are duly deposited and that the Company's financial statements are true and fair presentation of the Company's operation and financial conditions. The CEO and the CFO's confirmation also includes the effectiveness of the Company's risk management and internal control systems.

DISCLOSURE OF INSIDE INFORMATION

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

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

Audit Committee

As at 31 December 2021, the AC comprised three (3) members, all of whom including the chairman were INEDs. The chairman and members of the AC during the Financial Year were as follows:

Mr. Henry Tan Song Kok — Chairman
Mr. Zhang Hao — Member
Mr. E Hock Yap — Member (resigned on 30 December 2021)
Mr. Lo Wai Hung — Member (appointed on 30 December 2021)

Mr. Henry Tan Song Kok possesses accounting and related financial management expertise and experience. The Board considers that Mr. Zhang Hao, Mr. E Hock Yap (resigned on 30 December 2021) and Mr. Lo Wai Hung (appointed on 30 December 2021) has sufficient financial knowledge and experience to discharge his responsibilities as a member 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:

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

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

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

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

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

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

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

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

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

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

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

During the Financial Year, the AC held 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 as well as the cost effectiveness of its audit and the risk management and internal control systems of the Group. 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 2020 and 2021 are set out below:

	2021 **RMB'000**	2020 RMB'000
Annual audit fee	**1,900**	3,800
Other assurance service fee	**600**	700
Total	**2,500**	4,500

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 108 to 112 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 2022 subject to the approval of the Shareholders at the forthcoming AGM.

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

Whistle Blowing Policy

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

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

Internal Audit

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

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

COMPANY SECRETARY

Pursuant to the code provision 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 contacts with the CEO, Mr. Liu Heqiang or his delegate.

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

COMMUNICATION WITH SHAREHOLDERS

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

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

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

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

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

During the Financial Year, notice of at least 20 clear business days was given to the Shareholders for the 2021 AGM. Sufficient notice was given in accordance with the AoA, the laws of British Virgin Islands in which the Company is incorporated, and the CG Code.

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

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

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

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

Shareholders and potential investors are welcome to communicate with the Company or put forward enquiries, 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 reviewed the implementation and effectiveness of the shareholders' communication policy by evaluating, among others, turnaround time and response rate.

Policy on Payment of Dividends

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

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

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

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

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

COMPLIANCE WITH MODEL CODE AND SECURITIES TRADING

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

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

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

CONSTITUTIONAL DOCUMENTS

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

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

MATERIAL CONTRACTS

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

CONCLUSION

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

Environmental, Social and Governance Report

I. PREAMBLE

The world is becoming increasingly urbanised and more than half the world's population has been living in cities since 2007, and that portion is projected to reach 60% by 2030. While the rapidly developing modern cities and metropolises are the powerhouses of economic growth, a multitude of issues and concerns around slum dwellers, inadequate medical services, overburdened infrastructure, poor quality of water, worsening air pollution and chaotic urban sprawl may rise should inadequate resources or ineffective management be applied to the urbanisation process. The 2030 Agenda for Sustainable Development devoted to cities under SDG 11: Make cities and human settlements inclusive, safe, resilient and sustainable', and how to make cities develop in a sustainable manner is of paramount importance in the pursuit of global sustainability.

2021 marked the first year of China's 14th Five-Year Plan (2021–2025) and a new stage of China's all-round economic development as it charts the first five years' journey towards fully building a modern socialist country and achieving its second centennial goals. In 2021, the National Development and Reform Commission depicted its plans for new urbanisation and integrated urban-rural development, specifying the orderly and effective urbanisation of migrant populations from rural areas, the coordinated development of large, medium-sized and small cities and small towns, and the accelerated development of modern cities. By putting low-carbon cities at the core of the grand plan, China calls for all to unlock economic growth together with social and environmental advancements in line with "ecological civilisation". To this end, environmental sustainability, economic efficiency and social inclusion should be balanced and will be the standard that steers urban development in the future.

With the new city development in China and towards an efficient, inclusive, and sustainable urbanisation, China New Town Development Company Limited and its subsidiaries (collectively as the "Group") have relentlessly been leveraging its financial strength, systematic network resources, extensive experience in urbanisation and vision for sustainability to create value for all, while making positive contributions to environmental and social wellbeing. Remaining true to its original aspiration of "Stay United and Overcome Difficulties Together (精誠團結，共克時艱)", the Group has been persevering in forging a resilient and responsible enterprise that fulfils its Environmental, Social and Governance ("ESG") commitments to itself as well as the entire society. Based on its "investment + downstream product operation" business model, the Group has integrated ESG concept and framework into its operations through leadership, policies and actions. Over these years, the Group has already witnessed a solid progress in building a robust governance structure, minimising potential environmental impacts and maximising constant societal values, and will keep going on the path towards a low-carbon and green future under the ambitious "30.60" carbon target and wide-ranging Common Prosperity ideology.

The 14th Five-Year period is a decisive stage in China's transformation. As a new town developer that has been engaged in the investment and operation of new type of urbanisation and primary land development in the People's Republic of China ("PRC"), the Group will firmly support and contribute to the country's transition from a moderately prosperous society into a modern socialist country, with plans and actions for urbanisation to improve people's livelihood, tourism, healthcare and etc., and implement sustainability from within as well as influence more along its value chain.

II. ABOUT THE REPORT

In strict compliance with the requirement under Appendix 27 — ESG Reporting Guide ("ESG Guide") of Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange"), the Group is pleased to present its sixth ESG report for the year ended 31 December 2021 ("FY2021"), which demonstrates the Group's approach and performance in terms of ESG management and corporate sustainable development for FY2021. For corporate governance section, please refer to the Group's 2021 Annual Report (Page 28 to 45).

Boundary Setting

Taking the Operational Control Approach, the ESG Report includes the major operations of the Group's subsidiaries in the reporting scope, covering the Group's office in Hong Kong Special Administrative Region ("Hong Kong"), offices in Beijing, Nanjing, Shanghai, Wuhan and Shenyang in the People's Republic of China (the "PRC") and the property under the management of the Group's subsidiary in FY2021, namely the Optical Valley New Development International Centre (光谷新發展國際中心).

With the total floor area of 172,840 m^2, Wuhan Optical Valley High-tech Development Zone is a nationwide renowned optoelectronic and semi-conductor industry base, and has been included in the first batch of "New Industrial Landmark" projects by Wuhan Municipal Economic and Information Bureau (武漢市經濟和信息化局) and other business units.

Reporting Principles

The preparation of the ESG Report strictly conforms to the Reporting Principles set out in the ESG Guide issued by the Stock Exchange, namely Materiality, Quantitative, Balance and Consistency. Below is a description of where the principles have been applied throughout the ESG Report.

Materiality:

The Group believes that ESG materiality assessment is a tool to identify and prioritise ESG issues that are the most critical to the Group and its stakeholders. As such, the Group has evaluated and prioritised its ESG impacts by performing a science-based materiality assessment based on the results of annual surveys among its key stakeholder representatives as well as its internal impact analysis. The Group has adopted Analytical Hierarchy Process ("AHP") approach that applies the principle of materiality to the ranking of its stakeholders, thereby generating a more accurate picture that describes the significant concerns of its most relevant stakeholders.

Further, as suggested by the Task Force on Climate-Related Financial Disclosure ("TCFD") that has expressed strong support for disclosure of Scope 1 and Scope 2 Greenhouse Gas ("GHG") emissions independent of an assessment of materiality in its Guidance on Metrics, Targets, and Transition Plans, the Group has made an in-depth analysis into its GHG profile and disclosed its GHG emissions despite its business nature that is not carbon-intensive.

Quantitative:

In compliance with the quantitative Key Performance Indicators ("KPIs") set forth in the ESG Guide, the Group has collected relevant quantitative information from reliable sources and made a comprehensive disclosure based on an objective verification and professional computation. The quantitative information revealed in the ESG Report includes emissions, use of various types of resources, number of employees and turnover rates, corporate training, supplier distribution, among other KPIs. A Sankey Diagram has been generated based on the assessment of the Group's GHG emissions in terms of geographical locations, use of resources and scopes, aiming to further quantify the Group's carbon footprint from different perspectives.

Balance:

To delineate a balanced corporate ESG profile, the ESG Report transparently discloses the Group's significant achievements in sustainable development as well as potential rooms for improvement through trend analysis based on the principle of Balance.

Consistency:

The Group has used a reporting framework consistent with the structure of the ESG Guide of the Stock Exchange as well as its previous reporting work. In the ESG Report, the computation methodology of GHG emissions accounting and the evaluation of the Group's sustainability performance in various aspects are coherent and clearly presented.

Information Disclosure

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

III. SUSTAINABILITY MANAGEMENT

The Group believes that maintaining a robust, diverse and structured governance framework managing sustainability-related risks and opportunities is vital to the Group's capability to create long-term value to all. Over years, the Group has been working on the improvement of its corporate governance system in compliance with well-accepted corporate governance principles as well as in line with the recommended best practices that can efficiently allow the Group to integrate ESG concepts and management approaches into operations and business development.

The Board of Directors of the Group (the "Board") takes the lead on and has the ultimate responsibility for ensuring the effectiveness of the Group's ESG policies and ESG reporting. The Group has built a top-down structure in which the Board evaluates and determines its underlying ESG-related risks that are material to the Group through Materiality Assessment and regular reporting from the management teams and company secretary, and ensures that appropriate and effective ESG risk management and controls are in place. For instance, the company secretary summarises ESG-related regulations and materials, and provides the key information to the Board through daily reports, emails, etc. 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. The Board plays a pivotal role in maintaining quality ESG performance and reporting. Specifically, the Board authorises data collection of relevant management departments and supervises the entire process. The final report is reviewed by the Board and will be published and disclosed in the annual report after approval. The Board primarily takes leadership for and accountability in the following as aspects as shown below.

The management teams delegated by the Board are responsible for supervising and monitoring the implementation of ESG practices in the Group, advising on the solutions to various problems arising from the execution, and providing the necessary status update, analyses, and recommended ways forward for Board discussions. The frontline general employees are responsible for executing the proposed plans and policies, reporting on the accumulated experience to the management teams and gathering the operating performance of the Group against material ESG criteria and KPIs for internal record and annual public disclosure.

The Group has been in process of building an ESG committee to assist the Board in managing ESG policies. Each part of the Group performs its respective responsibilities in an orderly manner and collaborates with others effectively to promote sound ESG management. To further facilitate the timely identification and effective allocation of resources to addressing material ESG risks, the Group has set up a two-way barrier-free communication channel, enabling any regulatory requirements and important updates from ESG perspectives to be efficiently and clearly communicated. The Board reviews the effectiveness of its internal sustainability policies by monitoring the performance and progress of the Group in achieving well-established goals and accomplishing corresponding missions to seek the goals on an annual basis. In 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. Under the global trend and the overarching Beautiful China Initiative of China, all the targets and metrics used for tracking the progress are regarded to be universally applicable to businesses and closely related to the Group's operations as well as its sustainability plans.

BOARD OF DIRECTORS

- Overseeing the assessment of the Group's environmental and social impacts as well as the implications of climate change on the Group's strategy and business plans;
- Evaluating and improving the resilience of the Group's business model to potential ESG-related impact and risks;
- Bringing together operations, finance, compliance and all colleagues from different departments to agree on respective roles in the path towards sustainability;
- Enforcing and approving the materiality assessment and reporting process to ensure actions are well followed through and implemented by eligible parties; and
- Creating and promoting a sustainability-themed culture from the top-down to faciliate the incorporation of ESG considerations into an indispensable part of the Group's business and decision-making process.

MANAGEMENT TEAMS

- Developing, implementing and monitoring the Group's ESG strategy and policies at the operational level;
- Addressing the risks and grasping the opportunities arising from operations;
- Tracking and reporting on the progress towards well-established ESG goals and targets through metrics and internal assessment;
- Adjusting operational models appropriately with reference to internationally recognised frameworks and principles; and
- Supporting the engagement with key stakeholders and undertaking annual materiality assessment based on surveys with external stakeholders and internal impact evaluation.

GENERAL EMPLOYEES ACROSS ALL DEPARTMENTS

- Studying and executing the policies and development plans from the top;
- Integrating ESG concepts and solutions into investment analysis and project management process;
- Making use of innovative approaches and technologies for financing and project management with considerations of ESG criteria; and
- Reporting any barriers, potential risks and opportunities, key findings that are either conducive or adverse to the Group's value creation.

IV. BOARD STATEMENT

In 2021, we have witnessed the accelerated recovery of China's economy and the global efforts on epidemic control with the orderly roll-out of vaccines. Since accelerating the human-centric 'new urbanisation strategy' has been outlined in the 14th Five-Year Plan, which further gives impetus to the country's sustainable urban transition, a key determinant of the strength and quality of China's economic growth is how its cities develop. Under the grand national strategy and ambitious plan to seek sustainable development, the Group believes that a strategic pathway towards low-carbon economy and sustainable urban infrastructure investments for developing clean, liveable and connected cities will unlock myriads of economic, environmental and social benefits. 2021 was an extraordinary year to the Group as well, in which we saw a solid progress accomplished together with our stakeholders to achieve the integration of ESG into our governance framework and operations. As Board members, we have been paying attention to the potential impact of enterprise development on the environment, corporate employee training and development, supply chain management, anti-corruption control, community involvement and participation in public welfare activities. As a leading enterprise in new town development, the Group has invariably been concerned about people's livelihood, and attached great importance to the long-term development of the Group, its people's growth and the wellbeing of the wider society.

Climate action

In October and November 2021, the COP26 summit was successfully held in the UK, bringing nations together to step up concerted efforts towards the goals of the Paris Agreement and the UN Framework Convention on Climate Change, namely keeping the rise in global temperature to under 2 degrees Celsius. Since China announced its carbon neutrality goal by 2060, the Group has been committed to delivering on its goals of reducing carbon emissions and boosting business value simultaneously. Through the development of carbon reduction targets and effective actions on enhancing energy efficiency during operations, the Group aims to achieve measurable improvements in adaptative capabilities and mitigation performance. To this end, the Group has utilised carbon metrics including scope 1 and 2 GHG emissions to monitor the effectiveness of its efforts in tackling climate change, and plans to explore the opportunities by undertaking climate-related scenario analysis that enables the Group to more accurately identify and evaluate the material physical and transition risks under the guidance of TCFD framework.

Target-oriented development

As the market has long called for forward-looking plans on environmental stewardship, the Group believes that setting appropriate targets on controlling its environmental impacts is an important milestone on its path to making genuine changes to the planet positively. In FY2021, the Group has not only aligned its actions and strategic objectives with UN SDGs, but also established clear and quantitative goals on emission reductions, waste management, energy efficiency and water withdrawal. The Group has consolidated its resources to support various initiatives that facilitate the Group and its staff to work towards the goals.

Robust performance management system

Strong market demand and strict regulatory requirement for a sound governance structure and management approach in corporate sustainability has created a once in a lifetime opportunity for the Group to deliver on its vision of embedding sustainability in its core management structure and adopting a systematic tool to connect its operations with ESG requirements. In FY2021, the Group leveraged its existing management expertise and framework to achieve an efficient ESG data collection and performance evaluation process. By allocating optimal resources and engaging with professional experts, the Group aims to ensure not only short-term but also long-term efficacy in managing its sustainability performance in a systemic manner.

These transformations and achievements are not happening in a vacuum. Rather, they reflect the joint effort of the Group to make sustainability and long-term thinking increasingly at the heart of business operations and decision-making.

On behalf of the Board of Directors, we thank you all for your engagement and support during this pivotal time. We look forward to achieving more good progress collectively in the year to come.

Best regards,

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

V. STAKEHOLDER ENGAGEMENT

The Group believes that an ongoing and effective stakeholder engagement is vital for the Group to build a sustainable and purpose-aligned strategy. The Group keeps maintaining good relationships with its stakeholders, including internal employees and external partners, which enable the Group to efficiently understand the concerns and expectations of its stakeholders, and to formulate corresponding plans for action. The Group highly values the feedback from its various groups of stakeholders and takes an initiative to build a trustful and supporting relationship with them through their preferred communication channels as listed 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 state-owned enterprises — Foster local employment and develop educational projects	— Performance appraisals — Regular meetings and training — Emails, notice boards, hotline, team building activities with the management — Focus groups
Customers	— Production quality assurance — Protection of customers' privacy and Rights — Insistence on sustainable development strategy	— Customers' satisfaction surveys — Face-to-face meetings and onsite visits — Customer service hotline and emails
Suppliers	— Fair and open procurement — Win-win cooperation — Environmental protection — Protection of intellectual property Rights — Long-term business relationship	— Open tender — Contracts and agreements — Suppliers' satisfaction assessment — Telephone discussions — Face-to-face meetings and on-site visits — Industry seminars
Professional organisations	— Policy formulation regulating the practice of employees and business operations — Resilience building and adaptability enhancement	— Telephone discussions — Questionnaires & Online engagement — Face-to-face meetings (private or AGMs)
General public	— Involvement in communities — Business ethics — Environmental protection awareness	— Media conferences and responses to enquiries — Public welfare activities — Face-to-face interview — Corporate website

The Group increasingly recognises that sustainable development is at the core of long-term value creation and should be systematically integrating sustainability and impact considerations into its decision-making across all operations. With reference to the SDG Impact Standards, the Group keeps aligning its strategy, management approach, transparency and governance with recommended best practice, aiming to operate sustainably and contribute positively to sustainable development.

SDG IMPACT ALIGNMENT

TRANSPARENCY

Action 1. Make annual disclosure of the Group's ESG performance, including responsible business practices and impact analysis in an unbiased manner

GOVERNANCE

Action 1. The Board has been aware of and timely informed of any ESG updates and associated risks and opportunities in the Group through a well-established communication channel and reporting mechanism

Action 2. A top-down structure has been leveraged to lead the entire organisation to shift from traditional business model to sustainable development

STRATEGY

Action 1. Fathom the interconnections between certain SDGs and the Group's business and commit to operating responsibility environmental and social considerations

Action 2. Through online surveys, understand the SDGs that are significant to its key stakeholders, and take corresponding actions to optimise business operations

Action 3. Set impact goals that relate to GHG emissions, among others, in line with global call and business strategy

MANAGEMENT APPROACH

Action 1. Integrate sustainability strategy and visions into the Group's culture and governance structure, including capacity building and system development

Action 2. Prioritise and monitor material topics and impacts annually, with dialogues with external stakeholder groups

Action 3. Seek continuous improvement in both ESG reporting, management approach and performance

To strengthen corporate sustainability management while enhancing stakeholders' awareness of corporate ESG development and global sustainability issues, in FY2021, the Group engaged its stakeholders in a survey concerning the United Nations Sustainable Development Goals ("SDGs") to inform the Group's decision-making process. According to the outcome, the Group further incorporated Goal 5 (Gender Equality) into its list of prioritised SDGs, namely Goal 3 (Good health and well-being), Goal 4 (Quality education), Goal 6 (Clean water and sanitation) and Goal 7 (Affordable and clean energy). In response to the call and concerns from stakeholders, the Group has been laying its emphasis on the management of relevant areas in its business operations, and setting out rational targets and metrics in either directional or quantitative ways.

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

3 GOOD HEALTH AND WELL-BEING

Policy & Actions

- Facilitating the elderly health care service development and rendering social support for universal access to childcare services through health care and retirement projects, such as the specific planning approval and construction of the Junzhuang Project;
- Purchasing medical healthcare insurance for employees;
- Responsibly implementing the requirements of governments for epidemic prevention and control by assigning taskforces responsible for body temperature monitoring, office ventilation and disinfection work, distribution of personal protective equipment, education, etc.

Target: Maintain zero work-related injuries or incidence of occupational hazard in next five years

4 QUALITY EDUCATION

Policy & Actions

- Supporting vocational education and training through well-designed programmes such as QingXueTang (輕學堂), HuiXianMingJia (匯賢名家) and LeBanBan (樂班班) in alignment with the Group's directions for development;
- Human Resources Department takes the lead on organising training workshops and courses on a regular basis;
- Focusing on improving education in community investment and engagement through donations with children in remote areas;
- Each business unit implements coordinated corporate policies on vocational training to organise weekly learning & training activities, etc.

Target: Strive for every employee receiving at least one training every year

5 GENDER EQUALITY

Policy & Actions

- Integrating gender equality into workplace policies, including recruitment process and development opportunities;
- Being transparent about and publicly reporting its gender equality status through quantitative employment information;
- Enforcing a zero-tolerance policy towards all forms of violence and gender discrimination in the workplace as well as preventing sexual harassment;
- Performing assessments on suppliers' compliance with recognised standards, regulations or laws in relation to protecting the rights of female employees.

Target: Eliminate any case related to work-related gender discrimination or sexual harassment within the Group

Policy & Actions

- Recognising water as a valuable resource, and recording and measuring the Group's water footprint through trend analysis;

- Improving performance of water efficiency by promoting the reuse of fresh water among employees.

Target: Maintain the water consumption intensity at the level of FY2021 and strive for reductions on a yearly basis

Policy & Actions

- Tracking and reporting energy usage, reduction and intensity over time.

- Launching a multitude of initiatives to lower energy use in operations, including checking and turning off the power at the end of the day.

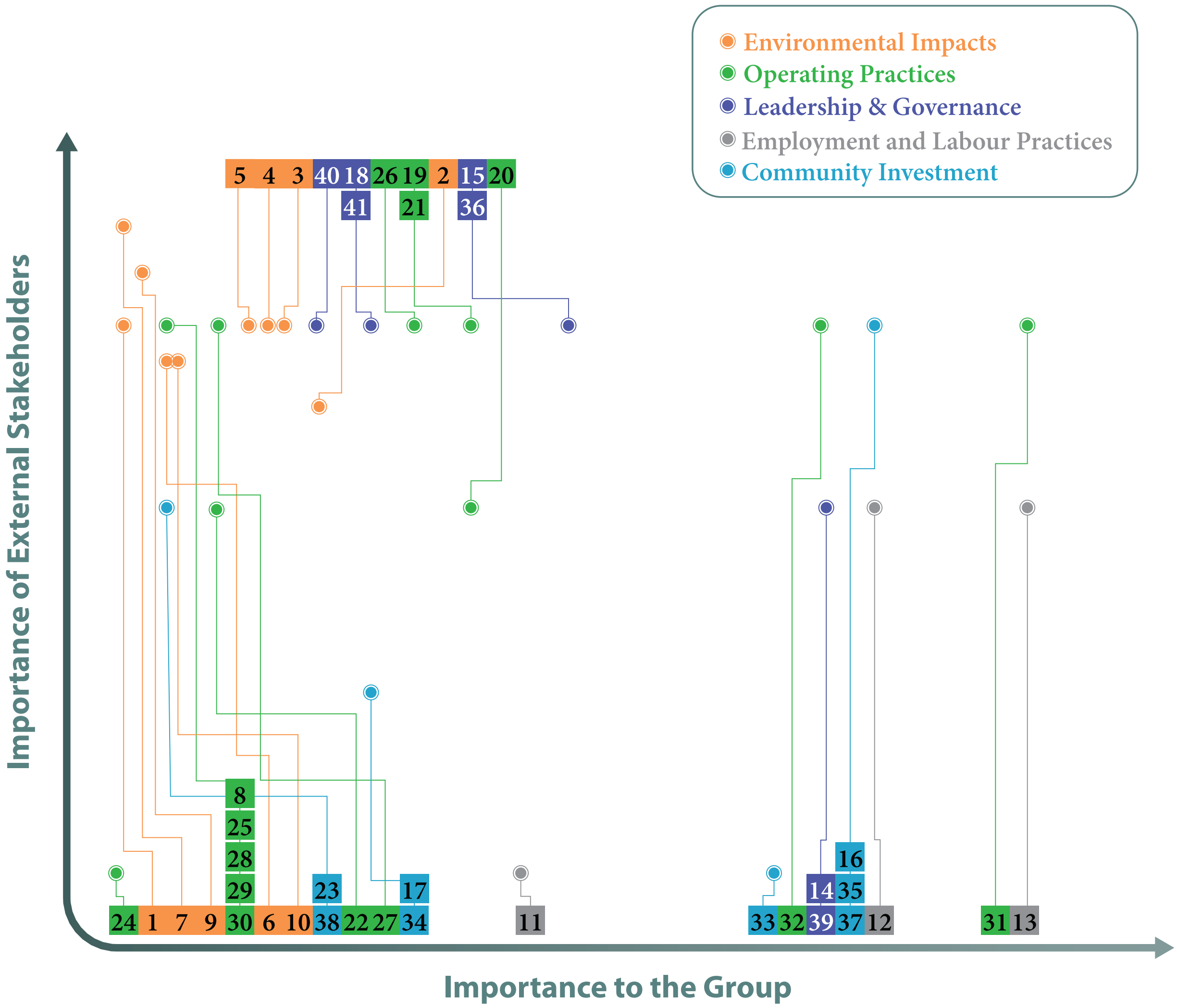
Target: Seek opportunities to make use of innovative technologies that further lower the Group's energy intensity

Materiality Assessment

As ESG risks and opportunities for companies vary across industries and depend on corporate business models, the Group undertook an annual review to identify and evaluate its stakeholders' main concerns and material interests about ESG issues. In FY2021, the Group engaged its key stakeholders to perform a materiality assessment survey. Specifically, a group of internal and external stakeholders including general employees, senior management and product/service suppliers were identified, prioritised and selected based on their influence and dependence on the Group. The Group referenced ISO 26000 (Guidance on Social Responsibility) and chose its stakeholders against criteria including legal obligations, power of influence, significance in the value chain and willingness for engagement. The selected stakeholder representatives were invited to take part in an ESG online survey, which was comprised of questions around ESG topics that were regarded financially material and relevant to the Group's business development. The objective, transparent and decision-useful materiality assessment allowed the Group to give priority to the management under certain ESG topics and to map the results out in a materiality matrix as shown below.

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 has been used, following its successful application in FY2020, to prioritise the Group's stakeholder groups. Six criteria namely Vulnerability, Influence, Legitimacy, Willingness for engagement, Contribution and Necessity of involvement were chosen for the comparison amongst three 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



1	GHG Emissions	15	Preventing Child and Forced Labour	29	Product Design & Lifecycle Management
2	Air Pollution	16	Labour Practices	30	Access & Affordability
3	Energy Management	17	Green Procurement	31	Business Ethics & Anti-corruption
4	Water & Wastewater Management	18	Communication and Engagement with Suppliers	32	Internal Communication & Grievance Mechanism
5	Solid Waste Stewardship	19	Environmental Risk (e.g. pollution) Management of Supply Chain	33	Community Engagement
6	Materials Management	20	Social Risk (e.g. human rights or corruption) Management of Supply Chain	34	Participation in Philanthropy
7	Land Use, Ecosystem and Biodiversity	21	Supply Chain Materials Sourcing & Efficiency	35	Cultivation of Local Employment
8	Climate Change Mitigation & Adaptation	22	Health and Safety Relating to Products/Services	36	Local Environmental Protection
9	Packaging Material Management	23	Customers Welfare	37	Support of Local Economic Development
10	Renewable and Clean Energy	24	Marketing and Promotion	38	Business Model Adaptation and Resilience to Environmental, Social, Political and Economic Risks and Opportunities
11	Diversity & Equal Opportunity	25	Intellectual Property Rights	39	Management of the Legal & Regulatory Environment (regulation-compliance management)
12	Employee Remuneration and Benefits	26	Product Quality	40	Critical Incident Risk Responsiveness
13	Occupational Health and Safety	27	Customer Privacy and Data Security	41	Systemic Risk Management (e.g. Financial Crisis)
14	Employee Development and Training	28	Labelling Relating to Products/ Services		

Through the materiality analysis, the Group identified "Business Ethics & Anti-corruption" as issues of high importance. Given the high degree of concern on the material issue mentioned above, the Group has carefully priced the risks and opportunities in relation to the matter and elaborated in detail under different sections of this ESG report.

Stakeholders Feedback

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

VI. ENVIRONMENTAL SUSTAINABILITY

To seek the sustainability of the environment and community where it operates, the Group has made an effort in controlling its emissions as well as its consumption of resources, ensuring that its projects and daily operations comply with relevant environmental laws and regulations in cities of the PRC and Hong Kong in FY2021, including but not limited to the following:

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

This section primarily discloses the Group's policies, practices, and quantitative data on emissions, use of resources, the environment and natural resources in FY2021.

A.1 Emissions

Management Approach

In FY2021, the Group was in compliance with applicable laws and regulations concerning air and GHG emissions, discharges into water and land, generation of hazardous and non-hazardous wastes, and noise that have a significant impact on the Group. Adhering to the thoughts of "Lucid waters and lush mountains are invaluable assets (綠水青山就是金山銀山)", ecological and environmental protection has taken root in the hearts of the Group's business. Seeing the implementation of various policies in mitigating its environmental impacts and the intensifying efforts in spurring green development as well as environmental considerations in projects, emission control has already been an integral part to the Group's business in the portfolio of "urbanisation investment" and "downstream operation". The Group strives to operate in an eco-friendly manner and has extensively advocated the smart control of consumption of natural resources and the promotion of energy-efficient equipment during its daily operations, while in its investment in livelihood improvement projects, environmental compliance and ecological risks and opportunities have been considered in conjunction with the objectives and business management approach of the Group to deliver the greatest value to its shareholders.

During the year under review, air pollutants from the Group including sulphur oxides ("SO_X"), nitrogen oxides ("NO_X") and particulate matter ("PM") were mainly generated from vehicles for transportation for business affairs. Specifically, the Group's air emissions of SO_X, NO_X and PM amounted to 2.7 kg, 142.4 kg and 31.6 kg respectively in FY2021. In October and November 2021, the COP26 climate summit saw policymakers from all over the world assembled in Glasgow, to make commitments aimed at keeping the goals of the Paris Agreement alive, namely limiting the global temperature rise to below 2 degrees. As the driving force of climate change and global warming, GHG emissions are under draconian regulations across the world and China has made a pledge to achieve carbon neutrality by 2060. As an absolute supporter of this ambitious national plan, the Group has been committed to lowering its carbon emissions. In FY2021, the GHG emissions from the Group were primarily caused by the combustion of fossil fuels for transportation and the electricity consumption supporting office operations. During the year under review, the Group's total GHG emissions amounted to 16,891.0 tonnes of CO_2e. In addition, the Group generated a total of 14.8 tonnes of non-hazardous solid commercial wastes, while 152,776.7 m^3 of non-hazardous wastewater was discharged from different offices and project under operations of the Group. In FY2021, the Group did not generate any hazardous wastes (solid waste or sewage) during its operations. The Group's total emissions in FY2021 are summarised in Table 1 below. To better illustrate the GHG emissions of the Group, especially from the perspective of geographical locations, use of resources, and emission scopes, a GHG emissions Sankey diagram has been formulated. It visualises the patterns of corporate GHG emissions with the width of the flows representing the magnitudes of the amount of emissions.

Table 1 The Group's total emissions by category in FY2021 and FY2020[8]

Emission Category	Key Performance Indicator (KPI)	Unit	Amount in FY2021	Intensity[1] (Unit/ Million RMB) in FY2021	Amount in FY2020	Intensity[1] (Unit/ Million RMB) In FY2020)
Air Emissions[2]	SOx	Kg	2.7	9.96×10^{-3}	2.7	5.67×10^{-3}
	NOx	Kg	142.4	0.52	142.2	0.30
	PM	Kg	31.6	0.12	31.3	0.07
GHG Emissions	Scope 1[3] (Direct Emissions)	Tonnes of CO_2e	526.8	1.94	604.4	1.27
	Scope 2[4] (Energy Indirect Emissions)	Tonnes of CO_2e	9,824.5	36.12	6,723.4	14.13
	Scope 3[5] (Other Indirect Emissions)	Tonnes of CO_2e	6,539.7	24.04	74.3	0.16
	Total (Scope 1 & 2 & 3)	Tonnes of CO_2e	16,891.0	62.10	7,402.2	15.55
Non-hazardous Waste	Solid Wastes[6]	Tonnes	14.8	0.05	17.2	0.04
	Wastewater[7]	m^3	152,776.7	561.68	121,656.0	255.60

1 Intensity was calculated by dividing the amount of air, GHG and other emissions by the operating income of the Group in FY2021 and FY2020 respectively, which was 272,000 RMB'000 in FY2021 and 475,966 RMB'000 in FY2020;

2 Air emissions included the air pollutants in the vehicle exhaust gas from the combustion of fossil fuels for business transportation;

3 The Group's Scope 1 (Direct Emissions) included only the consumption of gasoline and LPG in motor vehicles and natural gas for boiler operations, and carbon offset by GHG removals by 25 trees;

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

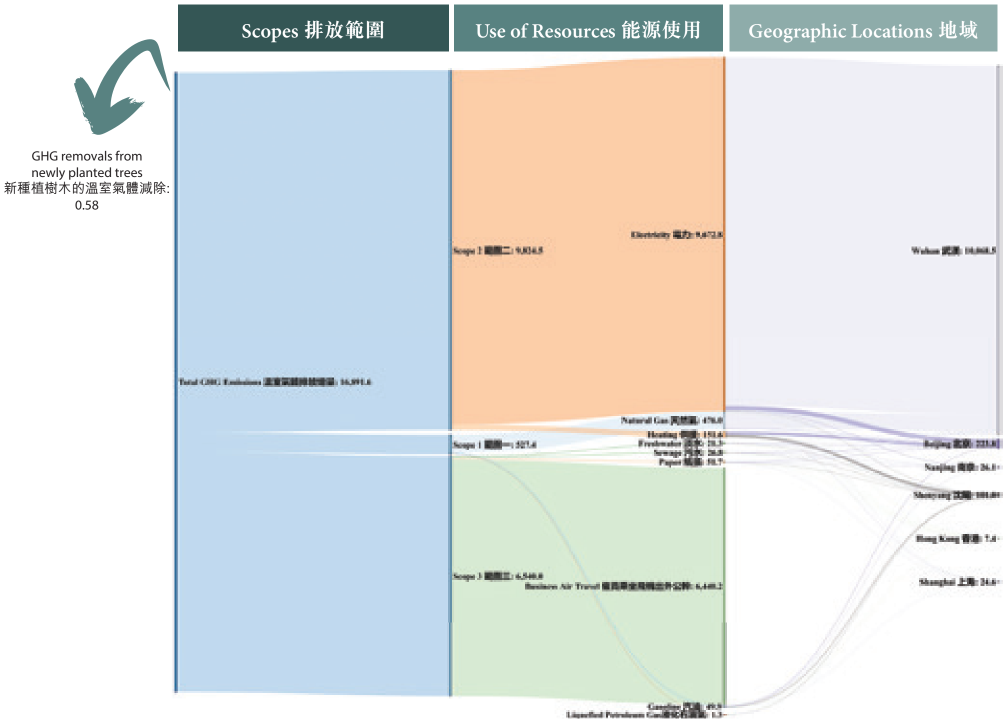
5 The Group's Scope 3 (Other Indirect Emissions) included only the emissions from paper waste disposed of at landfills, electricity used for processing fresh water and sewage by government departments and business air travel;

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

7 Since the wastewater generated from the Group 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.

Sankey Diagram for GHG Emissions of the Group in FY2021



Air & GHG Emissions

Trend Analysis

In FY2021, the air and GHG emissions of the Group mainly came from the use of gasoline and liquified petroleum gas (LPG) for vehicles for business affairs, electricity for daily operations in the offices and natural gas consumption for boilers in project management.

In FY2021, the indirect emissions dominated the total amount of GHG emissions of the Group in FY2021, accounting for approximately 97% of the total GHG emissions. As compared with FY2020, the scope 3 GHG emissions went up dramatically due to the inclusion of the data of carbon emissions from business air travel, which was restricted in FY2020 due to COVID-19 Pandemic. The drastic increase was the main cause of the Group's rising overall GHG emissions in FY2021. During the year under review, the Group's scope 1 GHG emissions declined by approximately 12.8%.

Goals and Proposed Steps

In response to the global decarbonisation agreement and national "30.60" carbon targets, the Group aims to achieve a 22.5% reduction in its overall GHG emissions (Scope 1 and Scope 2) by 2030 compared to the level in FY2021, with reference to the Absolute Contraction Approach of Science-Based Targets Initiative. To meet the objective, the Group commits to keep implementing its 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;

- Switch off the idle lighting and heat-producing appliances to reduce air-conditioning load when necessary;

- Advocate the transition towards low-carbon transportation and encourage employees to use public transportation services instead of driving to work;

- Strengthen the management of vehicle use in the Group; and

- Appoint specific staff for the management of electricity consumption and water usage in the subsidiaries of the Group.

The Group believes that a meaningful understanding of the business risks and strategic opportunities posed by climate change is vital to the Group and its staff fully fathoming the importance of taking measures to reduce carbon footprint. As such, the Group insists on instilling the practical insights and knowledge of successful low carbon initiatives across the globe through training and seminars. Meanwhile, the Group encourages its employees to make collaborative efforts and influence the people around them to make more eco-friendly decisions in both business and lives.

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

Wastewater

Trend Analysis

Given its business nature, the Group did not consume a significant volume of water in its office operations and thus did not generate a material amount of commercial wastewater nor any hazardous wastewater during the year under review. In FY2021, the wastewater from the Group was mainly commercial wastewater from offices and wastewater from the project building.

As compared with FY2020, the wastewater amount of the Group rose by 25.6% approximately due to the increasing water consumption of the Optical Valley New Development International Centre (光谷新發展國際中心).

Normally, the non-reusable wastewater is directly discharged into the municipal sewage network of the property buildings and handled by the property management. Since the amount of wastewater highly depends on the amount of water that has been used, the Group has adopted specific measures and aims to proactively explore effective ways to save water, which are further described in the next subsection headed "**Water**", to improve water efficiency.

Solid Wastes

Trend Analysis

In FY2021, the solid wastes generated from the Group were mainly non-hazardous domestic and commercial waste by its staff from daily operating activities. As compared with FY2020, the amount of solid waste of the Group dropped by 14.0% approximately.

Goals and Proposed Steps

As the Group did not generate a significant amount of solid waste during operations in FY2021, the Group believes that at current stage, an indefinite reduction target that is to continuously maintain the waste intensity fluctuations at the levels of 5% above or below by taking FY2021 as a baseline is appropriate.

The Group is deeply aware that sustainable waste management is key to helping the company as well as the society to reach the nationwide targets on waste recycling and further lowering GHGs in which businesses need to lead the way. Supporting the implementation of compulsory rubbish sorting regulation across the country, the Group has required its employees to implement waste separation, through which the recyclable waste is collected and used for other purposes directly in the Group, further ramping up its waste management as a means to accelerate the application of circular economy in operations. For instance, the Group encourages its employees to recycle used ink cartridges, thereby lessening the burden on landfills and offsetting the Group's carbon footprint.

Over the years, the Group has enhanced its employees' awareness of Sustainable Waste Management through the dissemination of the principle of efficient implementation of "Waste Hierarchy", which is to

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

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

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

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

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

The Group has formulated and implemented internal policies, including Administrative Items Management Measures (行政物品管理辦法), to standardise the practices of employees in consuming products. For example, 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) that details the information and number of items should be filled out and approved before receiving the items. As green supply chain management has become a multidisciplinary concept by constructing environmental management practices in business, the Group keeps tightening up its requirements on subcontractors and pushing its business partners to embed the concept of circular economy into operations and to adopt environmentally friendly measures in waste management.

As part of the "investment + downstream product operation" model that the Group has been employing for development, environmental criteria and sustainability-related standards are taken into considerations through preliminary analysis by the Group before investing and engaging in any project.

A.2. Use of Resources

In FY2021, the primary resources consumed by the Group were electricity, gasoline, liquefied petroleum gas, water, paper and heating supply. For the operation of boilers in project management, natural gas was a major energy resource. Given its business nature, the Group did not use any packaging material during the year under review.

Management Approach

To effectively manage its resource use efficiency, the Group keeps strengthening its monitoring, measurement and evaluation of its performance in the consumption of energy, water and other resources, striving to explore and make use of innovative solutions around "3R Principle" to minimise its potentially negative environmental impacts. Under the guidance of the "China New Town Development Company Limited Policy Compilation" (中國新城鎮發展有限公司制度彙編), the General Department is responsible for the management and supervision of the use of materials and resources according to internal policies, including the Measures for the Administration of Official Vehicles (公務用車管理辦法). Table 2 illustrates the amount of different resources used by the Group in FY2021.

Table 2 Total Resource Consumption in FY2021 and FY2020

Use of Resources	Key Performance Indicator (KPI)	Unit	Amount in FY2021	Intensity[1] (Unit/ Million RMB) in FY2021	Amount in FY2020	Intensity[1] (Unit/ Million RMB) in FY2020
Energy	Electricity	MWh	15,859.4	58.31	12,336.9	25.92
	Gasoline	MWh	191.8	0.71	208.5	0.44
	LPG	MWh	5.8	0.02	5.8	0.01
	Natural gas	MWh	3,219.3	11.84	2,665.7	5.60
	Heat[2]	MWh	691.4	2.54	632.9	1.33
	Total energy consumption[4]	MWh	19,967.6	73.41	15,849.8	33.30
Water	Water	m^3	153,602.7	564.72	121,656.0	255.60
Paper	Paper[3]	Kg	10,761	39.56	8,362.5	17.57

1 Intensity was calculated by dividing the amount of resources that the Group consumed in FY2021 and FY2020 by the operating income of the Group in FY2021 and FY2020 respectively, which was 272,000 RMB'000 in FY2021 and 475,966 RMB'000 in FY2020;

2 Heat consumption included Beijing headquarter and Shenyang office;

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

4 The methodology adopted for reporting on the total energy 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

Trend Analysis

In FY2021, the Group purchased electricity from local public utilities and the total electricity usage went up by 28.6% as compared with FY2020, which was primarily due to rising electricity consumption in the Optical Valley New Development International Centre (光谷新發展國際中心). Most business offices of the Group witnessed a moderate decrease in electricity usage during the year under review.

Goals and Proposed Steps

Considering the Group's business nature and commitment to climate actions, the Group has set an indefinite reduction target which aims to continuously lower the electricity intensity on an annual basis. In conjunction with the measures and policies in the management of other types of energy resources, the Group's ultimate goal in energy efficiency is to reach its aforementioned 2030 carbon reductions plan.

As an enterprise whose main operations are carried out in offices, electricity consumption is believed to be one of the top priorities in the Group's roadmap towards carbon reductions and energy efficiency. While China has set up clear ambitions to implement a profound energy transformation, the Group has also been committed to further controlling the consumption of electricity so as to diminish its GHG emissions by embedding the slogan of "Saving Electricity" into its business strategy and daily operations. Hence, the Group will continue to implement the following practices in order to achieve the goal:

- Switch off the office equipment after office hours and avoid standby mode;
- Maintain and repair electrical appliances in the offices regularly to ensure that all device functions efficiently (e.g. some subsidiaries of the Group have designated specific staff to provide M&R solutions when needed);
- Switch off the air-conditioner in offices, meeting rooms, etc. right after use;
- Affix "Save Energy" stickers as a reminder at the exit or beside the switch;
- Adjust the temperature of air conditioners manually in offices when necessary (e.g. some subsidiaries of the Group have regulated that the temperature of air conditioners in the offices should not lower than 26℃ in summer and higher than 20℃ in winter;
- Purchase energy-efficient equipment with labels of good environmental performance in the offices; and
- Adopt centralised approach for the control of all lighting fixtures in public areas.

Other energy resources

Trend Analysis

In FY2021, the Group's consumption of other energy resources mainly came from the combustion of fossil fuels for transportation in the format of gasoline and the use of natural gas for boilers. In FY2021, the total amount of energy that was consumed by the Group reached 19,967.6 MWh (including electricity), which was around 26.0% higher than that in FY2020. While the use of gasoline fell in FY2021, the Group's consumption of electricity and natural gas for boilers in the Optical Valley New Development International Centre (光谷新發展國際中心) grew in varying degrees during the year under review.

Goals and Proposed Steps

With an in-depth analysis into the Group's patterns of energy consumption and business characteristics, the Group's long-term goal of improving energy efficiency is to lower its GHG emissions by 22.5% relative to its FY2021 level. To pursue the target, the Group will track energy use at all levels by recording, monitoring and assessing energy performance with a transparent report annually. To support the implementation of initiatives, the Group has built a wide variety of policies regulating the practices that consume energy. For example, the Measures for the Administration of Official Vehicles (公務用車管理辦法) gives specific requirements and instructions on the use of corporate vehicles, including

- 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 confirmation by the Head of Department;
- The use of corporate vehicles during holidays and weekends shall be strictly controlled with draconian approval requirements; and
- All corporate vehicles shall be maintained by drivers regularly to ensure safety and efficiency.

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

Water

Trend Analysis

In FY2021, the water consumption by the Group ascended slightly due to the growing water usage in the Optical Valley New Development International Centre (光谷新發展國際中心). Most business offices of the Group saw a decrease in water consumption during the year under review given its efforts in promoting using water wisely. In FY2021, the Group did not face any problems in sourcing water.

Goals and Proposed Steps

The Group is aware that high water efficiency requires the promotion the sustainable use of water resources, while deploying solutions that enable comprehensive reductions in the waste of domestic water. Implementing water-efficient measures not only leads to substantial savings in the running costs for operations, but also engenders myriads of ecological benefits that correspond to the national policies to address a multi-faceted water crisis in China.

While the Group is not a water-intensive enterprise, it believes that the alignment with global water conservation efforts and in particular, the rapid response to the national plan to promote a water conservation society during the 14th Five-Year Plan period (2021–2025) jointly released by China's National Development and Reform Commission and other four government departments are of paramount importance. As such, the Group has developed an indefinite reduction target that aims to continuously maintain the waste intensity fluctuations at the level of FY2021 and pursues efforts to further lower the intensity over a yearly basis.

To achieve the target, the Group commits to step up efforts in integrating water conservation into business operations and signalling the co-benefits of water efficiency that yield cost savings and contribute to environmental wellbeing to all employees. Specifically, the Group plans to take following measures and further improving its internal policies on water conservation:

- Record and document water consumption data through systemic management in subsidiaries' environmental performance;
- Analyse water consumption results and implement water-saving tactics;
- Strengthen internal communication and commit to employ a monitoring and control approach to report on progress and reward achievements;
- Incorporate 3R principle in water stewardship, including but not limited to reusing water for planting in offices.

Paper

Nowadays, one of the most tangible beneficiaries of digitalisation that has both positive impacts on our ecosystem and delivers business benefits is the transformation to paperless office. Over years, the Group has increasingly turned to paperless office principles and technologies that facilitate the operations to be more efficient and eco-friendly.

In FY2021, the Group strengthened its management of paper consumption and recorded the amount of paper used in all its subsidiaries and operating sites. As compared with FY2020, the paper usage of the Group slightly increased. During the year under review, the Group recycled approximately 41 kg of paper. As there are significant environmental benefits in going paperless, the Group has adopted and will insist on the following measures in operations:

- Purchase recycled paper and reuse paper bags for filing;
- Enforce internal policies including Administrative Procurement Management Measures (行政採購管理辦法) to regulate the purchase and use of paper;
- Keep the normal setting of the printer to the mode of printing on both sides;
- Spread the idea of "think before print" by using posters and stickers in the offices to remind the staff of avoiding unnecessary printing;
- Use boxes and trays as containers beside photocopiers to collect single-sided paper for reuse and recycling;
- Use the back of single-sided documents for second printing or draft paper; and
- Re-design the paper into artistic handicrafts.

A.3 The Environment and Natural Resources

Given the business nature, the Group's operations did not cause significant impacts on the environment and natural resources. With a comprehensive assessment of operations and associated potential environmental effects, and to keep up with global and national sustainability trend, the Group has identified its GHG emissions resulting from business travels and energy consumption during operations, as major contributors to its environmental impacts.

As energy efficiency is climbing up the Group's ESG agenda, due to sweeping environmental challenges including climate change, the Group understands that to control its GHG emissions, it should start from alleviating its reliance on the consumption of natural resources, grasping any opportunities of innovation in operational efficiency and shifting its business models towards a low-carbon economy. To this end, the Group has established relevant environmental goals and in pursuit of its GHGs reduction objective, the Group has utilised the synergy of energy efficiency and developed action plans on electricity conservation and the strict management of fossil fuel usage. The Group believes by setting public targets, it not only signals the Group's commitment to external stakeholders, but helps align the many different functional groups across the enterprise, drives accountability and inspires internal staff in boosting sustainability as well.

Recognising that developing a holistic and clear understanding of enterprise-wide energy use is essential, the Group has based its monitoring and assessment of annual energy use on a systematic data management platform, where the resource consumption across different sites can be recorded and compared for study and improvement. Meanwhile, the Group aims to excel at the operational aspects of energy strategy by exploring the opportunity to embrace renewable energy resources for transportation and engaging with governments as well as other stakeholders to seek more environmentally friendly ways for business. The Group actively promotes the creation of Paperless Office and has incorporated digitalisation into the process of decision-making, including the organisation of conference meetings. In the operation of downstream projects, the Group focuses on the ecological wellbeing, and pursues the unification of ultimate profits with sustainable development.

With the implementation of internal policies, the Group is committed to establishing and further optimising its systematic approach to mitigating its environmental impacts, through which the Group can be better informed of the implications of the accompanying ESG risks, and cash in on the opportunities brought by its environmental initiatives.

A.4 Climate change

The climate crisis is affecting our world in severe and unexpected ways, and climate change presents financial risks to the global economy. As businesses face many types of risks and opportunities posed by climate change, the Group believes that it is necessary and vital to identify, evaluate, prioritise and transparently reveal its climate-related risks and opportunities.

As a supporter of TCFD initiative, the Group has referenced the overarching four pillars of TCFD framework in its climate-related management.

Governance

On the top management level, the Board is responsible for the approval and monitoring of policies and mechanisms to manage climate-related issues and ensuring the adequacy of resources to address the risks. For instance, the Board participated in a climate risk assessment through online surveys in FY2021, striving to identify and close the gaps of the Group's management system by benchmarking best practices. Further, the Group plans to take robust actions that build resilience in operations.

Strategy

The Group has split the material climate-related threats that it faces into physical and transition risks. In terms of physical risks, more frequent torrential rain and other extreme weather events may further damage the property and infrastructure of the society, as well as adversely affect the urban development projects of the Group, resulting in property loses or delay in project delivery. In terms of transition risks, mandates on and regulation of existing products and services including stricter regulations and treaties may drive the increase of the compliance costs of operations and in particular affect the project investment.

Risk Management

To mitigate the underlying climate-related risks, the Group is committed to integrating the climate risk management into its systematic risk management process and policies, with clear roles and responsibilities being allocated to different parties such as Operation Management Department. In the action plan, the Group considers flood risk assessment for project in the preliminary stage and the adoption of flood-adaptive elements in project development. Facing the increasingly draconian carbon regulations, the Group will consider undertaking carbon risk exposure assessment in investment decision-making process, screening the carbon-intensive projects or those with high exposure to carbon-related regulations.

Metrics and Targets

In FY2021, the Group has established its GHG reduction target by lowering its GHG emissions by 22.5% by 2030 relative to the level of base year FY2021. To track the progress, the Group will utilise scope 1 and 2 GHG emissions and associated intensities as indicators for continuous assessment and improvement. For the communication of the Group's progress, the Capital Market Department and company secretary generate an annual report for the review of the Board. To support the Group's decarbonisation plan, the Group has strengthened its promotion in offices, reminding all employees to save resource and avoid unnecessary waste in daily operations.

Opportunities

On February 02, 2021, China issued 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), which pointed out the importance of fully implementing the thinking of ecological civilisation, unswervingly implementing the new development concept, and holistically implementing green planning and development. As an enterprise focusing on improving people's livelihood, the guiding actions against climate change will provide new investment opportunities for the Group in the foreseeable future.

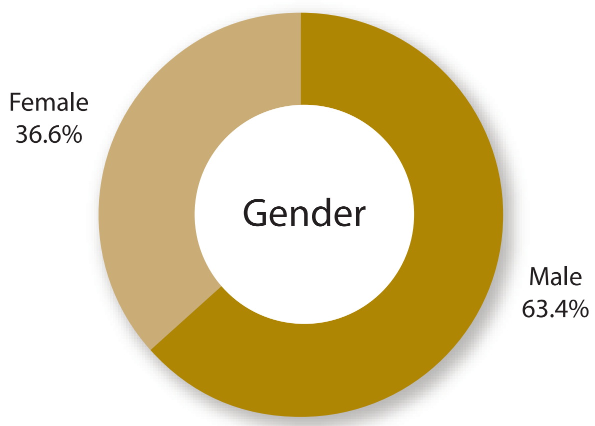
Looking ahead, the Group plans to launch climate scenario analysis that informs the formulation of its decarbonisation strategy and improves its resilience in combatting climate change.

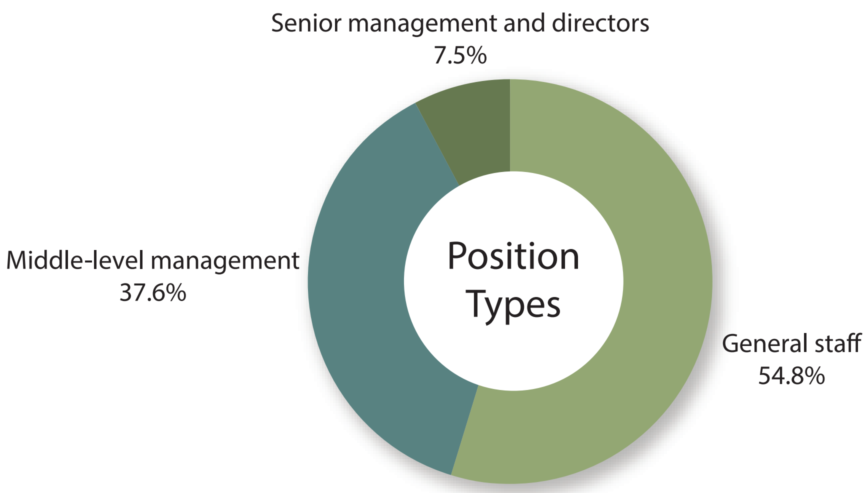
VII. SOCIAL SUSTAINABILITY

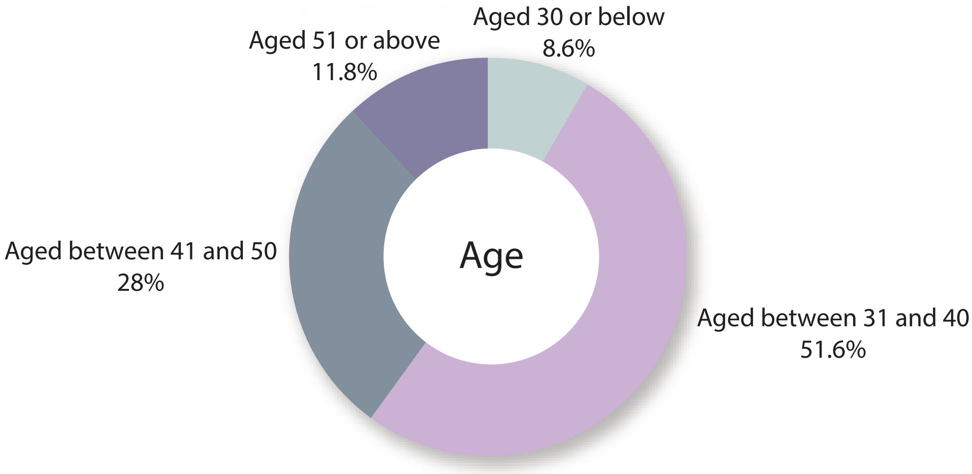
EMPLOYMENT AND LABOUR PRACTICES

B.1 Employment

The Group keeps advancing the protection of fundamental human rights and promotion of responsible labour practices in its employment. Striving to foster an inclusive culture in which all the Group's operating entities and locations adopt and apply ethical, equal and responsible employment principles, the Group respects the opinions of its employees and responds to their needs swiftly to create a sound working condition and environment. In FY2021, the Group had a total of 93 full-time employees, with 88 employees in the PRC and 5 employees in Hong Kong.





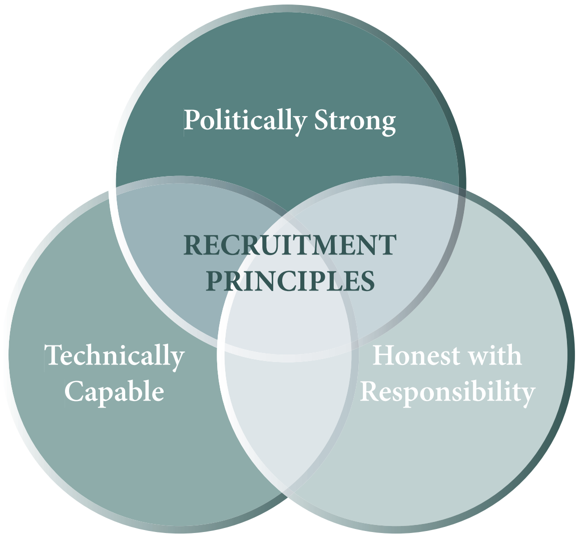


Law compliance

The Group's employment policies have been periodically updated and adjusted to cater to social changes since the inception of the Group, and importantly, to abide by the relevant laws and regulations in the PRC and Hong Kong. The Human Resources Department of the Group is responsible for the reviewing and amending relevant company policies on a regular basis in accordance with the latest laws and regulations. In FY2021, 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 and promotion



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

"Prioritising Both Ability and Virtue To Pursue Meritocracy" (德才兼備、以德為先、任人唯賢) is the tenet of the Group's recruitment principles. Recruitment procedures are clearly outlined in the document, comprised of six steps of a standardised recruitment process. The procedures are planning, employment advertising, resume filtration, written and oral examination, candidate identification and notice issuing. The department with needs should submit "Staff Demand Application Form" (人員需求申請表) to the Human Resource Department for review and directors for approval before starting the recruitment process.

RECRUITMENT APPROACH

Campus recruitment

geared towards fresh graduates with bachelor degrees or above under the unified management of the Group's internal department

Social recruitment

geared towards the talents that are difficult to be self-cultivated in the Group and whose expertise are strongly needed for business development, through public job post and collaboration with head-hunting companies

Internal recommendation

geared towards all internal employees who are encouraged to utilise the resources to recommend external talents that meet the requirements of the vacant positions to the Group

The Group refers to market benchmarks in relation to staff promotion and provides equal opportunities for promotion to eligible employees who have shown excellent performance and made giant contributions to the Group. Any promotion within the Group should be based on clear and legitimate procedures, including the requirements in the Group's "Staff Manual" (員工手冊) and "Measures on Staff Promotion Management" (員工晉升管理辦法). To conscientiously implement the principle of "Virtuous and Gifted, Practical Standards, Mass Line" (德才兼備、實踐標準、群眾路線), the Group encourages its employees to take new responsibilities and actions in the new era, and strives to build an employment mechanism 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

The Group periodically reviews its compensation packages and performs regular appraisals of the capability and performance with its employees, aiming to continuously offer fair and competitive salary packages and benefits according to applicants' educational backgrounds, personal attributes, job experiences and career aspirations, in order to attract high-calibre candidates. The Group sticks to its "Measures on Compensation Management" (薪酬管理辦法) in determining and adjusting the salary packages of its employees, which details the salary structure, grade difference, salary composition, fixed-float ratio and a series of key indicators supporting the functioning of the Group's salary system.

The Group strictly prohibits any kind of unfair or illegitimate dismissals. For those who have poor working performance, the Group would warn verbally before issuing a warning letter. For those who remain untamed despite repetitively making the same mistakes, the Group dismisses the person according to procedures in the "Measures on Staff Discipline and Code of Conduct Management" (員工紀律和行為規範管理辦法) and "Measures on Recruitment and Dismissal Management" (員工招聘與離職管理辦法). According to internal policies, the Group requires the conformance to strict dismission procedures and rules to ensure the legitimacy of any dismissal. In FY2021, the employee turnover rate of the Group was 8.6%.

Working hours and rest periods

The Group has formulated and implemented internal policies based on local employment laws including the "Provisions of the State Council on Employees' Working Hours" (國務院關於職工工作時間的規定) to regulate appropriate working hours and rest periods for its employees. For instance, the Group requires that all employees punch in the attendance machine when they go to work and when they get off work. The "Special Punching Situation Explanation Form" (特殊打卡情況說明表) needs to be filled out at the front desk as the basis for failing to punch in normally. The Group keeps implementing and revising its "Measure on Staff Attendance and Vacation Management" (員工考勤和休假管理辦法) and "Supplementary Provisions for Strengthening Employee Attendance Management" (加強員工考勤管理的補充規定) in accordance with relevant laws and regulations, and monitoring its employee's working hours and compensating those who work overtime.

In addition to statutory holidays, employees can also enjoy special leaves including maternal leave, medical leave, bereavement leave, etc.

Equal opportunity and anti-discrimination

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

The Group is dedicated to promoting good, harmonious and simple interpersonal relationships between the management and employees of the Group, and has developed a wide variety of channels including emails and regular corporate meetings that allow all employees' voice to be heard.

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 (for heatstroke prevention).

In FY2021, the Group engaged its employees to participate in various wellbeing and entertainment programs and activities including annual gatherings. Specifically, throughout the year, the Labour Union Committee held one General Staff Meeting and four Labour Union Committee Meetings, in which the 2020 Labour Union work report, the 2021 Labour Union budget, the supplementary election of a financial audit member, and the establishment of a Labour Union procurement review group were reviewed and approved. Through the adjustment of the organisational structure of the Labour Union, various activities including basketball, badminton, calligraphy, dancing and swimming games can be orderly held. During the year under review, the Labour Union also organised the activity of "The Cleanest Work Station by the Flag Bearer of the Month" (最整潔工位經旗手), "DIY Lipstick Making on International Women's Day" (三八國際婦女DIY製作口紅), "Fighting against the epidemic, Strengthening our Body" fitness training (抗疫情、強體魄), "rehearsal and recording of the chorus program celebrating the 100th anniversary of the founding of the Party by CDB Capital" (國開金融喜迎建黨100週年合唱節目排演錄製), "2021 "Cool Mid-Autumn Festival" China New Town Walking and Fun Sports Meeting" (2021年"爽動中秋"中國新城鎮健步走和趣味運動會) and special training activity for cardiopulmonary resuscitation (心肺復蘇專項培訓活動).

In FY2021, the Group was in compliance with relevant laws and regulations in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, welfare and other benefits that have a significant impact on the Group.

B.2. Health and Safety

Law compliance

The Group has long been committed to minimising and eliminating its employees' exposure to potential occupational health and safety risks. To provide and maintain a secure working environment, the Group has enacted and effectively implemented a series of safety and health policies in line with national and local regulations in relation to applicable workplace health and safety in Hong Kong and the PRC, namely:

- Occupational Safety and Health Ordinance (Chapter 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

While occupational health and safety is not a material ESG topic to the Group given its business nature, the Group has established a comprehensive mechanism with internal policies regulating safety and labour practices in line with applicable health and safety standards in the jurisdictions where it operated. Specifically, the Group has formulated and implemented 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). The General Department is responsible for the overall occupational health and safety risk management of the Group.

In addition to the provision of annual health examinations and health insurance to its employees, the Group has arranged relevant training seminars in the topics of fire control, food safety and occupational health and safety. Furthermore, the safety check on fire control facilities and emergency exit is normally regulated and performed by the local fire department on a regular basis, followed by the unified supervision of Group's internal departments on the actions for rectification. The Group strictly prohibits smoking and drinking liquor in the workplace and disinfects the air-conditioning systems regularly, endeavouring to create a comfortable and safe working environment.

Table 3 Number and rate of work-related fatalities of the Group in past three financial years[1]

Year	FY2021	FY2020	FY2019
Number of work-related fatalities	0	0	0
Rate of work-related fatalities	0	0	0

1 The information about 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 FY2021, the Group recorded zero lost days due to work-related injuries. The Group was in compliance with relevant laws and regulations in relation to providing a safe working environment and protecting the employees from occupational hazards that have a significant impact on the Group.

Actions in the Post-Pandemic era

In 2020, the Covid-19 global pandemic was the most extensive to afflict humanity in a century. In 2021, through painstaking efforts and tremendous sacrifice of the whole nation under the leadership of Chinese government, China has succeeded in turning the situation around. 2021 witnessed a speedy recovery of China's economy, with the gratifying roll-out of vaccines that enabled people, businesses and society to adapt to the new normal.

In line with the strict restrictions and guidance of governments on Epidemic Prevention and Control, the Group has established a series of internal policies, such as the "Measures to Strengthen Epidemic Prevention and Control from the Beijing Office" (關於進一步嚴格落實防控責任做好北京地區疫情防控有關工作的通知), guiding the entire Group to combat the pandemic and protect the wellbeing of its employees.

In the post-epidemic era, the Group is committed to prioritising the safety of its employees through the building of the accountability system and implementation of the policies issued by local governments.

Establish an Epidemic Prevention and Control Taskforce

The main person in charge of the enterprise is the one that takes the overall responsibility for epidemic prevention and control. An internal epidemic prevention and control system should be established with the formulation and implementation of actions plans as well as emergency measures and procedures.

Implement the Responsibility for Epidemic Prevention and Control

The Group's subsidiaries should allocate the responsibilties to all departments, teams, positions and individuals for managing material reserves, life essentials, public security, etc. A specific team or individuals should be assigned to be responsible for temperature detection, ventilation and disinfection, distribution of personal protective equipment, internal education and timely reporting of epidemic prevention and control progress.

B.3 Development and Training

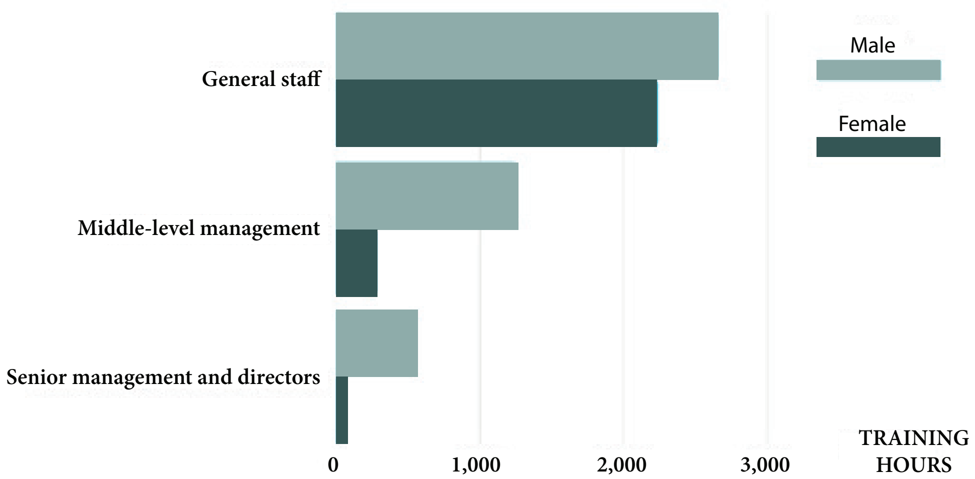
The Group believes that the provision of employee training and development opportunities demonstrates its continued efforts to boost the performance of its employees. Over years, the Group has been creating various channels and platforms that train and develop employees by using an array of educational methods and programs, following its internal training policies set forth in the its "Staff Manual" (員工手冊) and "Measures on Training Management" (培訓管理辦法).

WHY WE FOCUS ON CORPORATE TRAINING?

Addressing weaknesses	Improved performance of employees
Boosting company profile and reputation	Innovation

To accomplish its vision of "Learning often, Learning in daily life" (學在經常、學在日常) and make it take root throughout the entire organisation, so as to form a positive atmosphere of "extensive learning, huge improvement and strict implementation" (大學習、大提升、大落實), the Group organised a multitude of training programmes and workshops in FY2021. As the Group considers a good and comprehensive orientation training crucial to the success of new recruits by allowing the new hires to familiarise themselves with the Group's policies, rules, and regulations, the Group provides a well-designed induction training, covering topics including corporate culture, organisational structure and relevant rules. Profession-oriented courses are offered on a regular basis to the experienced staff who are expected to obtain advanced working skills and expand their thinking for work.

As an enterprise that keeps exploring the advanced technology for training, the Group has utilised digital technologies and integrated online training into one of the many innovative training formats. In FY2021, the Group arranged a host of online courses for its employees via platforms including Xuexi Qiangguo (學習强國), HuiXianJiangTan (匯賢名家講壇), QingXueTang (輕學堂) and LeBanBan (樂班班). With the implementation of the "Learn weekly" (周周學) initiative under the supervision and arrangement of the Human Resources Department, the Group has been committed to keeping the annual online learning hours of its employees no less than 50 hours, with all the training hours been included into the annual performance appraisal of employees.



B.4 Labour Standards

Under the guidance of "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 requires its employment to respect and value the fundamental labour rights.

Adhering to the International Labour Organisation's (ILO) Declaration on Fundamental Principles and Rights at Work, the Group respects the freedom of association and firmly roots out all forms of forced or compulsory labour, child labour, and discrimination in respect of employment and occupation. In FY2021, the Group abided by the Employment Ordinance (Cap. 57 of the Laws of Hong Kong), the Labour Law of the People's Republic of China (中華人民共和國勞動法) and other applicable labour laws and regulations in the PRC and Hong Kong to prohibit any child and forced labour employment. To combat illegal employment of child labour, underage workers and forced labour, the Group's Human Resource Department requires all job applicants to provide valid identity documents to ensure that they are lawfully employable prior to confirmation of any employment in accordance with the strict recruitment process regulated by internal policies. The Group and the Labour Union conduct inspections of the background and age of employees periodically. The Group's Human Resource Department is responsible for the compliance of corporate policies and practices with relevant laws and regulations that prohibit child labour and forced labour. Once any case which fails to conform to the relevant labour laws, regulations or internal standards is found, the relevant employment contract will be immediately terminated and the individuals responsible for the management of human resources will be disciplined accordingly.

In FY2021, the Group was in compliance with applicable laws and regulations in relation to the prevention of child and forced labour that have a significant impact on the Group.

OPERATING PRACTICES

B.5 Supply Chain Management

As a socially responsible enterprise engaged in "urbanisation investment" and "downstream operation", the Group has been committed to eliminating environmental and social risks along its value chain, and forging a sustainable, resilient and reliable supply chain management system with considerations into ESG-related risks. In FY2021, the Group collaborated with a total of 54 major suppliers, among which 6 suppliers were located in Hong Kong while 48 suppliers were in mainland China. All operating subsidiaries of the Group timely monitored, scientifically evaluated and efficiently managed their suppliers and procurement process.

Management Approach

In the selection and management of suppliers, the Group has developed and implemented the internal policies including "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) to compare, evaluate the capability and competency of candidate suppliers, as well as standardise the approach to engaging with suppliers. Specifically, the quality of goods and services, business license, timeliness of product delivery, adherence to corporate ethics as well as their fulfilment of social and environmental responsibilities are all important criteria against which the Group assesses its suppliers.

The Group has built internal departments with clear responsibilities for the management of procurement process and engagement with suppliers. For instance, in the management of contracts for business partnerships, the department applying for procurement is the host department of contract file management. The Operation Management Department is responsible for supervising the file management work. The Finance Department is responsible for establishing a contract ledger and the General Department shall be responsible for the use of contract seals and the filing of contract documents in accordance with the relevant policies.

The Group builds and maintains sound partnerships with its suppliers and business partners, and uses internet, makes phone calls, and adopts other means to ensure that all suppliers abide by applicable local laws and regulations and stick to their corporate ethics. Reviews, approvals and evaluations of suppliers' service and product quality are performed strictly in accordance with the Group's policies in order to minimise potential environmental and social risks. In FY2021, all suppliers were supervised under the Group's general supply chain management policies.

Social risks management

The Group's supply chain management is on administrative procurement such as office supplies and collaboration with service providers including consulting solutions. For the purchase of administrative items, the Group has fully followed its "Measures on Administrative Procurement Management" (行政採購管理辦法) in its procurement, which defines the division responsible for procurement, the step-by-step implementation from supplier identification to ledger management, and the process for the supervision of procurement practice. In the engagement with service providers, the Group has followed internal policies including "Measures for the Administration of Intermediaries" (中介機構管理辦法), "Operating Procedures for External Financial Intermediaries" (外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). For instance, to effectively identify and minimise potential risks in collaboration with external intermediaries, the Group has adhered to the principle of "Lowest Price and Comprehensive Evaluation" (報價最低及綜合評價原則), and adopted Invitation For Bid, Competitive Negotiation and other approaches according to the intermediary selection process. To ensure the effectiveness and efficiency of procurement, the Group's Operation Management Department, Investment and Development Department and General Department are responsible for the implementation and monitoring of social risk management policies, and regularly perform onsite inspections and online comparisons to assess candidate suppliers.

Environmental risks management

The Group deeply understands that there is a growing need to deal with the challenges made by supply chain operations on the environment and control associated negative impacts. Given the business nature of its major suppliers, the Group's environmental risks on its supply chain are relatively minimal. Nevertheless, the Group is committed to integrating the environmental practices into its supplier management system and in particular, promoting the incorporation of "Green Procurement" into operations that refers to the purchasing products and services which cause minimal negative environmental impacts. For instance, the Group normally prioritises energy efficient equipment and device for operations during procurement, aiming to contribute to the Group's vision in improving energy efficiency. Also, a higher level of recyclability and longer lifespan are important indicators that the Group considers in choosing goods. The Group's General Department is responsible for overseeing and monitoring of the effectiveness of the implementation of its "Green Procurement" principle.

B.6 Product Responsibility

As of December 31, 2021, the Group has invested in 17 projects ranging from the construction and operation of industrial parks, and science and technology parks in the field of new urbanisation development, as well as healthcare and others that contribute to the improvement of people's livelihood.

The Group has adopted a proactive approach to practising a high level of reliability, responsibility and robustness of its products and services through continuous improvements. With regard to the Group's health and safety, advertising, labelling and privacy matters of its products and services, the Group was in compliance with the relevant rules, regulations and standards in the PRC and Hong Kong in FY2021, 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

The Group has established and implemented a series of internal policies 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), including but not limited to 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) and "Measures for the Administration of Information and Supervision" (信息和督辦工作管理辦法), to ensure that its product/service responsibilities are fulfilled and the quality of its product/service is guaranteed. According to the accountability system, the Group's Capital Market Department, Operation Management Department and General Department are responsible for the implementation of policies, supported by other functional units of the Group.

Product & Service Quality

To deliver on its long-standing commitment to corporate stewardship and the practising of responsible investment, the Group insists on fulfilling its fiduciary duty and integrating ESG considerations into its preliminary analysis as well as investment decision-making processes. An in-depth background research and due diligence is performed by the Group before investment in any development projects.

To minimise the investment, project and operational risks, the Group has formulated and implemented its "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), which provide guidance for the Group's employees to handle businesses professionally and improve the quality of operations with effective risk management that prevents any violation of industrial standards or relevant laws. For instance, the Group has implemented its "Investment Business Operating Procedures" (投資業務操作規程), regulating the process of the Group's investment business that covers project acceptance, project approval, due diligence and project promotion, investment review and decision-making, investment execution, post-investment management, and project exit.

Complaints

The clients' feedback is valued and normally reported to the head office for substantiation. Once any complaint or feedback is received, the Group's improved response mechanism and handling procedures allow it to resolve any substantiated complaints efficiently. The responsible department needs to promptly notify the complainant of the handling results.

During the year under review, the Group did not receive any complaint in relation to product quality.

Privacy matters

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

Given the Group's business nature, labelling, recall, advertising, health and safety, and intellectual property rights related issues are not material or applicable to the Group. Thus, the ESG Report does not cover the policies and information under those subjects. In FY2021, 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

To maintain a fair and ethical working environment, the Group strictly abided by the local laws and regulations relating to anti-corruption and bribery, irrespective of the region in which the Group operated in FY2021, including the Anti-Corruption Law of the People's Republic of China (中華人民共和國反腐敗法), the Law of the People's Republic of China on Anti-money Laundering (中華人民共和國反洗錢法), the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615 of the Laws of Hong Kong), and the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong).

Management Approach

The Group keeps enhancing its employees' awareness of discipline and rules, and perseveres in promoting the concept of an in-depth development of strict party governance. The Group has established and implemented a series of internal policies, including "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), to standardise its employees' practices and root out any potential risks of corruption. The Finance Department, Operation Management Department, Human Resources Department and General Department are jointly responsible for the implementation of internal policies to eliminate corruption, extortion and money-laundering within the Group, and monitoring the practices of internal employees in conforming to the code of conducts of the Group.

The Group has zero tolerance over all forms of bribery and corruption and to enhance its employees' awareness of anti-corruption, in FY2021, the subsidiaries of the Group held a range of relevant anti-corruption and ethics training workshops and seminars to help business practitioners understand the latest requirements of anti-corruption laws and regulations, uphold a high standard of integrity and acquire skills to make ethical decisions. In FY2021, the Group organised all employees to study and watch the educational video, carried out the activity of "One Lesson Per Season" party's style of work and upholding integrity ("一季一課"黨風廉政活動), and completed the study of materials including ""Ten Prohibitions" for China Development Bank Employees and Management Service Objects" (國家開發銀行員工與管理服務物件往來"十不准"), "China Development Bank Capital Co., Ltd. Negative Behaviour List of Company Cadre and Employee — "100 Prohibitions"" (國開金融有限責任公司幹部員工行為負面清單 — "100個不准"). In the training programmes, the Group conveyed the typical cases of the "Four Forms of Decadence" issue publicly exposed by the Central Commission for Discipline Inspection and took the cases as examples, through which the party members and cadres of the Group understood the bottom line, knew the awe, and continued to build an ideological fence of uprightness and discipline. During the year under review, the Group undertook 4 centralised investigations of its employees' behaviours and face-to-face conversations, so as to have a good understanding of its employees' opinions, work, life, integrity and other conditions. The Group organised and carried out the monitoring of integrity risk positions, through which the Group focused on key areas, key links, and business positions that were prone to conflict of interests or transfer of interests, and formulated effective precautionary measures to eliminate any corruption. During the year under review, no legal cases regarding corrupt practices were brought against the Group or any of its employees. In FY2021, the Group held 4 training workshops in relation to anti-corruption, totalling 8 hours. All staff of the Group including the management and general employees participated in the anti-corruption training courses.

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

In FY2021, the Group was in compliance with relevant laws and regulations in relation to bribery, extortion, fraud and money laundering that have a significant impact on the Group.

COMMUNITY

B.8 Community Investment

Poverty is a chronic affliction of human society and a common challenge faced by the whole world. In 2021, China reached a critical stage in building a moderately prosperous society in all respects and achieving the First Centenary Goal. Under the national strategy of targeted poverty alleviation, the Group has been committed to building a culture of sustainability by facilitating the engagement with local communities and addressing the needs of underprivileged groups in the society over the years.

Since 2019, the Group held and participated in a number of meaningful activities, driving its commitment to poverty alleviation and social welfare. For instance, the Group organised 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), encouraging all employees to care about mothers in poor regions and make donations to lift them out of poverty. Many employees, under the encouragement of the Group, were involved in the 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). The activity of 'Alleviating Poverty Through Spending' (消費扶貧) was also organised by the Group's subsidiaries. While physical charitable activities could hardly be held during the Pandemic, the Group still cared about the wellbeing of those in need and in particular, paid tribute to the frontline workers despite the hardships and health risks. As such, the Group solicited donations and raised RMB38,100 for Wuhan its citizens in 2020, representing the Group's support for the battle against the crisis.

In FY2021, the Group did not organise or participate in any community activities due to the social distancing rules or restrictions under the pandemic lockdown and policies in the jurisdictions where the Group operated. Notwithstanding it, the Group has taken community wellness as an integral part to its sustainability vision. As an enterprise that looks for deep layers of value and meets the interests of wider communities, the Group deeply understands that its business sustainability cannot be separated from the prosperity of communities. 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), practising its values to pursue the goal of Common Prosperity and create value for all.

APPENDIX I

Hierarchy with Consolidated Priorities

Goal	Criteria	Global Prioritisation	Product/ Service Provider	General Employee	Senior Management
Prioritisation of Stakeholder Groups in the Materiality Assessment	Vulnerability	12.30%	0.211	0.084	0.705
	Influence	5.60%	0.101	0.226	0.674
	Legitimacy	42.30%	0.078	0.287	0.635
	Willingness for engagement	3.70%	0.637	0.105	0.258
	Contribution	19.40%	0.268	0.614	0.117
	Necessity of involvement	16.70%	0.614	0.268	0.117
		1.00	**24.3%**	**31.2%**	**44.5%**

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

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

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

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

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

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

APPENDIX II

TABLE A — Number of Employees by Age Group, Gender, Employment Type, Position Level and Geographical Location of the Group in FY2021[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	2	29	21	7	59
Female	6	19	5	4	34
Total	8	48	26	11	93

Employment type Full time	Part time	Total
93	0	93

Position Level General staff	Middle-level management	Senior management and directors	Total
51	35	7	93

Geographical location Locations	Number of employees
PRC	88
Hong Kong	5
Total	93

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 FY2021[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	1	0	3	1	5
Employee turnover rate (percentage)	50%	0	14.3%	14.3%	8.5%
Female	3	0	0	0	3
Employee turnover rate (percentage)	50%	0	0	0	8.8%
Total	4	0	3	1	8
Total employee turnover rate (percentage)	50%	0	11.5%	9.1%	8.6%

Geographical locations

Locations	Employee turnover	Employee turnover rate* (percentage)
PRC	8	9.1%
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 FY2021 by the number of employees in FY2021. 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 FY2021[1]

Unit：Number of employees

Gender	Position General staff	Middle management	Senior management and directors	Total
Male	25	29	6	60
% of employees trained	26.9%	31.2%	6.5%	64.5%
Female	26	6	1	33
% of employees trained	28.0%	6.5%	1.1%	35.5%

Total Employees Trained:

	General staff	Middle management	Senior management and directors	Total
Total	51	35	7	93
% of employees trained	54.9%	37.6%	7.5%	100%

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 FY2021. 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.

TABLE D — Training Hours of the Group by Gender and Position in FY2021[1]

Unit：Training Hours	Position			
Gender	General staff	Middle management	Senior management and directors	Total
Male	2,660	1,260	560	4,480
Average training hours	106.4	43.4	93.3	74.7
Female	2,240	280	70	2,590
Average training hours	86.2	46.7	70.0	78.5
Total	4,900	1,540	630	7,070
Average training hours	96.1	44.0	90.0	76.0

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.

VIII. REPORT DISCLOSURE 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 NOx, SOx, 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 103: Management Approach: Disclosure 103–2 (c-i) (used together with GRI 305: Emissions, and GRI 306: Effluents and Waste) GRI 305: Emissions: Management approach disclosures guidance GRI 307: Environmental Compliance: Disclosure 307–1	Environmental Sustainability	60
	KPI A1.1	The types of emissions and respective emissions data.	GRI 305: Emissions: Disclosures 305–1, 305–2, 305–3, 305–6, and 305–7	Environmental Sustainability	60
	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: Emissions: Disclosures 305–1, 305–2, 305–4	Environmental Sustainability - Emissions	61
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	GRI 306: Waste: Disclosure 306–3 (a	Environmental Sustainability - Emissions	60
	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: Waste: Disclosure 306–3 (a)	Environmental Sustainability - Emissions	61
	KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	GRI 103: Management Approach: Disclosure 103–2 (used together with GRI 305: Emissions) GRI 305: Emissions: Clause 1.2 and Disclosure 305–5	Environmental Sustainability - Emissions	62
	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 103: Management Approach: Disclosure 103–2 (used together with GRI 306: Waste) GRI 306: Waste: Disclosures 306–4 and 306–5	Environmental Sustainability - Emissions	63

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 103: Management Approach: Disclosure 103–2 (c-i) (used together with GRI 301: Materials, GRI 302: Energy, and GRI 303: Water and Effluents)	Environmental Sustainability	64
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in'000s) and intensity (e.g. per unit of production volume, per facility).	GRI 302: Energy: Disclosures 302–1 and 302–3	Environmental Sustainability - Use of Resources	65
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	GRI 303: Water and Effluents: Disclosure 303–5	Environmental Sustainability - Use of Resources	65
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	GRI 103: Management Approach: Disclosure 103–2 (used together with GRI 302: Energy) GRI 302: Energy: Disclosures 302–4 and 302–5	Environmental Sustainability - Use of Resources	65
	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 103: Management Approach: Disclosure 103–2 (used together with GRI 303: Water and Effluents) GRI 303: Water and Effluents: Disclosure 303–1	Environmental Sustainability - Use of Resources	67
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	GRI 301: Materials: Disclosure 301–1	Environmental Sustainability - Use of Resources	64
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	GRI 103: Management Approach: Disclosure 103–2 (c-i) (used together with GRI 301: Materials, GRI 302: Energy, GRI 303: Water and Effluents, GRI 304: Biodiversity, GRI 305: Emissions, and GRI 306: Waste)	Environmental Sustainability	68
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	GRI 103: Management Approach: Disclosures 103–1 and 103–2 (used together with GRI 301: Materials, GRI 302: Energy, GRI 303: Water and Effluents, GRI 304: Biodiversity, GRI 305: Emissions, and GRI 306: Waste) GRI 303: Water and Effluents: Disclosure 303–1 GRI 304: Biodiversity: Disclosure 304–2 GRI 306: Waste: Disclosures 306–1 and 306–2	Environmental Sustainability - The Environment and Natural Resources	68

Aspects	ESG Indicators	Description	GRI Standards and Disclosures*	Section	Page
Aspect 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 103: management approach: Disclosure 103–2 (c-i) (used together with GRI 201: Economic Performance) GRI 102: General Disclosures: Disclosure 102–29	Environmental Sustainability	69
	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: Economic Performance: Disclosure 201–2	Environmental Sustainability - Climate Change	70
B. Social **Employment and Labour Practices**					
B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	GRI 103: Management Approach: Disclosure 103–2 (c-i) (used together with GRI 202: Market Presence, GRI 401: Employment, GRI 405: Diversity and Equal Opportunity, GRI 406: Non-discrimination) GRI 419: Socioeconomic Compliance: Disclosure 419–1	Social Sustainability	72
	KPI B1.1	Total workforce by gender, employment type (for example, full- or parttime), age group and geographical region.	GRI 102: General Disclosures: Disclosures 102–8 (a), 102–8 (b), and 102–8 (c) GRI 405: Diversity and Equal Opportunity: Disclosure 405–1(b)	Appendix II	87
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	GRI 401: Employment: Disclosure 401–1 (b)	Appendix II	88
B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	GRI 103: Management Approach: Disclosure 103–2 (c-i) (used together with GRI 403: Occupational Health and Safety) GRI 403: Occupational Health and Safety: Disclosure 403–1 GRI 419: Socioeconomic Compliance: Disclosure 419–1	Social Sustainability	76
	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	GRI 403: Occupational Health and Safety: Disclosure 403–9, 403–10	Social Sustainability-Health and Safety	77
	KPI B2.2	Lost days due to work injury.	N/A	Social Sustainability-Health and Safety	77

Aspects	ESG Indicators	Description	GRI Standards and Disclosures*	Section	Page
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	GRI 103: Management Approach: Disclosure 103–2 and 103–3 (a-i) (used together with GRI 403: Occupational Health and Safety) GRI 403: Occupational Health and Safety: Disclosures 403–1, 403–3, 403–5, 403–7	Social Sustainability-Health and Safety	76
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 103: Management Approach: Disclosure 103–2 (c-i) (used together with GRI 404: Training and Education) GRI 404: Training and Education: Disclosure 404–2 (a)	Social Sustainability	78
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	N/A	Appendix II	88
	KPI B3.2	The average training hours completed per employee by gender and employee category.	GRI 404: Training and Education: Disclosure 404–1	Appendix II	89
B4: Labour Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	GRI 103: Management Approach: Disclosure 103–2 (c-i) (used together with GRI 408: Child Labour and GRI 409: Forced or Compulsory Labour) GRI 419: Socioeconomic Compliance: Disclosure 419–1	Social Sustainability	80
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	GRI 103: Management Approach: Disclosure 103–2 (used together with GRI 408: Child Labour and GRI 409: Forced or Compulsory Labour) GRI 408: Child Labour: Disclosure 408–1(c) GRI 409: Forced or Compulsory Labour: Disclosure 409–1(b)	Social Sustainability-Labour Practices	80

Aspects	ESG Indicators	Description	GRI Standards and Disclosures*	Section	Page
	KPI B4.2	Description of steps taken to eliminate such practices when discovered	GRI 103: Management Approach: Disclosure 103–2 (used together with GRI 408: Child Labour and GRI 409: Forced or Compulsory Labour) GRI 408: Child Labour: Disclosure 408–1(c) GRI 409: Forced or Compulsory Labour: Disclosure 409–1(b)	Social Sustainability-Labour Practices	80
Operating Practices					
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	GRI 103: Management Approach: Disclosure 103–2 (c-i) (used together with GRI 308: Supplier Environmental Assessment and GRI 414: Supplier Social Assessment)	Social Sustainability	80
	KPI B5.1	Number of suppliers by geographical region.	GRI 102: General Disclosures: Disclosure 102–9	Social Sustainability-Supply Chain Management	80
	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 102: General Disclosures: Disclosure 102–9 GRI 103: Management Approach: Disclosure 103–2 (used together with GRI 303: Water and Effluents, GRI 308: Supplier Environmental Assessment and GRI 414: Supplier Social Assessment) GRI 303: Water and Effluents: Disclosure 303–1 (c) GRI 308: Supplier Environmental Assessment: Disclosures 308–1 and 308–2 GRI 414: Supplier Social Assessment: Disclosures 414–1 and 414–2	Social Sustainability-Supply Chain Management	80
	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 102: General Disclosures: Disclosure 102–9 GRI 103: Management Approach: Disclosure 103–2 (used together with GRI 303: Water and Effluents, GRI 308: Supplier Environmental Assessment and GRI 414: Supplier Social Assessment) GRI 303: Water and Effluents: Disclosure 303–1 (c) GRI 308: Supplier Environmental Assessment: Disclosures 308–1 and 308–2 GRI 414: Supplier Social Assessment: Disclosures 414–1 and 414–2	Social Sustainability-Supply Chain Management	80
	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 103: Management Approach: Disclosure 103–2 (used together with GRI 306: Waste and GRI 308: Supplier Environmental Assessment)	Social Sustainability-Supply Chain Management	81

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 103: Management Approach: Disclosure 103–2 (c-i) (used together with GRI 416: Customer Health and Safety, GRI 417: Marketing and Labelling, and GRI 418: Customer Privacy) GRI 416: Customer Health and Safety: Disclosure 416–2 GRI 417: Marketing and Labelling: Disclosures 417–2 and 417–3 GRI 418: Customer Privacy: Disclosure 418–1 GRI 419: Socioeconomic Compliance: Disclosure 419–1	Social Sustainability	81
	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 102: General Disclosures: Disclosures 102–43 and 102–44 GRI 103: Management Approach: Disclosure 103–2 (c-vi) GRI 418: Customer Privacy: Disclosure 418–1	Social Sustainability - Product Responsibility	82
	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	82
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	GRI 103: Management Approach: Disclosures 103–2 and 103–3 (a-i) (used together with GRI 418: Customer Privacy)	Social Sustainability-Product Responsibility	82
B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	GRI 103: Management Approach: Disclosure 103–2 (c-i) (used together with GRI 205: Anti-corruption) GRI 205 Anti-corruption: Disclosure 205–3 GRI 419: Socioeconomic Compliance: Disclosure 419–1	Social Sustainability	83

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: Anti-corruption: Disclosure 205–3	—	The Group recorded zero concluded legal cases regarding corrupt practices brought against itself and its employees.
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	GRI 102: General Disclosures: Disclosure 102–17 GRI 103: Management Approach: Disclosures 103–2 and 103–3 (a-i) (used together with GRI 205: Anti-corruption) GRI 205: Anti-corruption: Clause 1.2	Social Sustainability-Anti-corruption	83
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	GRI 205: Anti-corruption: Disclosure: 205–2: Communication and training about anti-corruption policies and procedures	Social Sustainability-Anti-corruption	83
Community					
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	GRI 103: Management Approach: Disclosure 103–2 (c-i) (used together with GRI 413: Local Communities)	Social Sustainability	85
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	GRI 203: Indirect Economic Impacts: Disclosure 203–1(a)	Social Sustainability-Community Investment	85
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	GRI 201: Economic Performance: Disclosure 201–1(a-ii)	Social Sustainability-Community Investment	85

* 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).

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 2021 (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 audited consolidated financial statements on pages 145 to 150 of this Annual Report.

BUSINESS REVIEW

As regards to the detailed review of the Company's business, principal risks and uncertainties facing, important events affecting the Company that have occurred since the end of the Financial Year, the likely future development in the Company's business and analysis using financial key performance indicators, please refer to the sections headed "Chairman's Statement", "CEO's Statement" and "Management Discussion and Analysis" on pages 8 to 15 and pages 23 to 27 of this Annual Report, respectively.

Environmental Policies and Performance

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

Details of the environmental policies and performance are set out in "ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT" on pages 46 to 96 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 80% of our total purchases, while purchases from our five largest suppliers accounted for approximately 92% of our total purchases. Sales to our largest customer accounted for approximately 10% of our total sales and the sales to our five largest customers accounted for approximately 41% 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 113 of this Annual Report.

The board of Directors (the "Board") has resolved not to recommend any payment of final dividend for the Financial Year (2020: 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 audited consolidated financial statements on page 177 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 2021, 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 audited consolidated financial statements on page 176 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 (2020: 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 audited consolidated financial statements on page 178 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 audited consolidated 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 22 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)*
Hu Zhiwei (appointed on 18 October 2021)
Yang Meiyu
Shi Janson Bing
Ren Xiaowei (retired at the annual general meeting held on 25 June 2021 (the "2021 AGM"))

Non-executive Directors (the "NEDs")
Zuo Kun *(Chairman)* (resigned on 18 October 2021)
Liu Yuhai *(Chairman)* (appointed on 18 October 2021)
Li Yao Min *(Vice Chairman)*
Wei Dongzheng (resigned on 18 October 2021)
Wang Hongxu (appointed on 18 October 2021)
Wang Jiangang

Independent Non-executive Directors (the "INEDs")
Henry Tan Song Kok
Kong Siu Chee
Zhang Hao
E Hock Yap (resigned on 30 December 2021)
Lo Wai Hung (appointed on 30 December 2021)

Pursuant to Articles 86(1) and 86(2) of the AoA, Ms. Yang Meiyu, Mr. Shi Janson Bing and Mr. Li Yao Min will retire by rotation at the forthcoming annual general meeting of the Company (the "2022 AGM") and shall be eligible for re-election at the 2022 AGM.

Pursuant to Article 85(7) of the AoA, Mr. Hu Zhiwei, Mr. Liu Yuhai, Mr. Wang Hongxu and Mr. Lo Wai Hung will retire at the 2022 AGM and shall then be eligible for re-election at the 2022 AGM.

The nomination committee of the Board recommends the re-election of Ms. Yang Meiyu, Mr. Shi Janson Bing, Mr. Li Yao Min, Mr. Hu Zhiwei, Mr. Liu Yuhai, Mr. Wang Hongxu and Mr. Lo Wai Hung 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 2022 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 16 to 21 of this Annual Report.

MANAGEMENT CONTRACTS

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

DIRECTOR'S INTEREST IN COMPETING BUSINESS

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

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

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

EMOLUMENT POLICY

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

Pension Schemes

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

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

Details of the employer's pension cost for the Financial Year are set out in Note 30 of the audited consolidated financial statements on pages 181 to 183 of this Annual Report.

CORPORATE GOVERNANCE

The Corporate Governance Report for the Financial Year is set out on pages 28 to 45 of this Annual Report.

RELATED PARTY TRANSACTIONS

The related party transactions set out in Note 32 to the audited consolidated financial statements did not constitute one-off connected transactions or continuing connected transactions, which are required to comply with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

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

DISCLOSURE PURSUANT TO RULES 13.18 AND 13.21 OF THE LISTING RULES

On 24 April 2018, China New Town Holding Company Limited (a wholly-owned subsidiary of the Company) as the borrower and the Company as the guarantor entered into a facility agreement (the "Facility Agreement") with, inter alia, various financial institutions as the lenders in relation to HKD1,524,000,000 and USD100,000,000 term and revolving loan facilities for the term up to 36 months from the date of the Facility Agreement. The Facility Agreement includes a term imposing a specific performance obligation on the then controlling shareholders of the Company. Please refer to the Company's announcement dated 24 April 2018 for further details on the specific performance obligation on the then controlling shareholders of the Company. The final repayment date of the term loan facility was 26 April 2021, and the loan was paid as schedule.

SECURITIES INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at 31 December 2021, 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 2021, 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 2021, 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

Name of substantial shareholders	Capacity	Number of Shares held 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 controlled corporations	—	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 2021, 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 30 of the audited consolidated 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 2021 interim report of the Company required to be disclosed in this annual report are set out below:

- Mr. Zuo Kun resigned as a NED and ceased to act as the Chairman with effect from after the voting and passing of the resolutions at the Board meeting held on 18 October 2021.
- Mr. Wei Dongzheng resigned as a NED with effect from after the voting and passing of the resolutions at the Board meeting held on 18 October 2021.
- Mr. Liu Yuhai has been appointed as a NED and the Chairman with effect from after the voting and passing of the resolutions at the Board meeting held on 18 October 2021.
- Mr. Hu Zhiwei has been appointed as an ED with effect from after the voting and passing of the resolutions at the Board meeting held on 18 October 2021 and a vice president of the Company with effect from the conclusion of the Board meeting held on 30 December 2021.
- Mr. Wang Hongxu has been appointed as a NED with effect from after the voting and passing of the resolutions at the Board meeting held on 18 October 2021.
- Mr. E Hock Yap resigned as an INED, the chairman and a member of the Nomination Committee, and a member of each of the Audit Committee and Remuneration Committee with effect from after the conclusion of the Board meeting held on 30 December 2021.
- Mr. Lo Wai Hung has been appointed as an INED, the chairman and a member of the Nomination Committee, and a member of each of the Audit Committee and Remuneration Committee with effect from the conclusion of the Board meeting held on 30 December 2021.
- The annual remuneration of Ms. Yang Meiyu has been adjusted from RMB971,358 to RMB2,080,000 with effect from 1 January 2022.
- Mr. Henry Tan Song Kok resigned as an independent director of YHI International Limited (a company listed on the SGX-ST) with effect from 31 August 2021 and appointed as an independent director of Trans-China Automotive Holdings Limited (a company listed on the SGX-ST on 10 November 2021) with effect from 17 September 2021.

AUDIT COMMITTEE

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

Mr. Henry Tan Song Kok	*(Lead INED and Chairman of the AC)*
Mr. Zhang Hao	*(INED)*
Mr. E Hock Yap	*(INED)* (resigned on 30 December 2021)
Mr. Lo Wai Hung	*(INED)* (appointed on 30 December 2021)

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 2022 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 2022 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 2022 AGM.

For and on behalf of the Board

Liu Yuhai
Non-executive Director and Chairman

Liu Heqiang
Executive Director and Chief Executive Officer

8 March 2022

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 113 to 204, which comprise the consolidated statement of financial position as at 31 December 2021, 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 2021, 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 2021, the gross carrying amount of debt instruments at amortised cost of the Group amounted to RMB1,997 million. The allowance for debt instruments at amortised cost amounted to RMB401 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 35 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 2021, 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 2021, the carrying amount of the investment property amounted to RMB1,475 million and the fair value gain recognised to the current year's profit amounted to RMB9,794 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 37 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
8 March 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the financial year ended 31 December 2021

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

	Notes	2021	2020
Operating income		**367,776**	475,966
Revenue	5	**273,038**	391,639
Other income	6	**94,738**	84,327
Operating expenses		**(218,562)**	(676,575)
Cost of sales	7	**(63,399)**	(40,865)
Selling and administrative expenses	7	**(115,755)**	(124,046)
Finance costs	8	**(50,961)**	(112,665)
Other expenses	9	**(24,425)**	(12,553)
Reversal of impairment/(impairment losses) on financial assets		**35,978**	(386,446)
Operating profit/(loss)		**149,214**	(200,609)
Share of profits and losses of joint ventures and associates	4	**(7,764)**	(6,458)
Profit/(loss) before tax		**141,450**	(207,067)
Income tax	10	**(10,500)**	(41,098)
Profit/(loss) for the year		**130,950**	(248,165)
Other comprehensive loss			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Share of other comprehensive loss of associates		**(3,823)**	(4,941)
Other comprehensive loss for the year, net of tax		**(3,823)**	(4,941)
Total comprehensive income/(loss) for the year, net of tax		**127,127**	(253,106)
Profit/(loss) attributable to:			
Equity holders of the parent		**108,583**	(250,925)
Non-controlling interests		**22,367**	2,760
		130,950	(248,165)
Total comprehensive income/(loss) attributable to:			
Equity holders of the parent		**104,760**	(255,866)
Non-controlling interests		**22,367**	2,760
		127,127	(253,106)
Earnings/(loss) per share (RMB per share) attributable to ordinary equity holders of the parent:			
Basic and diluted	12	**0.0112**	(0.0258)

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 2021

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

	Notes	2021	2020
Assets			
Non-current assets			
Investments in joint ventures	4(a)	**197,732**	213,208
Investments in associates	4(b)	**148,145**	138,746
Debt instruments at amortised cost	13	**1,371,795**	480,591
Financial assets at fair value through profit or loss	14	**91,565**	72,689
Investment property	15	**1,475,487**	1,472,051
Property, plant and equipment	16	**10,259**	11,832
Deferred tax assets	9	**11,410**	—
Right-of-use assets	17(a)	**17,985**	30,910
Other assets		**4,455**	10,356
Total non-current assets		**3,328,833**	2,430,383
Current assets			
Land development for sale	18	**887,401**	886,299
Prepayments		**1,581**	1,672
Other receivables	19	**615,938**	663,537
Trade receivables	20	**58,371**	563,954
Debt instruments at amortised cost	13	**224,495**	953,430
Other assets		**14,548**	12,503
Financial assets at fair value through profit or loss	14	**1,160,866**	1,044,251
Cash and bank balances	21	**386,003**	855,234
Total current assets		**3,349,203**	4,980,880
Total assets		**6,678,036**	7,411,263
Equity and liabilities			
Equity			
Attributable to:			
Equity holders of the parent:			
Share capital	22	**4,070,201**	4,070,201
Accumulated losses		**(621,336)**	(729,919)
Foreign currency translation reserve		**(7,664)**	(3,841)
Other reserves	23	**607,839**	607,839
		4,049,040	3,944,280
Non-controlling interests		**465,479**	443,112
Total equity		**4,514,519**	4,387,392

Consolidated Statement of Financial Position

As at 31 December 2021

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

	Notes	2021	2020
Non-current liabilities			
Interest-bearing bank borrowings	24	**686,380**	705,380
Other liabilities		**6,361**	6,515
Lease liabilities	17(b)	—	11,993
Deferred tax liabilities	9	**104,134**	93,195
Total non-current liabilities		**796,875**	817,083
Current liabilities			
Interest-bearing bank borrowings	24	**311,529**	1,018,684
Trade payables	25	**117,171**	197,276
Other payables and accruals	26	**448,323**	459,605
Advance from customers	27	**11,223**	16,447
Current income tax liabilities		**70,352**	70,522
Lease liabilities	17(b)	**12,138**	12,856
Contract liabilities	28	**395,906**	424,947
Financial liabilities at fair value through profit or loss	29	—	6,451
Total current liabilities		**1,366,642**	2,206,788
Total liabilities		**2,163,517**	3,023,871
Total equity and liabilities		**6,678,036**	7,411,263
Net current assets		**1,982,561**	2,774,092
Total assets less current liabilities		**5,311,394**	5,204,475

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

Liu Yuhai
Chairman

Liu Heqiang
Chief Executive Officer

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2021

(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 2020	4,070,201	607,839	1,100	(440,034)	4,239,106	440,352	4,679,458
(Loss)/profit for the year	—	—	—	(250,925)	(250,925)	2,760	(248,165)
Other comprehensive loss	—	—	(4,941)	—	(4,941)	—	(4,941)
Total comprehensive (loss)/income	—	—	(4,941)	(250,925)	(255,866)	2,760	(253,106)
2019 final dividends	—	—	—	(38,960)	(38,960)	—	(38,960)
As at 31 December 2020	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**

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 2021

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

	Notes	2021	2020
Cash flows from operating activities			
Profit/(loss) before tax		**141,450**	(207,067)
Adjustments for:			
(Reversal of impairment)/impairment losses on financial assets		**(35,978)**	386,446
Depreciation of property, plant and equipment	7	**1,668**	1,714
Depreciation of right-of-use assets	7	**12,925**	13,196
Amortisation of intangible assets		**341**	341
Net fair value gain on an investment property	6	**(9,794)**	(13,885)
Net gain on financial instruments at fair value through profit or loss	6	**(44,566)**	(46,588)
Share of profits and losses of joint ventures and associates	4	**7,764**	6,458
Interest from debt instruments at amortised cost and dividend income from other investment	5(b)/5(c)	**(91,552)**	(229,577)
Interest income from bank deposits	6	**(9,182)**	(2,689)
Interest expense on lease liabilities	8	**493**	886
Interest expense on bank and other borrowings	8	**50,468**	112,665
Foreign exchange loss/(gain)	6	**4,724**	(6,765)
		28,761	15,135
Increase in land development for sale		**(1,102)**	(1,479)
Decrease in prepayments		**91**	1,102
Decrease in other receivables and other assets		**2,952**	20,131
Decrease/(increase) in trade receivables		**515,787**	(13,105)
(Decrease)/increase in advances from customers		**(5,224)**	1,009
Decrease in contract liabilities		**(29,041)**	(11,605)
Decrease in trade and other payables		**(78,375)**	(11,561)
		433,849	(373)
Income tax paid		**(11,140)**	(12,627)
Net cash inflow/(outflow) from operating activities		**422,709**	(13,000)

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2021

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

	Notes	2021	2020
Cash flows from investing activities			
Purchases/construction of property, plant and equipment		**(172)**	(340)
Proceeds from disposal of property, plant and equipment		**25**	39
Investments in joint ventures and associates		**(10,550)**	(102,847)
Capital expenditure on an investment property		**(6,229)**	(58,595)
Investments in debt instruments at amortised cost		**(1,116,766)**	(246,500)
Proceeds from recovery of debt instruments at amortised cost		**1,021,109**	1,647,998
Interest received from debt instruments at amortised cost and other investment		**95,840**	222,203
Investments in financial assets at fair value through profit or loss		**(1,131,863)**	(299,000)
Proceeds from redemption of financial assets at fair value through profit or loss		**974,575**	474,950
Interest received from bank deposits		**9,182**	2,689
Investment income from financial assets at fair value through profit or loss		**58,688**	28,235
Net cash (outflow)/inflow from investing activities		**(106,161)**	1,668,832
Cash flows from financing activities			
Payment for revolving loan facility fee		**—**	(5,896)
Proceeds from bank borrowings	38	**245,510**	—
Repayment of bank borrowings	38	**(971,429)**	(874,427)
Payment of lease liabilities	17(b)	**(13,204)**	(16,294)
Dividends paid		**(14)**	(37,684)
Interest paid		**(46,576)**	(108,158)
Net cash outflow from financing activities		**(785,713)**	(1,042,459)
Net (decrease)/increase in cash and cash equivalents		**(469,165)**	613,373
Effect of exchange rate changes on cash and cash equivalents		**(66)**	(28,056)
Cash and cash equivalents at beginning of year		**855,234**	269,917
Cash and cash equivalents at end of year	21	**386,003**	855,234

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.

As at 1 January 2020 and 31 December 2020, CDBIH was the Company's immediate holding company, and CDB Capital was the ultimate holding company. 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, financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss which have been measured at fair value. The consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand ('000) except when otherwise indicated.

(a) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2021. 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.

2.1 BASIS OF PREPARATION (continued)

(a) Basis of consolidation (continued)

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.

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 two amendments, which are effective for annual periods beginning on or after 1 January 2021 (unless otherwise stated). Except for Amendment to IFRS 16 (issued in March 2021), the Group has not early adopted any other new and revised standards that have been issued but are not yet effective.

Interest Rate Benchmark Reform — Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative risk-free interest rate (RFR). The amendments include the following practical expedients:

- Require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.

- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.

- Provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component.

These amendments had no impact on the consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

Amended standards (continued)

Covid-19-Related Rent Concessions beyond 30 June 2021, Amendment to IFRS 16

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

The amendment was intended to be applied for rent concession up to 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment is effective retrospectively for annual reporting periods beginning on or after 1 April 2021.

However, the Group has not received Covid-19-related rent concessions, but plans to apply the practical expedient if it becomes applicable within the allowed period of application.

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) Land development services

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

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

2.3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Judgements (continued)

(ii) ***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 cost less any impairment in value.

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

If the cost is higher than the amount of consideration the Group is expected to receive from the sale of the land by government authorities, less costs directly relate to completion and providing those services, 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.

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

(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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 37.

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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Subsequent measurement (continued)

(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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

General approach (continued)

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

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

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

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

Simplified approach

For trade receivables 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	20 to 50 years
Furniture, fixtures and equipment	3 to 5 years
Motor vehicles	5 years

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

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

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 cost less any impairment in 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 sale of the land by 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

(a) *Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

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

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

(b) *Lease liabilities*

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

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

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

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

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

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 for sale*

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

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

(b) *Property management revenue*

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

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. No forfeited contribution may be used by the Group to reduce the contribution payable in the future.

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 2004. 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 and its subsequent amendments are 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, 73, 74 and 76 and add 72A,75A,76A and 76B of IAS 1 to clarify the requirements for classifying liabilities as current or non-current. The amendments clarify:

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

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

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

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

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

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

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

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

In May 2020, the IASB issued *Property, Plant and Equipment — Proceeds before Intended Use*, which prohibits entities 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 recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

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

2.5 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

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

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

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

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

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

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

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

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

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

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

IAS 41 *Agriculture* — Taxation in fair value measurements

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

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

2.5 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

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.

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.

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 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 Group has applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. Upon initial application of these amendments, the Group will recognise a deferred tax asset and a deferred tax liability for deductible and taxable temporary differences associated with right-of-use assets and lease liabilities, and recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained profits at the beginning of the earliest comparative period presented.

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

2.5 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

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

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. 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 previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

3. INVESTMENTS IN SUBSIDIARIES

Company

	Notes	2021	2020
Unlisted shares, at cost	(a)	**3,524,561**	3,524,561
Advances to subsidiaries, net	(b)	**692,410**	813,711
		4,216,971	4,338,272

(a) As at 31 December 2021 and 2020, 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 (%) 2021	2020	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 Kong17 July 2014	1,500,000	**100.00**	100.00	Investment holding/ Hong Kong and Mainland China
		3,524,561			

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

3. INVESTMENTS IN SUBSIDIARIES (continued)

(a) (continued)

Indirectly held by the Company

Ultimately held through	Name	Place and date of incorporation/ establishment and issued share capital	Proportion of ownership interest (%) 2021	Proportion of ownership interest (%) 2020	Effective equity interest (%) 2021	Effective equity interest (%) 2020	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. ("Shanghai Management")(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)(4)	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)(5)	PRC 6 January 2015 RMB1,000,000,000	**100.00**	100.00	**100.00**	100.00	Asset management/ Mainland China
CNT Holding	CDBC New Town Changchun Construction and Development Co., Ltd. ("CDBC Changchun")(3)	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) (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 (%) 2021	2020	Effective equity interest (%) 2021	2020	Principal activities/ place of operation
CNT Holding	Guoxi Nanjing Investment Development Co., Ltd. ("Guoxi Nanjing")(3)(6)	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)(7)	PRC 15 December 2015 RMB47,692,600	**51.00**	51.00	**51.00**	51.00	Investment management/ Mainland China
CNT Holding	CDBC New Town (Beijing) Investment Fund Management Co., Ltd.(3)	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)(8)	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")(9)	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)(10)	PRC 20 December 2021 RMB100,000,000	**100.00**	100.00	**100.00**	100.00	Investment management/ Mainland China

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

3. INVESTMENTS IN SUBSIDIARIES (continued)

(a) (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) Beijing Kaiyuan Xincheng Management Consulting Co., Ltd. was previously named as CDBC New Town (Beijing) Management Consulting Co., Ltd.

(5) Xincheng Kaiyuan was previously named as CDBC New Town (Beijing) Asset Management Co., Ltd.

(6) Guoxi Nanjing was previously named as CDBC Nanjing Investment Development Co., Ltd.

(7) Beijing Agricultural was previously named as CDBC Agricultural Investment Management Co., Ltd.

(8) Chengdu Xincheng Zhisheng Agricultural Development Co., Ltd. was previously named as CDBC Chengdu Agricultural Development Co., Ltd.

(9) New Town Education Co., Ltd. was previously named as China Development Bank Education Co., Ltd.

(10) Hainan Xincheng Kaiyuan Investment Co., Ltd. was newly established on 20 December 2021.

(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:

	2021	2020
Amounts due from:		
CNTD Shenyang	**690,897**	690,897
CNTD Changchun	**—**	121,301
Safewell Investment Limited	**1,513**	1,513
	692,410	813,711

(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	2021	2020
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 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	**—**	**—**	**—**

Summarised statement of profit or loss and other comprehensive income for 2020:

	SGLD	Wuhan Chuguang	CCEM Huzhou
Revenue	11,873	150,189	—
Cost of sales	(11,818)	(29,037)	—
Profit/(loss) and total comprehensive income/(loss) for the year	(13,726)	66,275	(17,232)
Attributable to non-controlling interests	(3,757)	22,268	(7,237)
Dividends paid to non-controlling interests	—	—	—

(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 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 statement of financial position as of 31 December 2020:

	SGLD	Wuhan Chuguang	CCEM Huzhou
Current assets	1,920,331	56,229	1,038
Non-current assets	552	1,486,350	—
Current liabilities	(492,541)	(267,416)	(277,902)
Non-current liabilities	—	(773,223)	—
Total equity	1,428,342	501,940	(276,864)
Attributable to non-controlling interests	390,937	168,652	(116,283)

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**

Summarised cash flow information for 2020:

	SGLD	Wuhan Chuguang	CCEM Huzhou
Operating	374	100,664	7
Investing	—	(700)	—
Financing	—	(67,455)	—
Net increase in cash and cash equivalents	374	32,509	7

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

4. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

(a) Investments in joint ventures

	2021	2020
Unlisted shares	**197,732**	213,208

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
		2021	2020	**2021**	2020		
Beijing Guowan Real Estate Co., Ltd. (i)	PRC 31 October 2016	**50%**	50%	**50%**	50%	RMB500 million	Real estate
Beijing Guoyuan Agriculture Co., Ltd. (ii)	PRC 12 September 2017	**50%**	50%	**50%**	50%	RMB20 million	Agriculture
Nanjing Guofa Real Estate Co., Ltd. (iii)	PRC 27 November 2017	**49%**	49%	**49%**	49%	RMB50 million	Real estate
Nanjing Guoying Zhongxi Development Co., Ltd. (iv)	PRC 27 December 2017	**50%**	50%	**50%**	50%	RMB220 million	Real estate
Zhongke Guoyin (Wuxi) Enterprise Management Co., Ltd. (vi)	PRC 18 March 2018	**—**	50%	**—**	50%	Nil	Business services

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

(i) In 2016, Xincheng Kaiyuan and Beijing Vanke Enterprises Co. Ltd. ("Vanke BJ") entered into an agreement for the overall development of Mengtougou District Junzhuang Town Project, pursuant to which Beijing Guowan Real Estate Co., Ltd. ("Guowan") was established. As at 31 December 2021, the issued capital of Guowan was RMB100 million (2020: 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 2021, the issued capital of Guoyuan was RMB15,908 thousand (2020: 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 RMB164 thousand (2020: RMB353 thousand) and RMB517 thousand (2020: RMB353 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 2021, the issued capital of Guofa was RMB50 million (2020: RMB50 million), where Mingfa Group has contributed RMB25.5 million (2020: RMB25.5 million), and Guoxi Nanjing has contributed RMB24.5 million (2020: 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 2021, CNT Holding transferred 33.3% of its shares to Guoxi Nanjing. Guoxi Nanjing and CNT Holding invested RMB110 million (2020: RMB36.74 million) and RMB0 million (2020: RMB73.26 million), respectively, which represented 50% and 0% of shares.

(v) In 2018, Guoxi Nanjing and Shanghai Zhongke Scientific Culture Group Co., Ltd entered into an agreement for the overall development of Nanchang Science and Technology Park Project of Chinese Academy of Sciences Project, pursuant to which Zhongke Guoyin (Wuxi) Enterprise Management Co., Ltd. ("Zhongke") was established. As at 31 December 2021, Guoxi Nanjing withdrew its investment in Zhongke of RMB4.9 million.

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 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

(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 2020

	Guofa	Guowan	Guoying	Others	Total
Current assets	842,447	355,258	305,906	10,298	1,513,909
Non-current assets	83	1	87,696	5,854	93,634
Current liabilities	(720,618)	(272,871)	(177,724)	(7,118)	(1,178,331)
Non-current liabilities	—	—	(1,404)	—	(1,404)
Equity	121,912	82,388	214,474	9,034	427,808
Proportion of the Group's ownership	49%	50%	50%	—	—
Carrying amount of the investment	59,737	41,194	107,237	5,040	213,208

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

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)**

(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 2020

	Guofa	Guowan	Guoying	Others	Total
Revenue	68	444	8,127	80	8,719
Cost of sales	—	—	—	(24)	(24)
Administrative expenses and other expenses	(2,556)	(3,216)	(4,098)	(7,703)	(17,573)
Finance costs	—	(915)	(5)	—	(920)
(Loss)/profit before tax	(2,488)	(3,687)	4,024	(7,647)	(9,798)
Income tax expense	—	(3,185)	(1,404)	—	(4,589)
Net (loss)/profit for the year	(2,488)	(6,872)	2,620	(7,647)	(14,387)
Total comprehensive (loss)/income for the year	(2,488)	(6,872)	2,620	(7,647)	(14,387)
Group's share of (loss)/profit for the year	(1,219)	(3,436)	1,310	(3,300)	(6,645)

(b) Investments in associates

	2021	2020
Unlisted shares	**148,145**	138,746

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 capita	Principal activities
		2021	2020	**2021**	2020		
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 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 RMB234,191 thousand (2020: Nil).

As at 31 December 2020

	GP Holding Co	Kaiyuan Fund	Total
Current assets	31,394	59,697	91,091
Non-current assets	824	211,924	212,748
Current liabilities	(6,856)	(51,351)	(58,207)
Non-current liabilities	—	—	—
Equity	25,362	220,270	245,632
Proportion of the Group's ownership	40%	58.38%	—
Carrying amount of the investment	10,144	128,602	138,746

(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 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 included one of the projects invested by Kaiyuan Fund — Shenzhen Project, which has not been invested by New Town Education. The net profit excluding Shenzhen Project was RMB1,776 thousand (2020: Nil).

Year ended 31 December 2020

	GP Holding Co	Kaiyuan Fund	Total
Revenue	9,651	26,282	35,933
Cost of sales	—	—	—
Administrative expenses and other expenses	(6,095)	(20,667)	(26,762)
Finance costs	—	—	—
Profit before tax	3,556	5,615	9,171
Income tax expense	—	(7,731)	(7,731)
Net profit/(loss) for the year	3,556	(2,116)	1,440
Other comprehensive loss	(1,938)	(7,135)	(9,073)
Total comprehensive income/(loss) for the year	1,618	(9,251)	(7,633)
Group's share of profit/(loss) for the year	1,422	(1,235)	187

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

5. REVENUE

	Notes	2021	2020
Land development	(a)	27,215	11,873
Property management	(a)	34,638	31,277
Revenue from contracts with customers	(a)	61,853	43,150
Rental income		119,633	118,912
Interest from debt instruments at amortised cost	(b)	85,113	220,444
Others	(c)	6,439	9,133
Revenue from other sources		211,185	348,489
Total revenue		273,038	391,639

(a) Revenue from contracts with customers

Disaggregated revenue information

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

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

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

5. REVENUE (continued)

(a) Revenue from contracts with customers (continued)

Disaggregated revenue information (continued)

2020

Segments	Land development	Property management	Total
Types of goods or services			
Land development	11,873	—	11,873
Property management	—	31,277	31,277
Total revenue from contracts with customers	11,873	31,277	43,150
Timing of revenue recognition			
Services rendered over time	11,873	31,277	43,150

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

Land development for sale of SGLD

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

On 29 December 2018, SGLD and the local government entered into a new cooperative agreement to change the cooperation model after extensive negotiations, in response to the relatively material changes of the policies since expiration of the original agreement. Based on the new cooperative agreement, SGLD would continue to cooperate with the local government for the primary development of land in the Eastern Zone of the Luodian New Town, which is now targeted for completion by August 2023. However, instead of being entitled to a portion of the sales proceeds of the land as compensation under the previous arrangement, the local government will compensate SGLD a total consideration of RMB1,523 million for the costs incurred for the Eastern Zone (RMB1,152 million) and remaining construction of ancillary public facilities to be completed by SGLD at the Western Zone (RMB371 million). The Group has received RMB1,523 million from the local government by 31 December 2021.

Revenue of RMB27.22 million (2020: RMB11.87 million) was recognised in respect of construction of the ancillary public facilities with the fulfilment of the performance obligation in 2021, of which RMB27.22 million (2020: RMB11.87 million) was released from contract liabilities.

The amount of transaction prices allocated to the remaining performance obligations expected to be recognised as revenue within two years as at 31 December 2021 (2020: three years) is RMB272 million (2020: RMB299 million).

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

5. REVENUE (continued)

(a) Revenue from contracts with customers (continued)

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 liability at the beginning of 2021 was RMB4,664 thousand (2020: RMB4,396 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:

	2021	2020
Taizhou Tongtai Intelligent Manufacturing Industrial Park Project	**2,370**	32,245
Chengdu Jintang Huaizhou New City Yunding Ranch Cultural Tourism Project	**19,821**	27,685
The first Phase Construction Project of High-tech Science and Technology Innovation Park in Yangzhong City, Jiangsu Province	**17,385**	21,206
Lianyungang Liandao Cultural Tourism Project	**16,260**	2,183
Gaoyou PPP Project	**4,364**	14,380
Suqian Yanghe Bio-tech Industrial Park Project	**10,867**	11,289
Qinhuangdao Project	**—**	4,442
Jiangsu Taizhou New Energy Industrial Park Project	**—**	12,984
Jiangsu Lianyungang Haizhou Bay Tourism Town Project	**—**	22,441
Jiangsu Huai'an Huaiyin District Urban Renewal Project	**—**	24,298
Shandong Qingzhou MI River Comprehensive Control Project	**—**	10,448
Yangzhou Gaoyou National Agricultural Science and Technology Park Project	**—**	14,589
Jiangsu Xuzhou Peixian County Industrial Concentration Area Construction Project	**—**	3,070
Lianyungang Haohai R&D Centre Project	**—**	2,307
Taizhou Jingjiang Huaxin Science and Technology Innovation Park Standard Plant Construction Project	**2,943**	—
Chengdu Jintang Huaizhou New City General Aviation Industrial Park Project	**1,643**	—
Yangzhong Changwang Operation Area Logistics Park Construction Project	**590**	—
Yangzhou Jiangdu People's Hospital New Project	**154**	—
Others	**8,716**	16,877
	85,113	220,444

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

5. REVENUE (continued)

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

	2021	2020
CDB (Beijing) — BOCOMM New-Type Urbanization Development Fund	**6,439**	9,133

6. OTHER INCOME

	2021	2020
Interest income from bank deposits	**9,182**	2,689
Net fair value gain on financial instruments at fair value through profit or loss mandatorily measured as such	**—**	19,954
Investment income from financial assets at fair value through profit or loss mandatorily measured as such	**59,911**	26,634
Fair value gain on investment property	**9,794**	13,885
Foreign exchange gain, net	**—**	6,765
Others	**15,851**	14,400
	94,738	84,327

7. EXPENSES BY NATURE

	2021	2020
Cost of land development	**27,633**	11,818
Depreciation of property, plant and equipment	**1,668**	1,714
Depreciation of right-of-use assets	**12,925**	13,196
Audit fees and non-audit fees	**3,342**	5,945
Audit fees		
— Auditor of the Company	**2,500**	4,500
— Other auditors	**832**	1,200
Non-audit fees		
— Auditor of the Company	**—**	—
— Other auditors	**10**	245
Employee benefits	**51,333**	52,721
Utility expenses	**11,443**	8,340
Advertising	**6,681**	3,923
Rental expenses	**1,608**	1,274
Property management service expenses	**24,963**	21,566
Intermediary and professional service charges	**9,888**	9,316
Other	**27,670**	35,098
Total cost of sales, selling and administrative expenses	**179,154**	164,911

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

8. FINANCE COSTS

	2021	2020
Interest on bank and other borrowings	**50,468**	112,665
Interest on lease liabilities	**493**	—
	50,961	112,665

No borrowing cost has been capitalised for the year ended 31 December 2021 (2020: Nil).

9. OTHER EXPENSES

	2021	2020
Bank charges	**46**	453
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	**52**	—
Others	**4,258**	12,100
	24,425	12,553

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.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong ("HK") during the year (2020: Nil).

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:

	2021	2020
Income tax charge/(credit):		
Current income tax	**5,159**	(5,873)
Deferred tax	**(471)**	27,317
Withholding tax	**5,812**	19,654
Income tax charge as reported in profit or loss	**10,500**	41,098

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 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%**

(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 2020

	HK and BVI		Mainland China		Total	
Loss before tax	(163,653)		(43,414)		(207,067)	
Tax at the statutory tax rate	(40,913)	25.0%	(10,854)	25.0%	(51,767)	25.0%
Effect of subsidiaries applying the non-statutory tax rate	16,391	(10.0%)	—	—	16,391	(7.9%)
Income not subject to tax	(2,194)	1.3%	(6,993)	16.1%	(9,187)	4.4%
Profit and losses attributable to joint ventures and associates	(175)	0.1%	1,879	(4.3%)	1,704	(0.8%)
Non-deductible expenses for tax purposes	26,891	(16.4%)	5,520	(12.7%)	32,411	(15.7%)
Adjustments in respect of current tax of previous periods	—	—	5,677	(13.1%)	5,677	(2.7%)
Utilisation of previously unrecognised tax losses	—	—	(10,818)	24.9%	(10,818)	5.2%
Unrecognised tax losses and deductible temporary differences	—	—	37,033	(85.3%)	37,033	(17.9%)
Effect of withholding tax*	19,654	(12.0%)	—	—	19,654	(9.4%)
Income tax as reported in the statement of profit or loss and other comprehensive income	19,654	(12.0%)	21,444	(49.4%)	41,098	(19.8%)

* In 2021, the HK and BVI companies received interest and dividend income from subsidiaries established in Mainland China amounting to RMB52,391 thousand (2020: RMB176,836 thousand), after the deduction of the withholding tax of RMB5,812 thousand (2020: RMB19,654 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	
	2021	2020	**2021**	2020
Deferred tax assets/(liabilities)				
Fair value change and depreciation of investment property	**(66,458)**	(61,438)	**(5,020)**	(7,754)
Fair value change of financial instruments at fair value through profit or loss	**(3,734)**	(9,963)	**6,229**	(10,090)
Accrued expenses	**1,942**	2,097	**(155)**	(3,755)
Taxable timing difference for interest accrued	**(17,502)**	(15,125)	**(2,377)**	(15,125)
Provision for ECLs	**2,868**	5,469	**(2,601)**	2,491
Effect of withholding tax at 10% on the distributable profits of the Group's subsidiaries in Mainland China	**(21,151)**	(21,151)	**—**	—
Loss available for offsetting against future taxable income	**11,311**	6,916	**4,395**	6,916
Net deferred tax liabilities	**(92,724)**	(93,195)		
Deferred income tax credit/(charge)			**471**	(27,317)

Deferred tax movements:

	2021	2020
As of 1 January	**(93,195)**	(65,878)
Deferred tax income recognised in profit or loss	**471**	(27,317)
As at 31 December	**(92,724)**	(93,195)
Deferred tax assets	**11,410**	—
Deferred tax liabilities	**(104,134)**	(93,195)

As at 31 December 2021, the unrecognized deductible temporary differences amounting to RMB67,128 thousand (2020: RMB107,121 thousand) and the unrecognized accumulated tax losses amounting to RMB156,427 thousand (2020: RMB224,045 thousand) mainly arose from those subsidiaries that have been loss-making for years. Included in unrecognized tax losses, which will be offset against future taxable profits, RMB156,427 thousand (2020: RMB224,045 thousand) will expire in 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.

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

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 2021 (2020: Nil).

12. EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings/(loss) per share amounts is based on the profit/(loss) attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 9,726,246,417 (2020: 9,726,246,417) in issue during the year.

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

	2021	2020
Profit/(loss) attributable to ordinary equity holders of the parent for basic and diluted earnings/(loss) per share	**108,583**	(250,925)
Weighted average number of ordinary shares used to calculate basic and diluted earnings/(loss) per share	**9,726,246,417**	9,726,246,417
Basic and diluted earnings/(loss) per share (RMB)	**0.0112**	(0.0258)

The Group had no potential dilutive ordinary shares in issue during the years ended 31 December 2021 and 2020.

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

13. DEBT INSTRUMENTS AT AMORTISED COST

	2021	2020
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	**318,667**	—
Chengdu Jintang Huaizhou New City General Aviation Industrial Park Project	**300,000**	—
Yangzhong Changwang Operation Area Logistics Park Construction Project	**251,000**	—
Yangzhou Jiangdu People's Hospital New Project	**246,470**	—
Lianyungang Liandao Cultural Tourism Project	**200,000**	200,000
Suqian Yanghe Bio-tech Industrial Park Project	**107,000**	107,000
Taizhou Tongtai Intelligent Manufacturing Industrial Park Project	**—**	291,533
Chengdu Jintang Huaizhou New City Yunding Ranch Cultural Tourism Project	**—**	251,000
The First Phase Construction Project of High-tech Science and Technology Innovation Park in Yangzhong City, Jiangsu Province	**—**	201,000
Gaoyou PPP Project	**—**	136,300
Qinghuangdao Project	**—**	20,000
Others	**150,500**	276,909
	1,973,637	1,883,742
Accrued interest	**23,363**	27,651
	1,997,000	1,911,393
Less: allowance for ECLs	**(400,710)**	(477,372)
	1,596,290	1,434,021
Amounts due in the next 12 months classified as current assets	**224,495**	953,430
Amounts classified as non-current assets	**1,371,795**	480,591

As at 31 December 2021, the Group was entitled to fixed returns ranging from 5.70% to 15.00% (2020: 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 2021 and 2020 are as follows:

	2021	2020
At beginning of year	**477,372**	153,693
Credit loss/(reversal of credit loss) recognised in profit or loss	**(71,529)**	323,679
Write- off	**(5,133)**	—
At end of year	**400,710**	477,372

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 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**

	12-month ECLs	Lifetime ECLs		
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2020	2,869,258	—	450,000	3,319,258
New debt instruments	246,500	—	—	246,500
Recovery	(1,634,477)	—	(34,000)	(1,668,477)
Transfer to Stage 3	(120,133)	—	120,133	—
Accrued interest	27,651	—	—	27,651
Foreign currency exchange	(13,539)	—	—	(13,539)
At 31 December 2020	1,375,260	—	536,133	1,911,393

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 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**

	12-month ECLs	Lifetime ECLs		
	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2020	28,693	—	125,000	153,693
Provision and remeasurement	16,193	—	323,666	339,859
Reversal	(16,180)	—	—	(16,180)
Transfer to Stage 3	(1,201)	—	1,201	—
At 31 December 2020	27,505	—	449,867	477,372

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 2021, the PD applied ranged from 0.40% to 1.86% (2020: 0.42% to 1.93%) and the LGD was estimated to be 75% (2020: 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% (2020: 100%) PD is applied.

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

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	2021	2020
Funds	(a)	**12,221**	20,275
Wealth management products	(b)	**1,160,866**	1,044,251
Equity instruments	(c)	**79,313**	52,414
Derivatives	(d)	**31**	—
		1,252,431	1,116,940
Current portion		**1,160,866**	1,044,251
Non-current portion		**91,565**	72,689

(a) In June 2015, Xincheng Kaiyuan invested in the junior-tranche of CDB (Beijing) — BOCOMM New-Type Urbanization Development Fund and the investment was partly redeemed in 2021. 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.

(b) In 2021, the Group invested in wealth management products issued by Shanghai Pudong Development Bank, China Construction Bank and Industrial and Commercial Bank of China 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. These equity investments were designated as financial assets at fair value through profit or loss.

(d) At 31 December 2021, 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 2021	Year ended 31 December 2020
At beginning of year	**1,472,051**	1,447,729
Subsequent expenditure and cost adjustment	**(6,358)**	10,437
Gain from increase in fair value (Note 6)	**9,794**	13,885
At end of year	**1,475,487**	1,472,051

The Group owned an investment property namely 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 Zhonghe Appraisal Co., Ltd., an independent professionally qualified valuer. The valuation was performed based on the income approach. As at 31 December 2021, the fair value of the investment property was RMB1,475 million (2020: RMB1,472 million).

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

	Year ended 31 December 2021	Year ended 31 December 2020
Rental income (Note 5)	**119,633**	118,912
Property management income (Note 5)	**34,638**	31,277
Gain from increase in fair value (Note 6)	**9,794**	13,885
Direct operating expenses	**(32,861)**	(26,518)

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 2020	19,261	11,156	4,761	35,178
Additions	—	340	—	340
Disposals	—	(466)	—	(466)
At 31 December 2020	19,261	11,030	4,761	35,052
Additions	108	64	—	172
Disposals	—	(871)	—	(871)
At 31 December 2021	**19,369**	**10,223**	**4,761**	**34,353**
Accumulated depreciation				
At 1 January 2020	8,463	9,069	4,401	21,933
Provided during the year	707	866	141	1,714
Disposals	—	(427)	—	(427)
At 31 December 2020	9,170	9,508	4,542	23,220
Provided during the year	875	668	125	1,668
Disposals	—	(794)	—	(794)
At 31 December 2021	**10,045**	**9,382**	**4,667**	**24,094**
Net carrying amount				
At 1 January 2020	10,798	2,087	360	13,245
At 31 December 2020	10,091	1,522	219	11,832
At 31 December 2021	**9,324**	**841**	**94**	**10,259**

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

17. LEASES

Group as a lessee

The Group has lease contracts for various items of buildings, motor vehicles and other equipment in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 40 years, and no ongoing payments will be made under the terms of these land leases. Leases of buildings 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.

(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 2020	14,157	932	2,081	17,170
Additions	26,936	—	—	26,936
Depreciation expense	(12,446)	(593)	(157)	(13,196)
At 31 December 2020	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**

(b) Lease liabilities

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

	2021	2020
At 1 January	**24,849**	13,315
Additions	**—**	26,942
Interest expense	**493**	886
Payments	**(13,204)**	(16,294)
As at 31 December	**12,138**	24,849
Current	**12,138**	12,856
Non-current	**—**	11,993

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

17. LEASES (continued)

Group as a lessee (continued)

(b) Lease liabilities (continued)

Lease liabilities are repayable:

	2021	2020
Within one year or on demand	**12,138**	12,856
In the second year	**—**	11,993
As at 31 December	**12,138**	11,993

The maturity analysis of lease liabilities is disclosed in note 35 to the financial statements.

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

	2021	2020
Depreciation expense of right-of-use assets (included in administrative expenses)	**12,925**	13,196
Interest expense on lease liabilities (included in administrative expenses)	**493**	886
Expense relating to short-term leases (included in cost of sales)	**1,553**	1,212
Expense relating to leases of low-value assets (included in administrative expenses)	**55**	62
	15,026	15,356

The Group had total cash outflows for leases of RMB14,812 thousand in 2021(2020: RMB17,630 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 RMB119,633 thousand (2020: RMB118,912 thousand).

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

	2021	2020
Within one year	**88,099**	112,981
After one year but within two years	**58,138**	69,640
After two years but within three years	**24,796**	40,673
After three years but within four years	**5,257**	12,525
After four years but within five years	**3,839**	5,935
More than five years	**5,345**	9,279
	185,474	251,033

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

18. LAND DEVELOPMENT FOR SALE

	2021	2020
The Mainland China — Shenyang Lixiang	**887,401**	886,299

Land development for sale represents the cost of land development within the districts of the new town development projects. Though the Group does not have an ownership title or land use rights to such land, the Group is given the right to carry out construction and preparation works in respect of land infrastructure and ancillary public facilities in those new town development projects.

Land development for sale is expected to be realised in the normal operating cycle, which is longer than twelve months.

19. OTHER RECEIVABLES

	Notes	2021	2020
Balances due from Wuxi Project		**20,977**	20,977
Due from SREI, the then parent of the Company	(i)	**140,146**	140,146
Balances due from entities disposed of		**24,384**	24,384
Due from joint ventures	(ii)	**481,967**	485,928
Due from associates		**2,402**	1,815
Others		**57,747**	61,689
		727,623	734,939
Less: allowance for ECLs		**(111,685)**	(71,402)
Other receivables, net		**615,938**	663,537

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 and Stage 2 was estimated to be 1% (2020: 2%), and the loss rate of Stage 3 was estimated to be ranging from 30% to 100% (2020: ranging from 45% to 100%). The movements in allowance of impairment are as follows:

	2021	2020
At beginning of year	**71,402**	25,034
Credit loss recognised in profit or loss	**45,755**	46,368
Write-off	**(5,472)**	—
At end of year	**111,685**	71,402

(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

	2021	2020
Receivables from land development for sale	**47,218**	564,898
Others	**15,512**	13,619
	62,730	578,517
Less: allowance for ECLs	**(4,359)**	(14,563)
Trade receivables, net	**58,371**	563,954

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 2021. (2020: RMB9,871 thousand).

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% (2020: ranging from 2% to 100%). The movements in allowance of impairment are as follows:

	2021	2020
At beginning of year	**14,563**	8,035
Credit loss/(reversal of credit loss) recognised in profit or loss	**(10,204)**	16,399
Write-off	**—**	(9,871)
At end of year	**4,359**	14,563

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

	2021	2020
Within 6 months	**12,289**	10,324
6 months to 1 year	**4,729**	4,900
1 year to 2 years	**4,729**	4,931
2 years to 3 years	**4,729**	512,226
Over 3 years	**31,895**	31,573
	58,371	563,954

21. CASH AND BANK BALANCES

	2021	2020
Cash at banks	**386,003**	855,234

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:	2021	2020
RMB	**384,802**	431,730
HKD	**914**	258,015
USD	**287**	165,489
	386,003	855,234

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

	2021		2020	
	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 (2020: 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 2020, 31 December 2020 and 2021	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 2020, 31 December 2020 and 2021	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:

	2021	2020
Bank borrowings — secured	**752,399**	766,418
Bank borrowings — unsecured	**245,510**	957,646
	997,909	1,724,064

The interest-bearing bank borrowings are repayable as follows:

	2021	2020
Within 6 months	**33,559**	988,684
6 months to 9 months	**32,500**	30,000
9 months to 12 months	**245,470**	—
Current	**311,529**	1,018,684
1 year to 2 years	**82,000**	65,000
2 years to 5 years	**314,000**	270,000
Over 5 years	**290,380**	370,380
Non-current	**686,380**	705,380
	997,909	1,724,064

The Group's interest-bearing bank borrowings bore interest at EURIBOR plus 1.95% and 4.44% per annum for the year ended 31 December 2021 (2020: at LIBOR plus 2.2%, HIBOR plus 2.2% and 4.90% per annum).

Bank borrowings — secured

As at 31 December 2021, bank borrowings of RMB752,399 thousand (2020: RMB766,418 thousand) were secured by the investment property, whose carrying amount at 31 December 2021 was RMB1.475 billion (2020: RMB1.472 billion).

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

25. TRADE PAYABLES

	2021	2020
Payable for land development for sale	**117,171**	197,276

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

	2021	2020
Within 1 year	**15,725**	—
1 to 2 years	**—**	2,856
Over 2 years	**101,446**	194,420
	117,171	197,276

Trade payables are non-interest-bearing.

26. OTHER PAYABLES AND ACCRUALS

	2021	2020
Payroll and welfare	**17,435**	16,537
Other taxes payable	**22,285**	21,651
Amounts due to related parties (Note 32(a))	**171**	4,973
Payable for intermediary and professional service charges	**12,972**	10,972
Payable for Wuxi Project	**42,250**	42,250
Other borrowings from Huzhou Tongchuang Jintai Huizhong Enterprise Management Partnership (Limited Partnership) ("Tongchuang LP")	**123,501**	116,615
Dividend payables	**93**	538
Payable for investment property	**98,134**	110,721
Others	**131,482**	135,348
	448,323	459,605

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

	2021	2020
Rental received in advance	**11,223**	16,447

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

	2021	2020
Contract liabilities arising from:		
Land development	**393,067**	420,283
Property management	**2,839**	4,664
	395,906	424,947

As at 31 December 2021, the contract liabilities arising from land development for sale represent the portion of amounts received or receivable from the land authorities or local governments as a result of the sales of parcels of land developed by the Group. The amounts received or receivable are non-refundable unless the Group fails to complete the development work. The contract liabilities are classified as current liabilities as the remaining development work is expected to be provided within the normal operating cycle.

29. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021	2020
Derivatives	**—**	6,451

At 31 December 2020, CNT Holding held one foreign exchange forward contract with Bank of East Asia. The contract was not designated in hedge relationships, but was, nevertheless, intended to reduce the level of foreign currency exchange risks for the investments and borrowings denominated in foreign currencies.

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

30. EMPLOYEE BENEFITS AND DIRECTORS' REMUNERATION

Employee benefits (including directors)

	2021	2020
Included in selling and administrative expenses:		
Wages and salaries	**23,891**	27,338
Social welfare other than pensions	**5,787**	4,919
Pension — defined contribution plan	**4,387**	2,866
Staff welfare and bonuses	**17,268**	17,598
	51,333	52,721

Directors' remuneration

Details of the directors' remuneration are as follows:

	2021	2020
Fees	**2,619**	2,748
Other emoluments:		
Salaries, allowances and benefits in kind	**1,855**	2,256
Discretionary bonuses	**1,682**	1,436
Equity-settled share option expense	**—**	—
Pension scheme contributions	**—**	—
	6,156	6,440

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

30. EMPLOYEE BENEFITS AND DIRECTORS' REMUNERATION (continued)

Directors' remuneration (continued)

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

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**
	2,619	**1,855**	**1,682**	**—**	**6,156**

* Resigned as director in year 2021.

** Appointed as director in year 2021.

Year ended 31 December 2020	Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Pension scheme contributions	Total
Li Yao Min	766	—	—	—	766
Liu Heqiang	—	818	392	—	1,210
Yang Meiyu	—	699	550	—	1,249
Ren Xiaowei	—	701	494	—	1,195
Shi Janson Bing	766	38	—	—	804
Henry Tan Song Kok	368	—	—	—	368
Kong Siu Chee	324	—	—	—	324
Zhang Hao	231	—	—	—	231
E Hock Yap	293	—	—	—	293
	2,748	2,256	1,436	—	6,440

The directors have not waived any remuneration as listed above.

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

30. EMPLOYEE BENEFITS AND DIRECTORS' REMUNERATION (continued)

Five highest paid employees

The five highest paid employees of the Group during the year included two (2020: three) directors, details of whose remuneration are set out above. Details of the remuneration of the remaining three (2020: two) non-director, highest paid employees for the year are as follows:

	2021	2020
Salaries, allowances and benefits in kind	**1,860**	1,428
Discretionary bonuses	**1,680**	1,078
Pension scheme contributions	**351**	76
	3,891	2,582

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

	2021	2020
Nil to HK$1,000,000	**—**	—
HK$1,000,001 to HK$1,500,000	**3**	2
HK$1,500,001 to HK$2,000,000	**—**	—
	3	2

31. CONTINGENT LIABILITIES

The Company is currently a defendant in an arbitration brought by SREI alleging that the Company over-received by an amount of RMB372,988,860 (the "Disputed Amount"), but the Company has not yet returned such Disputed Amount to SREI. The Disputed Amount relates to certain consideration and payments of the Disposal Assets. On top of the Disputed Amount, SREI also alleged that the total consideration should have been adjusted downwards by RMB17.2 million in accordance with the terms of the Disposal Master Agreement, and accordingly the Company should pay an additional RMB17.2 million to SREI. It was alleged by SREI that the Company intentionally apportioned an unreasonable consideration to certain Disposal Assets in a disposal to a third party, thereby circumventing the Excess Provision. Accordingly, the Company shall pay damages (which actual amount shall be subject to assessment) in respect of the difference between a fair consideration for the said Disposal Assets and the aforesaid consideration apportioned by the Company ("Excess Consideration Damages"). So, SREI claimed the remedies of (i) compensation from the Company of RMB390,188,860 or such other amount to be assessed; (ii) the Excess Consideration Damages, which actual amount shall be subject to assessment; (iii) interests; (iv) further and other relief; and (v) costs.

In addition to the arbitration brought by SREI, SGLD is currently a defendant in an arbitration brought by Shenyang Meteorite Park Tourism Development 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 RMB9,950 thousand, 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 the Company, SGLD and 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.

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

32. 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.

(a) Amounts due to related parties

	2021	2020
Other payables		
Shareholder of the Company and its parent:		
CDBIH	**50**	52
CDB Capital, holding company of CDBIH	**105**	105
	155	157
Associates:		
Kaiyuan Investment Advisor (HK) Limited	**16**	16
Joint ventures:		
Zhongke	**—**	4,800
	171	4,973

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

32. RELATED PARTY DISCLOSURES (continued)

(b) Amounts due from related parties

	2021	2020
Other receivables		
Shareholder and a then parent of the Company:		
SREI	**140,146**	140,146
Less: ECLs	**(41,703)**	(2,803)
	98,443	137,343
Associates:		
GP Holding Co	**10**	8
Kaiyuan Investment Advisor (HK) Limited	**2,392**	1,807
Less: ECLs	**(24)**	(36)
	2,378	1,779
Joint ventures:		
Guowan	**100,828**	104,789
Guoyuan	**1,118**	1,118
Guofa	**380,000**	380,000
Guoying	**21**	21
Less: ECLs	**(4,820)**	(9,719)
	477,147	476,209
	577,968	615,331

(c) Debt instruments at amortised cost

	2021	2020
Interest-bearing loans:		
Joint ventures:		
Guowan	**17,105**	16,193
Guoying	**145,410**	137,906
Less: ECLs	**(1,625)**	(3,082)
	160,890	151,017

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

32. RELATED PARTY DISCLOSURES (continued)

(d) In addition to the balances detailed in notes 32(a) and 32(b) above, the Group had the following material transactions with related parties during the years ended 31 December 2021 and 2020:

	Notes	2021	2020
Transactions with joint ventures			
Financial guarantee to Guoying	(i)	**500,000**	200,000
Interest income from Guowan	(ii)	**913**	913
Interest income from Guoying	(iii)	**7,503**	5,545
Dividend paid to shareholders			
SREI	(iv)	**—**	5,882
CDBIH	(v)	**—**	21,422

Notes:

(i) A financial guarantee to the extent of RMB500 million (2020: RMB200 million) was provided to Guoying.

(ii) A loan of RMB15,000 thousand (2020: RMB15,000 thousand) was lent to Guowan in 2019 and the Group generated related interest income of RMB913 thousand in 2021 (2020: RMB913 thousand). The loan was unsecured, interest-bearing at 6% per annum and repayable in 2024.

(iii) A loan of RMB127,500 thousand (2020: RMB127,500 thousand) was lent to Guoying and the Group generated related interest income of RMB7,503 thousand in 2021 (2020: RMB5,545 thousand). The loan was unsecured, interest-bearing at 5.7% per annum and repayable in 2022.

(iv) No dividend was paid to SREI in 2021 (2020: RMB5,882 thousand).

(v) No dividend was paid to CDBIH in 2021 (2020: RMB21,422 thousand).

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

	2021	2020
Short-term employee benefits	**13,604**	14,242

Further details of directors' remuneration are disclosed in note 30 to the financial statements.

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

33. COMMITMENTS

As at 31 December 2021 and 2020, the Group mainly had capital commitments in respect of land development for sale and various investments as follows:

	2021	2020
Commitments in respect of land development for sale		
Contracted, but not provided for	**153,939**	154,771
Authorised, but not contracted for	**3,299,625**	3,307,761
Commitments in respect of equity investment		
Contracted, but not provided for	**178,852**	194,467
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	**3,832,416**	3,856,999

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.

34. 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)

34. OPERATING SEGMENT INFORMATION (continued)

An analysis by operating segment is as follows:

	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. OPERATING SEGMENT INFORMATION (continued)

An analysis by operating segment is as follows: (continued)

	Year ended 31 December 2020					
	Land development	Urbanization development	Property leasing	Others	Reconciliation and eliminations	Total
Segment results						
External sales	11,873	229,577	150,189	—	—	391,639
Intersegment sales	—	—	—	—	—	—
Total segment sales	11,873	229,577	150,189	—	—	391,639
Results						
Depreciation	(1,018)	(11,417)	(331)	(2,144)	—	(14,910)
Share of (losses)/gains of joint ventures and associates	(4,654)	(704)	1,309	(2,409)	—	(6,458)
Fair value gain on investment property	—	—	13,885	—	—	13,885
Fair value gain on financial assets and liabilities at fair value through profit or loss	—	19,954	—	—	—	19,954
Segment (loss)/profit	(16,088)	(644,400)	111,506	454,580	(112,665)[1]	(207,067)
Segment assets	1,669,687	3,725,576	1,644,940	371,060	—	7,411,263
Segment liabilities	704,143	66,354	180,591	185,002	1,887,781[2]	3,023,871
Other disclosures						
Investments in joint ventures and associates	100,931	5,040	107,237	138,746	—	351,954
Capital expenditure[3]	232	64	10,481	—	—	10,777
Interest income	2	217,751	118	14,395	—	232,266

1 Profit/(loss) for each operating segment does not include finance costs of RMB112,665 thousand.

2 Liabilities in segments do not include current income tax liabilities of RMB70,522 thousand, interest-bearing bank borrowings of RMB1,724,064 thousand, and deferred tax liabilities of RMB93,195 thousand as these liabilities are managed on a group basis.

3 Capital expenditure consists of additions of property, plant and equipment of RMB340 thousand and investment property of RMB10,437 thousand.

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

35. 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.

	2021	2020
Increase/(decrease) in interest rates (basis points)	**100/(100)**	100/(100)
Increase/(decrease) in profit/(loss) before tax	**3,456/(3,456)**	5,770/(5,770)

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates, and restrictive measures were imposed by the government on foreign exchange access in order to balance the books and maintain the national currency exchange rate. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to its foreign currency cash and bank balances, debt investments at amortised cost, financial instruments at fair value through profit or loss and interesting-bearing bank borrowings.

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

35. 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.

	2021	2020
Increase/(decrease) in the USD exchange rate	**5%/(5%)**	5%/(5%)
Increase/(decrease) in profit/(loss) before tax	**14/(14)**	1,916/(1,916)
Increase/(decrease) in the HKD exchange rate	**5%/(5%)**	5%/(5%)
Increase/(decrease) in profit/(loss) before tax	**44/(44)**	(19,159)/19,159
Increase/(decrease) in the EUR exchange rate	**5%/(5%)**	5%/(5%)
Increase/(decrease) in profit/(loss) before tax	**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 2021 and 2020, 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 2021. 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)

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

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	500,000	—	—	—	500,000
	2,512,522	100,828	611,273	62,730	3,287,353

As at 31 December 2020

	12-month ECL	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
Debt instruments at amortised cost*					
— Pass	1,375,260	—	—	—	1,375,260
— Loss	—	—	536,133	—	536,133
Trade receivables**	—	—	—	578,517	578,517
Other receivables***	37,274	—	697,665	—	734,939
Financial guarantee	200,000	—	—	—	200,000
	1,612,534	—	1,233,798	578,517	3,424,849

* 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)

35. 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 2021	**On demand**	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**Over 5 years**	**Total**
Interest-bearing 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**

31 December 2020	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Interest-bearing borrowings	—	43,845	1,013,507	431,986	399,632	1,888,970
Trade payables	197,276	—	—	—	—	197,276
Financial liabilities at fair value through profit or loss	—	—	6,451	—	—	6,451
Lease liabilities	—	1,228	12,196	12,802	—	26,226
Other liabilities	420,879	—	—	—	—	420,879
	618,155	45,073	1,032,154	444,788	399,632	2,539,802

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

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The primary objective of the Group's capital management is to maintain healthy capital ratios in order to support its business and maximise the shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, issue bonds, issue convertible bonds or new shares.

As the Group is 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).

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:

	2021	2020
Interest-bearing bank borrowings	**997,909**	1,724,064
Interest-bearing other borrowings	**123,501**	116,615
Less: Cash and bank balances	**(386,003)**	(855,234)
Net debt	**735,407**	985,445
Capital:		
Total equity	**4,514,519**	4,387,392
Capital and net debt	**5,249,926**	5,372,837
Gearing ratio	**14.0%**	18.3%

Collateral held

The Group did not hold any collateral as at 31 December 2020 and 2021.

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

36. 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:

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	408,510	408,510
	1,647,091	1,647,091

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

36. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

2020

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
Other receivables	—	663,537	663,537
Trade receivables	—	563,954	563,954
Debt instruments at amortised cost	—	1,434,021	1,434,021
Cash and bank balances	—	855,234	855,234
Financial assets at fair value through profit or loss	1,116,940	—	1,116,940
	1,116,940	3,516,746	4,633,686

Financial liabilities

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
Financial liabilities at fair value through profit or loss	6,451	—	6,451
Interest-bearing bank borrowings	—	1,724,064	1,724,064
Interest-bearing other borrowings	—	116,615	116,615
Trade payables	—	197,276	197,276
Others	—	420,879	420,879
	6,451	2,458,834	2,465,285

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

37. 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, financial liabilities at fair value through profit or loss, and trade and other payables. The fair values of the Group's and the Company's financial instruments are not materially different from their carrying amounts.

Fair value hierarchy

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

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

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

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

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

Quantitative disclosures of assets and liabilities measured at fair value as at 31 December 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.

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

37. 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 2020:

	Date of valuation	Total	Fair value measurement using Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets/liabilities measured at fair value:					
Financial assets at fair value through profit or loss (Note 14)	31 December 2020	1,116,940	—	1,064,526	52,414
Investment property (Note 15)	31 December 2020	1,472,051	—	—	1,472,051
Financial liabilities at fair value through profit or loss (Note 29)	31 December 2020	6,451	—	6,451	—

There were no transfers of fair value measurement between Level 1 and Level 2, and no transfers into or out of Level 3 during the year ended 31 December 2020.

Assets and liabilities in Level 2

Valuation techniques used to derive Level 2 fair values are as follows:

Level 2 financial assets at fair value through profit or loss comprise an unlisted fund and wealth management products. For the unlisted fund, fair value was determined using RMB loan interest rate for over 5 years, RMB risk-free rate and bond default probability that are observable market inputs. For wealth management products, fair value was determined by the quoted price of the net asset value by financial institutions as at the end of the reporting period.

Level 2 financial liability at fair value through profit or loss comprise a foreign exchange forward contract, whose fair value was determined using the forward exchange rate and HKD risk-free rate that are observable market inputs.

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

37. 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 2021 and 2020 are shown below:

	Valuation technique	Significant unobservable inputs	31 December 2021	31 December 2020
Office	Income approach	Discount rate	**7.5%**	7.5%
		Estimated rental value (per square metre and per month)	**83**	83
		Rent growth (per annum)	**2%**	2%
		Long term vacancy rate	**15%**	15%
Retail	Income approach	Discount rate	**7.5%**	7.5%
		Estimated rental value (per square metre and per month)	**182**	180
		Rent growth (per annum)	**2%**	2%
		Long term vacancy rate	**20%**	20%
Car park	Income approach	Discount rate	**7.5%**	7.5%
		Estimated rental value (per square metre and per month)	**407**	360
		Rent growth (per annum)	**2%**	2%
Non-listed equity investments	Discounted cashflow approach	Discount rate	**7.0%**	7.0%
	Market valuation approach	Discounts for lack of marketability	**30%**	30%

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

37. FAIR VALUE AND FAIR VALUE HIERARCHY (continued)

Fair value hierarchy (continued)

Assets and liabilities in Level 3 (continued)

Sensitivity analysis of the significant unobservable inputs to fair value:

The higher 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.

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 2021	Year ended 31 December 2020
At beginning of year	**52,414**	42,784
Total gains/(losses) recognised in profit or loss	**(4,964)**	9,630
Purchases	**31,863**	—
At end of year	**79,313**	52,414

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

38. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	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**

	At 1 January 2020	Cash flows	Foreign exchange movement	Others	At 31 December 2020
Interest-bearing bank borrowings	2,655,200	(982,585)	(54,393)	105,842	1,724,064
Interest-bearing other borrowings	109,758	—	—	6,857	116,615
Lease liabilities	13,315	(16,294)	—	27,828	24,849
Financial liabilities at fair value through profit or loss	3,605	—	—	2,846	6,451
Total liabilities from financing activities	2,781,878	(998,879)	(54,393)	143,373	1,871,979

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

39. 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	**2021**	2020
Assets			
Non-current assets			
Investments in subsidiaries		**4,216,971**	4,338,272
Property, plant and equipment		**10**	12
Debt instruments at amortised cost		**—**	133,574
Right-of-use assets		**2,083**	4,021
Other assets		**57**	127
Total non-current assets		**4,219,121**	4,476,006
Current assets			
Other receivables		**227,690**	266,491
Debt instruments at amortised cost		**—**	9,877
Dividend receivables		**260,000**	260,000
Cash and bank balances		**4,235**	3,575
Amounts due from subsidiaries		**65,020**	—
Total current assets		**556,945**	539,943
Total assets		**4,776,066**	5,015,949
Equity and liabilities			
Equity			
Equity holders of the parent:			
Share capital	22	**4,070,201**	4,070,201
Accumulated losses		**(1,265,167)**	(1,275,107)
Other reserves	23	**1,912,683**	1,912,683
Total equity		**4,717,717**	4,707,777

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

39. 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	2021	2020
Non-current liabilities			
Lease liabilities		—	1,795
Total non-current liabilities		—	1,795
Current liabilities			
Other payables and accruals		**56,300**	53,163
Lease liabilities		**1,956**	2,192
Dividend payables		**93**	538
Amounts due to subsidiaries		—	250,484
Total current liabilities		**58,349**	306,377
Total liabilities		**58,349**	308,172
Total equity and liabilities		**4,776,066**	5,015,949
Net current assets		**498,596**	233,566

Liu Yuhai
Chairman

Liu Heqiang
Chief Executive Officer

(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 2020	1,912,683	(938,334)	974,349
Total comprehensive loss	—	(297,813)	(297,813)
2019 final dividends	—	(38,960)	(38,960)
As at 31 December 2020	1,912,683	(1,275,107)	637,576
Total comprehensive income	—	9,940	9,940
Dividends	—	—	—
As at 31 December 2021	**1,912,683**	**(1,265,167)**	**647,516**

There were no movements in other reserves during the years ended 31 December 2021 and 2020.

40. EVENTS AFTER THE REPORTING PERIOD

As of 8 March 2022, 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 8 March 2022.

NEW TOWN

China New Town Development Company Limited

中國新城鎮發展有限公司

Stock Code: 1278