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CHINA NEW TOWN DEVELOPMENT COMPANY LIMITED
中國新城鎮發展有限公司

(Incorporated as a business company limited by shares under the laws of the British Virgin Islands)
(Stock Code: 1278)

2022 FINAL RESULTS ANNOUNCEMENT

The board of directors (the “**Board**”) of China New Town Development Company Limited (the “**Company**”) announces the audited consolidated financial results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2022 (the “**Year**”) together with the comparative figures for the year ended 31 December 2021 as set out below:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2022

(Amount expressed in thousands of Renminbi unless otherwise stated)

	<i>Notes</i>	2022	2021
Operating income		405,668	367,776
Revenue	5	305,029	273,038
Other income	6	100,639	94,738
Operating expenses		(339,888)	(218,562)
Cost of sales	8	(43,267)	(63,399)
Selling and administrative expenses	8	(116,673)	(115,755)
Finance costs	9	(44,615)	(50,961)
Other expenses	7	(110,219)	(24,425)
(Impairment losses)/reversal of impairment on financial assets		(25,114)	35,978

	<i>Notes</i>	2022	2021
Operating profit		65,780	149,214
Share of losses of joint ventures and associates		<u>(9,292)</u>	<u>(7,764)</u>
Profit before tax		56,488	141,450
Income tax	10	<u>(49,034)</u>	<u>(10,500)</u>
Profit for the year		<u>7,454</u>	<u>130,950</u>
Other comprehensive income/(loss)			
<i>Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:</i>			
Share of other comprehensive income/(loss) of associates		<u>14,950</u>	<u>(3,823)</u>
Other comprehensive income/(loss) for the year, net of tax		<u>14,950</u>	<u>(3,823)</u>
Total comprehensive income for the year, net of tax		<u>22,404</u>	<u>127,127</u>
Profit attributable to:			
Equity holders of the parent		2,702	108,583
Non-controlling interests		<u>4,752</u>	<u>22,367</u>
		<u>7,454</u>	<u>130,950</u>
Total comprehensive income attributable to:			
Equity holders of the parent		17,652	104,760
Non-controlling interests		<u>4,752</u>	<u>22,367</u>
		<u>22,404</u>	<u>127,127</u>
Earnings per share (RMB per share) attributable to ordinary equity holders of the parent:			
Basic and diluted profit for the year	12	<u>0.0003</u>	<u>0.0112</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

(Amounts expressed in thousands of Renminbi unless otherwise stated)

	Notes	2022	2021
Assets			
Non-current assets			
Investment in joint ventures		238,810	197,732
Investment in associates		169,413	148,145
Debt instruments at amortised cost	13	715,172	1,371,795
Financial assets at fair value through profit or loss	14	162,438	91,565
Investment property	15	1,485,700	1,475,487
Property, plant and equipment	16	9,175	10,259
Deferred tax assets	10	712	11,410
Right-of-use assets	17	11,681	17,985
Other assets		1,981	4,455
Total non-current assets		2,795,082	3,328,833
Current assets			
Land development for sale	18	779,714	887,401
Prepayments		1,719	1,581
Other receivables	19	604,870	615,938
Trade receivables	20	45,526	58,371
Debt instruments at amortised cost	13	947,053	224,495
Other assets		9,693	14,548
Financial assets at fair value through profit or loss	14	895,643	1,160,866
Cash and bank balances	21	504,252	386,003
Total current assets		3,788,470	3,349,203
Total assets		6,583,552	6,678,036

	<i>Notes</i>	2022	2021
Equity and liabilities			
Equity			
Attributable to:			
Equity holders of the parent:			
Share capital		4,070,201	4,070,201
Accumulated losses		(618,634)	(621,336)
Foreign currency translation reserve		7,286	(7,664)
Other reserves		607,839	607,839
		4,066,692	4,049,040
Non-controlling interests		470,231	465,479
Total equity		<u>4,536,923</u>	<u>4,514,519</u>
Non-current liabilities			
Interest-bearing bank borrowings	22	604,380	686,380
Other liabilities		6,207	6,361
Lease liabilities	23	3,457	—
Deferred tax liabilities	10	127,529	104,134
Total non-current liabilities		<u>741,573</u>	<u>796,875</u>
Current liabilities			
Interest-bearing bank borrowings	22	379,225	311,529
Trade payables	24	108,525	117,171
Other payables and accruals	25	358,372	448,323
Advance from customers		19,848	11,223
Current income tax liabilities		40,072	70,352
Lease liabilities	23	2,699	12,138
Contract liabilities	26	396,315	395,906
Total current liabilities		<u>1,305,056</u>	<u>1,366,642</u>
Total liabilities		<u>2,046,629</u>	<u>2,163,517</u>
Total equity and liabilities		<u>6,583,552</u>	<u>6,678,036</u>
Net current assets		<u>2,483,414</u>	<u>1,982,561</u>
Total assets less current liabilities		<u>5,278,496</u>	<u>5,311,394</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2022

(Amounts expressed in thousands of Renminbi unless otherwise stated)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

(Amounts expressed in thousands of Renminbi unless otherwise stated)

	Notes	2022	2021
Cash flow from operating activities			
Profit before tax		56,488	141,450
Adjustments for:			
Impairment losses/(reversal of impairment) on financial assets		25,114	(35,978)
Depreciation of property, plant and equipment	8	1,439	1,668
Depreciation of right-of-use assets	8	12,544	12,925
Amortisation of intangible assets		346	341
Net fair value gain on investment property	6	(12,319)	(9,794)
Net gain on financial instruments at fair value through profit or loss		(59,540)	(44,566)
Share of losses of joint ventures and associates		9,292	7,764
Interest from debt instruments at amortised cost and dividend income from other investment		(150,084)	(91,552)
Interest income from bank deposits	6	(3,874)	(9,182)
Interest expense on lease liabilities	23	386	493
Interest expense on bank and other borrowings	9	44,229	50,468
Foreign exchange (gain)/loss	6	(6,242)	4,724
Disposal loss of property, plant and equipment		4	—
Impairment provision of land development for sale		109,434	—
		<u>27,217</u>	<u>28,761</u>
Increase in land development for sale		(1,747)	(1,102)
(Increase)/decrease in prepayments		(138)	91
Decrease in other receivables and other assets		4,059	2,952
(Increase)/decrease in trade receivables		(1,841)	515,787
Increase/(decrease) in advances from customers		8,625	(5,224)
Increase/(decrease) in contract liabilities		409	(29,041)
Decrease in trade and other payables		(18,752)	(78,375)
		<u>17,832</u>	<u>433,849</u>
Income tax paid		(51,747)	(11,140)
Net cash (outflow)/inflow from operating activities		<u><u>(33,915)</u></u>	<u><u>422,709</u></u>

	<i>Notes</i>	2022	2021
Cash flows from investing activities			
Purchases/construction of property, plant and equipment		(359)	(172)
Proceeds from disposal of property, plant and equipment		—	25
Investments in joint ventures and associates		—	(10,550)
Capital expenditure on an investment property		(81,545)	(6,229)
Investments in debt instruments at amortised cost		(300,000)	(1,116,766)
Proceeds from recovery of debt instruments at amortised cost		208,000	1,021,109
Interest received from debt instruments at amortised cost and other investment		136,656	95,840
Investments in financial assets at fair value through profit or loss		(2,841,788)	(1,131,863)
Proceeds from redemption of financial assets at fair value through profit or loss		3,055,325	974,575
Interest received from bank deposits		3,874	9,182
Investment income from financial assets at fair value through profit or loss		47,318	58,688
Payments for intangible assets		(560)	—
Net cash inflow/(outflow) from investing activities		<u>226,921</u>	<u>(106,161)</u>
Cash flows from financing activities			
Proceeds from bank borrowings		45,621	245,510
Repayment of bank borrowings		(70,000)	(971,429)
Payment of lease liabilities	23	(12,853)	(13,204)
Dividends paid		—	(14)
Interest paid		(38,384)	(46,576)
Net cash outflow from financing activities		<u>(75,616)</u>	<u>(785,713)</u>
Net increase/(decrease) in cash and cash equivalents		117,390	(469,165)
Effect of exchange rate changes on cash and cash equivalents		859	(66)
Cash and cash equivalents at beginning of year		<u>386,003</u>	<u>855,234</u>
Cash and cash equivalents at end of year		<u><u>504,252</u></u>	<u><u>386,003</u></u>

NOTES TO FINANCIAL STATEMENTS

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

1. CORPORATE INFORMATION

The Company was incorporated on 4 January 2006 in the British Virgin Islands (the “BVI”). After a series of reorganisations, on 14 November 2007, the Company was listed on the Main Board of the Singapore Exchange Securities Trading Limited (the “SGX-ST”). On 22 October 2010, the Company was listed on the Main Board of the 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 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 (the “PRC”) since 2002. The Group has further optimized its business model in line with the development trend of new urbanization in China since 2014. With the business model of “investment + downstream operation”, on top of fixed income investment in urbanization projects, the Company introduces brands of urbanization to the region in the field of people’s livelihood improvement at the same time, such as education, tourism, healthcare, etc.

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

On 10 October 2013, the Company, China Development Bank International Holdings Limited (“CDBIH”) and SREI entered into a share subscription agreement (the “**Subscription Agreement**”) pursuant to which CDBIH had agreed to subscribe for 5,347,921,071 new shares of the Company subject to the terms and conditions contained therein (the “**Subscription**”). The Subscription was completed in the first quarter of 2014. Upon completion of the Subscription, CDBIH, a wholly-owned subsidiary of China Development Bank Capital Corporation Limited (“CDBC”), became the largest shareholder of the Company. As an appendix of the Subscription Agreement, there was a disposal master agreement (the “**Disposal Master Agreement**”) between the Company and SREI to dispose of the specified assets and liabilities not relating to the Group’s principal business of planning and development of new town projects in Mainland China (the “**Disposal Assets**”). Execution of the Disposal Assets was completed in 2016.

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, pursuant to which, CDBIH has agreed to transfer 2,917,000,000 shares of the Company held by it 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 of the Company (representing approximately 29.99% of the number of issued shares of the Company) as the largest shareholder; and CDBIH holds 2,430,921,071 shares of the Company (representing approximately 24.99% of the number of issued shares of the Company) as the second largest shareholder.

2. BASIS OF PREPARATION

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

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

(a) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- (a) Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- (b) Exposure, or rights, to variable returns from its involvement with the investee
- (c) The ability to use its power over the investee to affect its returns

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

- (a) The contractual arrangement(s) with the other vote holders of the investee
- (b) Rights arising from other contractual arrangements
- (c) The Group’s voting rights and potential voting rights

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

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

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

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

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

(b) Operating cycle

The operating cycle of the Group is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Due to the nature of the Group's business, the Group's normal operating cycle is longer than twelve months. The Group's current assets include assets (such as land development for sale) that are sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within twelve months after the end of the reporting period, in accordance with IFRSs.

3. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

Amended standards

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

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

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

Reference to the Conceptual Framework — Amendments to IFRS 3

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

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

Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling any such items, and the cost of those items, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

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

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

- IFRS 9 Financial Instruments: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group’s financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

4. OPERATING SEGMENT INFORMATION

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

- Land development segment, which provides land infrastructure development, 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.

An analysis by operating segment is as follows:

RMB'000

	Year ended 31 December 2022					Total
	Land development	Urbanization development	Property leasing	Others	Reconciliation and eliminations	
Segment results						
External sales	2,680	150,084	152,265	—	—	305,029
Intersegment sales	—	—	—	—	—	—
Total segment sales	<u>2,680</u>	<u>150,084</u>	<u>152,265</u>	<u>—</u>	<u>—</u>	<u>305,029</u>
Results						
Depreciation	(1,110)	(12,080)	(222)	(571)	—	(13,983)
Share of (losses)/gains of joint ventures and associates	(14,229)	—	2,807	2,130	—	(9,292)
Fair value gain on investment property	—	—	12,319	—	—	12,319
Fair value gain/(loss) on financial instruments at fair value through profit or loss	—	15,949	—	(3,727)	—	12,222
Segment (loss)/profit	<u>(144,370)</u>	<u>151,982</u>	<u>119,494</u>	<u>(26,003)</u>	<u>(44,615)¹</u>	<u>56,488</u>
Segment assets	<u>1,015,661</u>	<u>3,401,437</u>	<u>1,729,137</u>	<u>436,605</u>	<u>712²</u>	<u>6,583,552</u>
Segment liabilities	<u>581,561</u>	<u>23,122</u>	<u>86,211</u>	<u>204,529</u>	<u>1,151,206³</u>	<u>2,046,629</u>
Other disclosures						
Investments in joint ventures and associates	<u>84,015</u>	<u>—</u>	<u>154,795</u>	<u>169,413</u>	<u>—</u>	<u>408,223</u>
Capital expenditure ⁴	<u>—</u>	<u>359</u>	<u>(2,106)</u>	<u>—</u>	<u>—</u>	<u>(1,747)</u>
Interest income	<u>1</u>	<u>153,445</u>	<u>198</u>	<u>314</u>	<u>—</u>	<u>153,958</u>

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

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

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

⁴ Capital expenditure consists of additions of property, plant and equipment of RMB359 thousand and cost adjustment of investment property of RMB2,106 thousand.

RMB'000

	Year ended 31 December 2021					Total
	Land development	Urbanization development	Property leasing	Others	Reconciliation and eliminations	
Segment results						
External sales	27,215	91,552	154,271	—	—	273,038
Intersegment sales	—	—	—	—	—	—
Total segment sales	<u>27,215</u>	<u>91,552</u>	<u>154,271</u>	<u>—</u>	<u>—</u>	<u>273,038</u>
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)	<u>2,189</u>	<u>77,198</u>	<u>115,375</u>	<u>(2,351)</u>	<u>(50,961)¹</u>	<u>141,450</u>
Segment assets	<u>1,159,271</u>	<u>3,373,214</u>	<u>1,679,854</u>	<u>454,287</u>	<u>11,410²</u>	<u>6,678,036</u>
Segment liabilities	<u>595,891</u>	<u>43,398</u>	<u>157,060</u>	<u>194,773</u>	<u>1,172,395³</u>	<u>2,163,517</u>
Other disclosures						
Investments in joint ventures and associates	<u>98,245</u>	<u>—</u>	<u>99,487</u>	<u>148,145</u>	<u>—</u>	<u>345,877</u>
Capital expenditure ⁴	<u>—</u>	<u>172</u>	<u>(6,358)</u>	<u>—</u>	<u>—</u>	<u>(6,186)</u>
Interest income	<u>2</u>	<u>94,192</u>	<u>245</u>	<u>6,295</u>	<u>—</u>	<u>100,734</u>

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.

5. REVENUE

<i>RMB'000</i>	<i>Notes</i>	2022	2021
Land development	(a)	2,680	27,215
Property management	(a)	35,189	34,638
Revenue from contracts with customers	(a)	37,869	61,853
Rental income		117,076	119,633
Interest from debt instruments at amortised cost	(b)	143,120	85,113
Others	(c)	6,964	6,439
Revenue from other sources		267,160	211,185
Total revenue		305,029	273,038

(a) Revenue from contracts with customers

Disaggregated revenue information

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

<i>RMB'000</i>	Year ended 31 December 2022		
	Land development	Property management	Total
Segments			
Type of goods or service			
Land development	2,680	—	2,680
Property management	—	35,189	35,189
Total revenue from contracts with customers	2,680	35,189	37,869
Timing of revenue recognition			
Services tendered over time	2,680	35,189	37,869
<i>RMB'000</i>	Year ended 31 December 2021		
	Land development	Property management	Total
Segments			
Type of goods or service			
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			
Service tendered over time	27,215	34,638	61,853

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

Land development

Shanghai Golden Luodian Development Co., Ltd. (“SGLD”) is given the right to carry out construction and preparation works in respect of the ancillary public facilities (owned by the local governments) in the Western Zone of Luodian New Town.

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

Property management services

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

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

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

<i>RMB'000</i>	2022	2021
Interest income		
Chengdu Jintang Huaizhou New City General Aviation Industrial Park Project	27,510	1,643
Taizhou Jingjiang Huaxin Science and Technology Innovation Park Standard Plant Construction Project	24,388	2,943
Yangzhong Changwang Operation Area Logistics Park Construction Project	23,968	590
Yangzhou Jiangdu People's Hospital New Project	18,858	154
Lianyungang Liandao Cultural Tourism Project	14,316	16,260
Hubei Daye Advanced Manufacturing Standard Plant Construction Project	12,795	—
Suqian Yanghe Bio-tech Industrial Park Project	10,132	10,867
Yancheng Sheyang Ruiyang Technology Fixed Income Project	4,618	—
Chengdu Jintang Huaizhou New City Yunding Ranch Cultural Tourism Project	—	19,821
The First Phase Construction Project of High-tech Science and Technology Innovation Park in Yangzhong City, Jiangsu Province	—	17,385
Gaoyou PPP Project	—	4,364
Taizhou Tongtai Intelligent Manufacturing Industrial Park Project	—	2,370
Others	6,535	8,716
	<u>143,120</u>	<u>85,113</u>

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

<i>RMB'000</i>	2022	2021
CDB (Beijing) — BOCOMM New-Type Urbanization Development Fund (the “Urbanization Fund”)	6,964	6,439
	<u>6,964</u>	<u>6,439</u>

6. OTHER INCOME

<i>RMB'000</i>	2022	2021
Interest income from bank deposits	3,874	9,182
Net fair value gain on financial instruments at fair value through profit or loss	12,222	—
Investment income from financial assets at fair value through profit or loss	47,318	59,911
Fair value gain on investment property	12,319	9,794
Foreign exchange gain, net	6,242	—
Others	18,664	15,851
	<u>100,639</u>	<u>94,738</u>

7. OTHER EXPENSES

<i>RMB'000</i>	2022	2021
Bank charges	48	46
Net fair value loss on financial instruments at fair value through profit or loss	—	15,345
Foreign exchange loss, net	—	4,724
Loss on disposal of property, plant and equipment	4	52
Impairment of land development for sale	109,434	—
Others	733	4,258
	<u>110,219</u>	<u>24,425</u>

8. EXPENSE BY NATURE

<i>RMB'000</i>	2022	2021
Cost of land development	8,644	27,633
Depreciation of property, plant and equipment	1,439	1,668
Depreciation of right-of-use assets	12,544	12,925
Audit fees and non-audit fees	2,666	3,342
<i>Audit fees</i>		
— Auditor of the Company	2,200	2,500
— Other auditors	451	832
<i>Non-audit fees</i>		
— Auditor of the Company	—	—
— Other auditors	15	10
Employee benefits	56,753	51,333
Utility expenses	12,543	11,443
Advertising	878	6,681
Rental expenses	1,577	1,608
Property management service expenses	23,610	24,963
Intermediary and professional service charges	5,335	9,888
Other expenses	33,951	27,670
	<u>159,940</u>	<u>179,154</u>

9. FINANCE COSTS

<i>RMB'000</i>	2022	2021
Interest on bank and other borrowings	44,229	50,468
Interest on lease liabilities	386	493
	<u>44,615</u>	<u>50,961</u>

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

10. INCOME TAX AND DEFERRED TAX

The Group is subject to income tax on an entity basis on profit arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate.

The Company is a tax-exempted company incorporated in the British Virgin Islands.

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

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

Mainland China — withholding tax

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

Pursuant to the laws governing the PRC Corporate Income Tax, a member of the Group, who is not a tax resident in the jurisdiction of the PRC, is subject to withholding tax at 10% on the income from Mainland China, such as interest income and gains from disposal of equity investments. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. The Group determined that such withholding tax is an income tax in the scope of IAS 12 and has recognised such withholding tax as a tax expense in the statement of profit or loss.

The major components of income tax are as follows:

<i>RMB'000</i>	2022	2021
Income tax charge/(credit):		
Current income tax	14,969	5,159
Deferred tax	34,093	(471)
Withholding tax	(28)	5,812
	<hr/>	<hr/>
Income tax charge as reported in profit or loss	49,034	10,500
	<hr/> <hr/>	<hr/> <hr/>

A reconciliation between tax charge/(credit) in respect of the current year and the product of accounting profit/(loss) multiplied by the Group's applicable income tax rate is as follows:

Year ended 31 December 2022

<i>RMB'000</i>	HK and BVI		Mainland China		Total	
Profit before tax	<u>80,295</u>		<u>(23,807)</u>		<u>56,488</u>	
Tax at the statutory tax rate	20,074	25.0%	(5,952)	25.0%	14,122	25.0%
Effect of subsidiaries applying the non-statutory tax rate	(2,126)	(2.7%)	(4)	—	(2,130)	(3.8%)
Income not subject to tax	(17,784)	(22.1%)	(5,944)	25.0%	(23,728)	(42.0%)
Profit and losses attributable to joint ventures and associates	(351)	(0.4%)	2,855	(12.0%)	2,504	4.4%
Non-deductible expenses for tax purposes	4,283	5.3%	123	(0.5%)	4,406	7.8%
Adjustments in respect of current tax of previous periods	—	—	99	(0.4%)	99	0.2%
Utilisation/adjustment of previously unrecognised tax losses	—	—	(1,975)	8.3%	(1,975)	(3.5%)
Unrecognised tax losses and deductible temporary differences	—	—	49,011	(205.9%)	49,011	86.8%
Effect of withholding tax*	<u>6,725</u>	<u>8.4%</u>	<u>—</u>	<u>—</u>	<u>6,725</u>	<u>11.9%</u>
Income tax as reported in the statement of profit or loss and other comprehensive income	<u>10,821</u>	<u>13.5%</u>	<u>38,213</u>	<u>(160.5%)</u>	<u>49,034</u>	<u>86.8%</u>

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

Year ended 31 December 2021

<i>RMB'000</i>	HK and BVI companies		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%	—	—	6,870	4.8%
Income not subject to tax	(13,207)	(146.7%)	—	—	(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	—	—	1,989	1.5%	1,989	1.4%
Utilisation/adjustment of previously unrecognised tax losses	—	—	(39,391)	(29.7%)	(39,391)	(27.8%)
Unrecognised tax losses and deductible temporary differences	—	—	7,568	5.7%	7,568	5.3%
Effect of withholding tax*	5,812	64.6%	—	—	5,812	4.1%
Income tax as reported in the statement of profit or loss and other comprehensive income	<u>5,812</u>	<u>64.6%</u>	<u>4,688</u>	<u>3.5%</u>	<u>10,500</u>	<u>7.4%</u>

Deferred income tax relates to the following:

<i>RMB'000</i>	Consolidated statement of financial position		Consolidated statement of profit or loss	
	2022	2021	2022	2021
Deferred tax assets/(liabilities)				
Fair value change and depreciation of investment property	(75,512)	(66,458)	(9,054)	(5,020)
Fair value change of financial instruments at fair value through profit or loss	(5,179)	(3,734)	(1,445)	6,229
Accrued expenses	93	1,942	(1,849)	(155)
Taxable timing difference for interest accrued	(20,364)	(17,502)	(2,862)	(2,377)
Provision for expected credit losses (“ECLs”)	2,049	2,868	(819)	(2,601)
Effect of withholding tax at 10% on the distributable profits of the Group’s subsidiaries in Mainland China	<u>(27,904)</u>	<u>(21,151)</u>	<u>(6,753)</u>	<u>—</u>
Loss available for offsetting against future taxable income	<u>—</u>	<u>11,311</u>	<u>(11,311)</u>	<u>4,395</u>
Net deferred tax liabilities	<u>(126,817)</u>	<u>(92,724)</u>		
Deferred income tax (charge)/credit			<u>(34,093)</u>	<u>471</u>

Deferred tax movements:

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

As at 31 December 2022, the unrecognized deductible temporary differences amounting to RMB102,213 thousand (2021: RMB67,128 thousand) and the unrecognized accumulated tax losses amounting to RMB292,863 thousand (2021: RMB156,427 thousand) mainly arose from those subsidiaries that have been loss-making for years. The unrecognized tax losses of RMB292,863 thousand (2021: RMB156,427 thousand) will expire in the coming one to five years. The Group estimated that there was no taxable income to utilise these tax losses and deductible temporary differences and there are no other tax planning opportunities or other evidence of recoverability in the near future.

11. DIVIDENDS

No final dividend to the shareholders of the Company (the “**Shareholders**”) has been proposed by the Board in respect of the year ended 31 December 2022 (2021: Nil).

12. EARNINGS PER SHARE

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

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

<i>RMB'000</i>	2022	2021
Profit attributable to ordinary equity holders of the parent for basic and diluted earnings per share	<u>2,702</u>	<u>108,583</u>
Weighted average number of ordinary shares used to calculate basic and diluted earnings per share	<u>9,726,246,417</u>	<u>9,726,246,417</u>
Basic and diluted earnings per share (<i>RMB</i>)	<u>0.0003</u>	<u>0.0112</u>

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

13. DEBT INSTRUMENTS AT AMORTISED COST

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

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

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

<i>RMB'000</i>	2022	2021
At beginning of year	400,710	477,372
Credit loss recognised in profit or loss	(4,122)	(71,529)
Write-off	—	(5,133)
At end of year	<u>396,588</u>	<u>400,710</u>

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 Stage 1	Lifetime ECLs Stage 2	Stage 3	Total
Gross carrying amount as at				
1 January 2022	1,591,000	—	406,000	1,997,000
New debt instruments	300,000	—	—	300,000
Recovery	(277,863)	—	(6,000)	(283,863)
Accrued interest	29,826	—	—	29,826
Foreign currency exchange	15,850	—	—	15,850
	<u>1,658,813</u>	<u>—</u>	<u>400,000</u>	<u>2,058,813</u>
At 31 December 2022				
	12-month ECLs Stage 1	Lifetime ECLs 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)
	<u>1,591,000</u>	<u>—</u>	<u>406,000</u>	<u>1,997,000</u>
At 31 December 2021				

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.

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 Stage 1	Lifetime ECLs Stage 2	Stage 3	Total
ECL allowance as at 1 January 2022	15,910	—	384,800	400,710
Provision and remeasurement	3,256	—	—	3,256
Reversal	(2,578)	—	(4,800)	(7,378)
	<u>16,588</u>	<u>—</u>	<u>380,000</u>	<u>396,588</u>
At 31 December 2022	<u>16,588</u>	<u>—</u>	<u>380,000</u>	<u>396,588</u>
	12-month ECLs Stage 1	Lifetime ECLs 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)
	<u>15,910</u>	<u>—</u>	<u>384,800</u>	<u>400,710</u>
At 31 December 2021	<u>15,910</u>	<u>—</u>	<u>384,800</u>	<u>400,710</u>

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

RMB'000	<i>Notes</i>	2022	2021
— Funds	(a)	2,757	12,221
— Wealth management products	(b)	890,691	1,160,866
— Equity instruments	(c)	162,438	79,313
— Derivatives	(d)	2,195	31
		<u>1,058,081</u>	<u>1,252,431</u>
Current portion		<u>895,643</u>	<u>1,160,866</u>
Non-current portion		<u>162,438</u>	<u>91,565</u>

Notes :

- (a) In 2022, one of the projects invested by the Urbanization Fund was default, which triggered the callback clause. As a junior-tranche holder, Beijing Xincheng Kaiyuan Asset Management Co., Ltd (“**Xincheng Kaiyuan**”) provided financial support of RMB13,097 thousand based on the proportional share in the junior-tranche. As at 31 December 2022, all the priority and intermediate tranche holders were fully repaid, which decreased the carrying amount of Xincheng Kaiyuan’s share of the junior-tranche to RMB2,757 thousands and a fair value loss of RMB13,097 thousand was recognised in 2022.
- (b) In 2022, the Group invested in wealth management products mainly issued by Shanghai Pudong Development Bank (“**SPDB**”) and China Construction Bank as part of cash management for the short term. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.
- (c) In July 2015, Guoxi Nanjing Investment Development Co., Ltd. entered into an agreement to purchase a 13.89% unlisted equity interest in Jiangsu Hong-tu Software Venture Capital Investment Ltd (“**Jiangsu Hongruan**”). In December 2021, China New Town Holding Company Limited (“**CNT Holding**”) entered into an agreement to purchase 500 Class B unlisted shares of XN Crane International Limited (“**XN Crane**”). In January 2022, CNT Holding entered into an agreement to purchase 1,228,314 series seed-1 preferred shares of WeRide Inc. In August 2022, Hainan Xincheng Kaiyuan Investment Company Limited (“**Hainan Xincheng**”) entered into an agreement to purchase 0.6242% series D shares in Shenzhen Zhongke Micro-Light Medical Equipment Technology Co., Ltd. In December 2022, Hainan Xincheng entered into an agreement to purchase 33,496 series D shares in Shenzhen Sibiomics Co., Ltd. These equity investments were designated as financial assets at fair value through profit or loss.
- (d) At 31 December 2022, CNT Holding held one cross currency swap contract with China Construction Bank (Asia) Corporation Limited (“**CCB (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.

15. INVESTMENT PROPERTY

<i>RMB'000</i>	2022	2021
At beginning of year	1,475,487	1,472,051
Subsequent expenditure and cost adjustment	(2,106)	(6,358)
Gain from increase in fair value	12,319	9,794
At end of year	<u>1,485,700</u>	<u>1,475,487</u>

16. PROPERTY, PLANT AND EQUIPMENT

<i>RMB'000</i>	Buildings	Furniture, fixtures and equipment	Motor vehicles	Total
Original cost				
At 1 January 2021	19,261	11,030	4,761	35,052
Additions	108	64	—	172
Disposals	—	(871)	—	(871)
At 31 December 2021	19,369	10,223	4,761	34,353
Additions	96	263	—	359
Disposals	—	(65)	—	(65)
At 31 December 2022	19,465	10,421	4,761	34,647
Accumulated depreciation				
At 1 January 2021	9,170	9,508	4,542	23,220
Provided during the year	875	668	125	1,668
Disposals	—	(794)	—	(794)
At 31 December 2021	10,045	9,382	4,667	24,094
Provided during the year	877	494	68	1,439
Disposals	—	(61)	—	(61)
At 31 December 2022	10,922	9,815	4,735	25,472
Net carrying amount				
At 1 January 2021	<u>10,091</u>	<u>1,522</u>	<u>219</u>	<u>11,832</u>
At 31 December 2021	<u>9,324</u>	<u>841</u>	<u>94</u>	<u>10,259</u>
At 31 December 2022	<u>8,543</u>	<u>606</u>	<u>26</u>	<u>9,175</u>

17. RIGHT-OF-USE ASSETS

<i>RMB'000</i>	Buildings	Motor vehicles	Land	Total
At 1 January 2021	28,647	339	1,924	30,910
Depreciation expense	(12,428)	(339)	(158)	(12,925)
At 31 December 2021	16,219	—	1,766	17,985
Additions	5,583	657	—	6,240
Depreciation expense	(12,221)	(166)	(157)	(12,544)
At 31 December 2022	<u>9,581</u>	<u>491</u>	<u>1,609</u>	<u>11,681</u>

18. LAND DEVELOPMENT FOR SALE

<i>RMB'000</i>	2022	2021
The Mainland China — Shenyang Lixiang New Town Modern Agriculture Co., Ltd (“ Shenyang Lixiang ”)	<u>779,714</u>	<u>887,401</u>

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

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

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

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

As a result of the aforementioned, the Board assessed the net realisable value of the land development for sale and determined an impairment loss of RMB109 million was incurred and recognised for the Year. Accordingly, this has been reclassified from held for sale as in half year announcement.

19. OTHER RECEIVABLES

<i>RMB'000</i>	Notes	2022	2021
Balances due from Wuxi Project		20,977	20,977
Due from SREI	(i)	140,146	140,146
Balances due from entities disposed of		24,384	24,384
Due from joint ventures		485,848	481,967
Due from associates	(ii)	3,353	2,402
Others		<u>56,397</u>	<u>57,747</u>
		731,105	727,623
Less: allowance for ECLs		<u>(126,235)</u>	<u>(111,685)</u>
Other receivables, net		<u>604,870</u>	<u>615,938</u>

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

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

Notes:

- (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 Nanjing Guofa Real Estate Co., Ltd. and Beijing Guowan Real Estate Co., Ltd. ("Guowan") to facilitate their daily operations, which are unsecured and interest-free and should be repayable on demand.

20. TRADE RECEIVABLES

<i>RMB'000</i>	2022	2021
Receivables from land development for sale	47,218	47,218
Others	17,353	15,512
	<u> </u>	<u> </u>
	64,571	62,730
Less: allowance for ECLs	(19,045)	(4,359)
	<u> </u>	<u> </u>
Trade receivables, net	<u>45,526</u>	<u>58,371</u>

The above balances are unsecured and interest-free. The fair values of the trade receivables as at the end of each reporting period approximate to their carrying amounts. No trade receivables were written off in 2022 (2021: Nil).

The Group applies a simplified approach in calculating ECLs for trade receivables. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has assessed the ECLs based on its historical credit loss experience, adjusted for forward-looking factors to the debtors and the economic environment. The loss rate was estimated to be ranging from 1% to 100% (2021: ranging from 1% to 100%). The movements in allowance of impairment are as follows:

<i>RMB'000</i>	2022	2021
At beginning of year	4,359	14,563
Credit loss/(reversal of credit loss) recognised in profit or loss	14,686	(10,204)
At end of year	19,045	4,359

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

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

21. CASH AND BANK BALANCES

<i>RMB'000</i>	2022	2021
Cash at banks	504,252	386,003

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

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

RMB equivalent of the following currencies :

<i>RMB'000</i>	2022	2021
RMB	490,953	384,802
HKD	4,821	914
EUR	4,656	—
USD	3,822	287
	504,252	386,003

22. INTEREST-BEARING BANK BORROWINGS

Details of interest-bearing bank borrowings are as follows:

<i>RMB'000</i>	2022	2021
Bank borrowings — secured	687,280	752,399
Bank borrowings — unsecured	296,325	245,510
	<u>983,605</u>	<u>997,909</u>

The interest-bearing bank borrowings are repayable as follows:

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

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

Bank borrowings — secured

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

23. LEASE LIABILITIES

<i>RMB'000</i>	2022	2021
At 1 January	12,138	24,849
New leases	6,485	—
Interest expense	386	493
Payments	<u>(12,853)</u>	<u>(13,204)</u>
At end of year	<u>6,156</u>	<u>12,138</u>
Current	2,699	12,138
Non-current	3,457	—

24. TRADE PAYABLES

<i>RMB'000</i>	2022	2021
Payable for land development for sale	<u>108,525</u>	<u>117,171</u>

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

<i>RMB'000</i>	2022	2021
Within 1 year	1,505	15,725
1 to 2 years	5,991	—
Over 2 years	<u>101,029</u>	<u>101,446</u>
	<u>108,525</u>	<u>117,171</u>

Trade payables are non-interest-bearing.

25. OTHER PAYABLES AND ACCRUALS

<i>RMB'000</i>	2022	2021
Payroll and welfare	12,249	17,435
Other taxes payable	14,893	22,285
Amounts due to related parties	4,497	171
Payable for intermediary and professional service charges	13,724	12,972
Payable for Wuxi Project	42,250	42,250
Other borrowings from Huzhou Tongchuang Jintai Huizhong Enterprise Management Partnership (Limited Partnership) (“Tongchuang LP”)	130,386	123,501
Dividend payables	101	93
Payable for investment property	14,486	98,134
Deposits	37,848	34,825
Others	87,938	96,657
	<u>358,372</u>	<u>448,323</u>

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.

26. CONTRACT LIABILITIES

<i>RMB'000</i>	2022	2021
Contract liabilities arising from:		
Land development	390,388	393,067
Property management	5,927	2,839
	<u>396,315</u>	<u>395,906</u>

As at 31 December 2022, the contract liabilities arising from land development for sale represent the amounts received or receivable from the land authorities or local governments to fulfil the performance obligations of land development services. The amounts received or receivable are non-refundable unless the Group fails to complete the development work. The contract liabilities are classified as current liabilities as the remaining development work is expected to be provided within the normal operating cycle.

27. FAIR VALUE AND FAIR VALUE HIERARCHY

Fair values of financial assets and liabilities

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

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

Fair value hierarchy

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

- Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

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

Quantitative disclosures of assets and liabilities measured at fair value as at 31 December 2022:

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

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

Quantitative disclosures of assets and liabilities measured at fair value as at 31 December 2021:

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

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

Assets and liabilities in Level 2

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

Level 2 financial assets at fair value through profit or loss comprise an unlisted fund, wealth management products, derivatives and an equity instrument. For the unlisted fund, fair value was determined using RMB loan interest rate for over 5 years, RMB risk-free rate and bond default probability that are observable market inputs. For wealth management products, fair value was determined by the quoted price of the net asset value by financial institutions as at the end of the reporting period. For derivatives, the fair value was determined using the forward foreign exchange rate and CNH risk-free rate that are observable market inputs. For the equity instrument, the fair value was determined based on the stock price with a discount for lack of marketability.

Assets and liabilities in Level 3

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

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

Sensitivity analysis of the significant unobservable inputs to fair value:

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

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

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

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

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

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

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

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

28. CONTINGENT LIABILITIES

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

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

29. SUBSEQUENT EVENT

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

MANAGEMENT DISCUSSION AND ANALYSIS

- a) Fair review of development of business of the Group during the financial year and of their financial position at the end of the year:

Operating Results

Revenue

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

Other income

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

Cost of sales

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

Other expenses

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

(Impairment losses)/reversal of impairment on financial assets

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

Finance costs

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

Share of losses from joint ventures and associates

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

Taxation

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

Financial Position

Investment in joint ventures

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

Investment in associates

The balance as at 31 December 2022 increased by RMB21,268 thousand over that at the end of 2021, mainly because New Town Education Co., Ltd. ("**New Town Education**"), a wholly-owned subsidiary of the Company, made new contributions of USD600 thousand to Kaiyuan Fund (equivalent to RMB4,188 thousand) during the Year 2022; and the share of additional gain of RMB2,130 thousand and share of other comprehensive loss of RMB14,950 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 2022 amounted to RMB715 million, a decrease of RMB657 million over that at the end of 2021. Such decrease was mainly because (i) RMB328 million of Taizhou Jingjiang Huaxin Science and Technology Innovation Park Standard Plant Construction Project (non-current assets), RMB107 million of Suqian Yanghe Bio-tech Industrial Park Project (non-current assets) and RMB300 million of Chengdu Jintang Huaizhou New City General Aviation Industrial Park Project (non-current assets) were reclassified to current assets; and (ii) the increase of RMB200 million from Hubei Daye Advanced Manufacturing Standard Plant Construction Project.

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

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

Investment property

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

Right-of-use assets

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

Other receivables

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

Trade receivables

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

Debt instruments at amortised cost (current assets)

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

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

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

Other current assets

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

Interest-bearing bank borrowings

The balance as at 31 December 2022 decreased by RMB14,304 thousand as compared with the balance as at the end of 2021. This was mainly due to an additional short-term borrowing from China Merchants Bank of RMB15,000 thousand, a repayment of RMB5,000 thousand to China Merchants Bank, a repayment of RMB65,000 thousand to Bank of China, and an additional short-term borrowings of USD4,800 thousand from CCB (Asia) in Year 2022.

Trade payables

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

Cash and bank balances

Overall, cash and cash equivalents for the Year 2022 increased by RMB118 million as compared with the balance as at the end of Year 2021, with a balance of RMB504 million as at 31 December 2022, which were mainly due to net cash outflow from operating activities of RMB34 million, net cash inflow from investing activities of RMB227 million, and net cash outflow from financing activities of RMB76 million during the Year 2022.

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

Others

Material acquisitions and disposals of subsidiaries, associates and joint ventures

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

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

Treasury policies

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

Pledge of assets

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

Contingent liabilities

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

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

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

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

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

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

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

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

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

c) Potential business development of the Group in future:

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

APPRECIATION STATEMENT

The Board would like to take this opportunity to express its heartfelt appreciation for the trust and support of the strategic investors of the Group and Shareholders, and to express its sincere gratitude to all members of the Board and all executives and staff of the Group for their team spirit and loyal services during the challenging year.

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

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

CORPORATE GOVERNANCE

During the Year, the Company has complied with all the principles and code provisions set out in the Corporate Governance Code contained in Part 2 of Appendix 14 to the Rules Governing the Listing of Securities on the HKEx (the “**Listing Rules**”).

DIRECTORS' COMPLIANCE WITH THE CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”) as its code of conduct for dealings in securities of the Company by the Directors. Specific enquiries had been made by the Company to all Directors who have confirmed that they had complied with the required standard as set out in the Model Code throughout the Year.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2022, there were 88 (2021: 93) employees in the Group. During the Year, the total staff cost including Directors' remuneration amounted to approximately RMB56.75 million (2021: RMB51.33 million). Staff remuneration packages are determined in consideration of market conditions and the performance of the individuals concerned, and are subject to review from time to time. The Group also provides other staff benefits including medical insurance, and grants discretionary incentive bonuses to eligible staffs based on their performance and contributions to the Group. The Group also provide and arrange on-the-job training for the employees.

FINAL DIVIDEND

No final dividend to the Shareholders has been proposed by the Board in respect of the Year (2021: Nil).

ANNUAL GENERAL MEETING

An annual general meeting of the Company will be held on 16 June 2023 (Friday) (the “**2023 AGM**”). The notice of the 2023 AGM will be published on the Company's website (www.china-newtown.com) and the website of the HKEx (www.hkexnews.hk) and dispatched to the Shareholders in the manner prescribed under the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 13 June 2023 (Tuesday) to 16 June 2023 (Friday) (both days inclusive), during which period no transfer of Shares will be registered, for ascertaining Shareholders' entitlement to attend the 2023 AGM. In order to qualify for attending and voting at the 2023 AGM, the Shareholders must lodge all duly completed transfer forms accompanied by the relevant share certificates with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on 12 June 2023 (Monday).

AUDIT COMMITTEE

The audit committee of the Board (the "Audit Committee") comprises three independent non-executive Directors, namely Mr. Henry Tan Song Kok (committee chairman), Mr. Zhang Hao and Mr. Lo Wai Hung.

The Audit Committee has reviewed the accounting principles and standards adopted by the Group, and has discussed and reviewed the risk management and internal control systems, and reporting matters. The Group's audited consolidated financial statements and final results for the Year have been reviewed by the Audit Committee.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

The final results announcement of the Company is published on the respective websites of the Company (www.china-newtown.com), and the HKEx (www.hkexnews.hk). The 2022 annual report of the Company containing all information required by the Listing Rules will be despatched to the Shareholders and made available on the above websites in due course.

By order of the Board
China New Town Development Company Limited
Hu Zhiwei
President

Hong Kong, 31 March 2023

As at the date of this announcement, the executive Directors, namely Mr. Hu Zhiwei (President), Ms. Yang Meiyu (Chief Executive Officer), Mr. Shi Janson Bing and Mr. Liu Fangqing; the non-executive Directors, namely Mr. Liu Yuhai (Chairman), Mr. Li Yao Min (Vice Chairman), Mr. Wang Hongxu and Mr. Feng Xiaoliang; and the independent non-executive Directors, namely Mr. Henry Tan Song Kok, Mr. Kong Siu Chee, Mr. Zhang Hao and Mr. Lo Wai Hung.