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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)

CLARIFICATION ANNOUNCEMENT 2021 ANNUAL REPORT

Reference is made to the annual report of the China New Town Development Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for the financial year ended 31 December 2021 (“**FY2021**”), which was published on 13 April 2022 (the “**Annual Report**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Annual Report.

The Company notes that there is a clerical misunderstanding on the amount of financial guarantee provided by the Group to Guoying, a joint venture of the Group, for FY2021. As such, (i) the table of “**Related Party Disclosures**” as disclosed in paragraph (d) of Note 32 to the consolidated financial statements of the Group for FY2021 (the “**FY2021 FS**”) on page 186 and (ii) the table of “**Credit Risk**” as disclosed in Note 35 to the FY2021 FS on page 192 of the Annual Report should be amended as follows respectively (the relevant amendments have been underlined for ease of reference):

The table of “Related Party Disclosures” in paragraph (d) of Note 32 to FY2021 FS

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:

| | | (RMB '000) | |
|----------------------------------|-------|-----------------------|---------|
| | Notes | 2021 | 2020 |
| Transactions with joint ventures | | | |
| Financial guarantee to Guoying | (i) | <u>250,000</u> | 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 RMB250 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)."

The table of “Credit Risk” in Note 35 to FY2021 FS

“As at 31 December 2021

(RMB'000)

| | 12-month ECL Stage 1 | Stage 2 | Lifetime ECLs 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 | <u>250,000</u> | — | — | — | <u>250,000</u> |
| | <u><u>2,262,522</u></u> | <u><u>100,828</u></u> | <u><u>611,273</u></u> | <u><u>62,730</u></u> | <u><u>3,037,353</u></u> |

As at 31 December 2020

(RMB'000)

| | 12-month ECL Stage 1 | Stage 2 | Lifetime ECLs 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 | <u>200,000</u> | — | — | — | <u>200,000</u> |
| | <u><u>1,612,534</u></u> | <u><u>—</u></u> | <u><u>1,233,798</u></u> | <u><u>578,517</u></u> | <u><u>3,424,849</u></u> |

* 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.”

The above clarifications do not affect other information contained in the Annual Report and, save as disclosed in this announcement, the remaining contents of the Annual Report remain unchanged.

The Company will arrange for the electronic copy of the revised Annual Report with pages 186 and 192 amended be posted on the Company’s website at www.china-newtown.com and HKExnews website at www.hkexnews.hk which will supersede and replace the Annual Report published on 13 April 2022, and arrange an addendum reflecting the above changes to be sent to the shareholders as soon as practicable.

By Order of the Board
China New Town Development Company Limited
Liu Heqiang
Chief Executive Officer

Hong Kong, 28 April 2022

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