NEW TOWN

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)

2019 FINAL RESULTS ANNOUNCEMENT

The board of directors (the "**Board**") of China New Town Development Company Limited (the "**Company**") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2019 (the "**Year**") together with the comparative figures for the year ended 31 December 2018 as set out below:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2019
(Amount expressed in thousands of Renminbi unless otherwise stated)

	Notes	**2019**	2018
Operating income		**614,931**	722,126
Revenue	5	**414,941**	599,286
Other income	6	**199,990**	122,840
Operating expenses		**(453,396)**	(853,240)
Cost of sales	7	**(30,931)**	(444,842)
Selling and administrative expenses	7	**(124,379)**	(137,585)
Finance costs	8	**(165,238)**	(149,708)
Other expenses	6	**(132,848)**	(121,105)

	Notes	2019	2018
Operating profit/(loss)		**161,535**	(131,114)
Share of gains/(losses) of joint ventures and associates		**15,956**	(14,954)
Profit/(loss) before tax		**177,491**	(146,068)
Income tax	9	**(66,139)**	268,320
Profit for the year		**111,352**	122,252
Other comprehensive income/(loss)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Share of other comprehensive income/(loss) of associates		**1,364**	(264)
Other comprehensive income/(loss) for the year, net of tax		**1,364**	(264)
Total comprehensive income for the year, net of tax		**112,716**	121,988
Profit attributable to:			
Equity holders of the parent		**95,412**	83,893
Non-controlling interests		**15,940**	38,359
		111,352	122,252
Total comprehensive income attributable to:			
Equity holders of the parent		**96,776**	83,629
Non-controlling interests		**15,940**	38,359
		112,716	121,988
Earnings per share (RMB per share) attributable to ordinary equity holders of the parent:			
Basic and diluted, profit for the year	12	**0.0098**	0.0086

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

(Amounts expressed in thousands of Renminbi unless otherwise stated)

	Notes	**2019**	2018
Assets			
Non-current assets			
Investments in associates		**64,020**	7,426
Investments in joint ventures		**220,590**	227,136
Debt instruments at amortised cost	13	**1,212,533**	2,364,966
Financial assets at fair value through profit or loss	14	**71,217**	99,121
Investment property	15	**1,447,729**	1,315,244
Property, plant and equipment	16	**13,245**	15,312
Right-of-use assets	17	**17,170**	—
Prepaid land lease payments		**—**	2,238
Deferred tax assets	9	**8,957**	14,436
Other assets		**16,487**	36,003
Total non-current assets		**3,071,948**	4,081,882
Current assets			
Land development for sale	18	**884,820**	880,008
Prepayments		**2,774**	3,779
Other assets		**18,236**	19,497
Other receivables	19	**734,286**	790,273
Trade receivables	20	**557,377**	1,542,251
Debt instruments at amortised cost	13	**1,932,758**	847,613
Financial assets at fair value through profit or loss	14	**1,198,872**	177,450
Cash and bank balances	21	**269,917**	662,662
Total current assets		**5,599,040**	4,923,533
Total assets		**8,670,988**	9,005,415

	Notes	2019	2018
Equity and liabilities			
Equity			
Attributable to:			
Equity holders of the parent:			
Share capital		**4,070,201**	4,070,201
Other reserves		**607,839**	607,334
Other comprehensive income/(loss)		**1,100**	(264)
Accumulated losses		**(440,034)**	(484,275)
		4,239,106	4,192,996
Non-controlling interests		**440,352**	424,412
Total equity		**4,679,458**	4,617,408
Non-current liabilities			
Interest-bearing bank borrowings	22	**2,353,078**	2,357,192
Deferred tax liabilities	9	**74,835**	42,690
Lease liabilities	23	**7,011**	—
Other liabilities		**6,668**	6,822
Total non-current liabilities		**2,441,592**	2,406,704
Current liabilities			
Interest-bearing bank borrowings	22	**298,734**	85,000
Trade payables	24	**363,816**	701,173
Other payables and accruals	25	**356,690**	418,797
Advance from customers		**15,438**	11,754
Dividends payables		**78**	54,637
Current income tax liabilities		**68,721**	70,728
Financial liabilities at fair value through profit or loss	26	**3,605**	193,556
Lease liabilities	23	**6,304**	—
Contract liabilities	27	**436,552**	445,658
Total current liabilities		**1,549,938**	1,981,303
Total liabilities		**3,991,530**	4,388,007
Total equity and liabilities		**8,670,988**	9,005,415
Net current assets		**4,039,208**	2,942,230
Total assets less current liabilities		**7,121,050**	7,024,112

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2019

(Amounts expressed in thousands of Renminbi unless otherwise stated)

	Attributable to equity holders of the parent						
	Share capital	Other reserves	Foreign currency translation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
As at 1 January 2018	4,070,201	592,792	—	(474,959)	4,188,034	381,244	4,569,278
Profit for the year	—	—	—	83,893	83,893	38,359	122,252
Other comprehensive loss	—	—	(264)	—	(264)	—	(264)
Total comprehensive (loss)/income	—	—	(264)	83,893	83,629	38,359	121,988
Share of equity changes of a joint venture other than other comprehensive income	—	14,441	—	—	14,441	—	14,441
Dividends	—	—	—	(93,209)	(93,209)	—	(93,209)
Capital injection by non-controlling interests	—	101	—	—	101	4,809	4,910
As at 1 January 2019	4,070,201	607,334	(264)	(484,275)	4,192,996	424,412	4,617,408
Profit for the year	—	—	—	95,412	95,412	15,940	111,352
Other comprehensive income	—	—	1,364	—	1,364	—	1,364
Total comprehensive income	—	—	1,364	95,412	96,776	15,940	112,716
Share of equity changes of a joint venture other than other comprehensive	—	505	—	—	505	—	505
Dividends	—	—	—	(51,171)	(51,171)	—	(51,171)
As at 31 December 2019	4,070,201	607,839	1,100	(440,034)	4,239,106	440,352	4,679,458

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

(Amounts expressed in thousands of Renminbi unless otherwise stated)

	Notes	**2019**	2018
Cash flows from operating activities			
Profit/(loss) before tax		**177,491**	(146,068)
Adjustments for:			
Credit loss expense	6	**130,752**	13,456
Depreciation of property, plant and equipment	16	**2,049**	1,821
Depreciation of right-of-use assets		**10,396**	—
Amortisation of prepaid land lease payments	18	**—**	157
Amortisation of intangible assets		**341**	309
(Gain)/loss on disposal of property, plant and equipment		**(1,215)**	1
Net fair value gain on investment property	6	**(111,768)**	(76,009)
Net gain on financial instruments at fair value through profit or loss	6	**(54,232)**	(11,215)
Share of (gains)/losses from joint ventures and associates		**(15,956)**	14,954
Interest and similar income	5(b)	**(290,534)**	(299,720)
Interest from bank deposits	6	**(19,417)**	(20,610)
Interest expense on lease liabilities		**244**	—
Interest expense	8	**165,238**	149,708
Foreign exchange loss	6	**153**	105,041
Operating loss before working capital adjustments		**(6,458)**	(268,175)
(Increase)/decrease in land development for sale		**(4,812)**	416,158
(Increase)/decrease in prepayments		**(262)**	665
Decrease in other receivables and other assets		**32,267**	18,406
Decrease/(increase) in trade receivables		**992,417**	(282,013)
Increase in advances from customers		**3,684**	8,656
Decrease in deferred income arising from land development		**—**	(706,365)
(Decrease)/increase in contract liabilities		**(9,106)**	445,658
Decrease in trade and other payables		**(276,041)**	(441,049)
		731,689	(808,059)
Income tax paid		**(34,063)**	(45,062)
Net cash inflow/(outflow) from operating activities		**697,626**	(853,121)

	Notes	2019	2018
Cash flows from investing activities			
Purchases/construction of property, plant and equipment		**(447)**	(4,728)
Proceeds from disposal of property, plant and equipment		**1,680**	—
Net cash inflow of acquisition of a subsidiary		**—**	83,971
Investments in associates and joint ventures		**(8,648)**	(136,114)
Capital expenditure on investment property		**(66,446)**	—
Net investments in debt instruments at amortised cost		**(669)**	(1,112,726)
Interest received from debt instruments at amortised cost		**247,814**	324,391
(Investment)/redemption in financial assets at fair value through profit or loss		**(983,050)**	304,600
Dividends received from financial assets at fair value through profit or loss		**6,833**	23,238
Interest received from bank deposits		**19,417**	20,610
Gain from financial assets at fair value through profit or loss		**42,057**	12,131
Dividends received from joint ventures and associates		**530**	—
Net cash outflow from investing activities		**(740,929)**	(484,627)
Cash flows from financing activities			
Proceeds from bank and other borrowings		**1,062,345**	2,747,590
Proceeds from non-controlling interests		**—**	4,910
Repayment of senior guaranteed notes		**—**	(1,300,000)
Repayment of bank and other borrowings		**(956,084)**	(812,690)
Repayment of financial liabilities at fair value through profit or loss		**(188,500)**	—
Payment of lease liabilities		**(11,010)**	—
Dividends paid		**(105,420)**	(43,526)
Interest paid		**(151,146)**	(130,306)
Net cash (outflow)/inflow from financing activities		**(349,815)**	465,978
Net decrease in cash and cash equivalents		**(393,118)**	(871,770)
Effect of exchange rate changes on cash and cash equivalents		**373**	2,167
Cash and cash equivalents at beginning of year		**662,662**	1,532,265
Cash and cash equivalents at end of year		**269,917**	662,662

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

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

On 10 October 2013, the Company, China Development Bank International Holdings Limited ("**CDBIH**") and SREI entered into a share subscription agreement (the "**Subscription Agreement**") pursuant to which CDBIH had agreed to subscribe for 5,347,921,071 new shares of the Company subject to the terms and conditions contained therein (the "**Subscription**"). The Subscription was completed in the first quarter of 2014. As a result, CDBIH, a wholly-owned subsidiary of CDB Capital, became the largest shareholder of the Company.

As an appendix of the Subscription Agreement, there was a disposal master agreement (the "**Disposal Master Agreement**") between the Company and SREI to dispose of the specified assets and liabilities not relating to the Group's principal business of planning and development of new town projects in Mainland China (the "**Disposal Assets**"). Execution of the Disposal Assets was completed in 2016.

In the opinion of the directors of the Company (the "**Directors**"), with the completion of the share subscription of CDBIH the Company's ultimate holding company is China Development Bank Corporation ("**CDB**"), which holds 54.98% of the issued share capital of the Company through CDBIH after delisted from the SGX-ST.

2. BASIS OF PREPARATION

The consolidated financial statements of the Group for the Year (the "**Financial Statements**") have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") as issued by the International Accounting Standards Board (the "**IASB**").

The Financial Statements have been prepared on a historical cost basis, except for investment property, financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss which have been measured at fair value. The 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 Financial Statements include the financial statements of the Company and its subsidiaries as at 31 December 2019. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

(a) Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)

(b) Exposure, or rights, to variable returns from its involvement with the investee

(c) The ability to use its power over the investee to affect its returns

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

(a) The contractual arrangement(s) with the other vote holders of the investee

(b) Rights arising from other contractual arrangements

(c) The Group's voting rights and potential voting rights

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

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

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

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

New and amended standards and interpretations

The Group applied IFRS 16 Leases for the first time. The nature and effect of the changes as a result of adoption of this new standard is disclosed below. Several other amendments and interpretations apply for the first time in 2019, but do not have a material impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 16 Leases

IFRS 16 supersedes IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

The Group has adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application and the comparative information for 2018 was not restated and continued to be reported under IAS 17 and related interpretations. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ("**short-term leases**"), and lease contracts for which the underlying asset is of low value ("**low-value assets**").

The effect of adoption IFRS 16 as at 1 January 2019 (increase/(decrease)) is as follows:

	1 January 2019
Assets	
Right-of-use assets	16,088
Prepayments	(1,267)
Prepaid land lease payments	(2,238)
Total assets	12,583
Liabilities	
Lease liabilities	12,583
Total liabilities	12,583
Total adjustment on equity	—

Nature of the effect of adoption of IFRS 16

The Group has lease contracts for various items of buildings, motor vehicles, furniture, fixtures and equipment. Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under prepayments and trade and other payables, respectively.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group.

Leases previously classified as finance leases

The Group did not have any finance leases before the date of initial application.

Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients, wherein it:

- Relied on its assessment of whether leases are onerous immediately before the date of initial application

- Applied the short-term leases exemptions to leases with a lease term that ends within 12 months at the date of initial application

- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application

- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease

Based on the foregoing, as at 1 January 2019:

- Right-of-use assets of RMB16,088 thousand were recognised and presented separately in the consolidated statement of financial position.

- Additional lease liabilities of RMB12,583 thousand were recognised.

- Prepayments of RMB1,267 thousand and related to previous operating leases were derecognised.

- Prepaid land lease payments of RMB2,238 thousand and related to previous operating leases were derecognised.

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018 as follows:

	1 January 2019
Operating lease commitments as at 31 December 2018	22,549
Weighted average incremental borrowing rate as at 1 January 2019	3.21%
Discounted operating lease commitments as at 1 January 2019	21,835
Less:	
Commitments relating to short-term leases	(9,252)
Commitments relating to low-value assets leases	—
Lease liabilities as at 1 January 2019	12,583

The lease liabilities were discounted at the borrowing rate as at 1 January 2019. The weighted average discount rate was 3.21%.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatments

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The Group adopted the interpretation from its effective date of 1 January 2019. However, since the Group's current practice is in line with the clarifications issued, there is no significant effect on its financial statements.

Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit losses ("**ECL**") model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

These amendments are effective for annual reporting periods beginning on or after 1 January 2019, with early application permitted. The Group adopted the interpretation from its effective date. These amendments had no significant impact on the Group's financial statements.

Amendments to IFRS 9 Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are solely payments of principal and interest on the principal amount outstanding (the "**SPPI criterion**") and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

These amendments should be applied retrospectively and are effective from 1 January 2019, with earlier application permitted. The Group applied these amendments from its effective date. These amendments had no significant impacts on the Group's financial statements.

Amendments to IAS 19 Plan Amendment, Curtailment or Settlement

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event

- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019, with early application permitted. The Group applied the amendments from its effective date. These amendments applied only to any future plan amendments, curtailments, or settlements of the Group. The amendments had no significant impacts on the Group's financial statements.

Annual Improvements 2015–2017 Cycle

IFRS 3 Business Combinations

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

The entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments had no impact on the consolidated financial statements of the Group .

IFRS 11 Joint Arrangements

An entity that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

The entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments had no impact on the consolidated financial statements of the Group.

IAS 12 Income Taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognised those past transactions or events.

The entity applies the amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. When the entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. Since the Group's current practice is in line with these amendments, they had no impact on the consolidated financial statements of the Group.

IAS 23 Borrowing Costs

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

The entity applies the amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. Since the Group's current practice is in line with these amendments, they had no impact on the consolidated financial statements 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, 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 2019					
	Land development	Urbanization development	Property leasing	Others	Adjustments and eliminations	Total
Segment results						
External sales	12,633	296,794	105,514	—	—	414,941
Intersegment sales	—	—	—	—	—	—
Total segment sales	12,633	296,794	105,514	—	—	414,941
Results						
Depreciation	(1,179)	(10,527)	(297)	(442)	—	(12,445)
Share of (losses)/gains of joint ventures and associates	(1,490)	(2,721)	(2,246)	22,413	—	15,956
Fair value gain on investment property	—	—	111,768	—	—	111,768
Segment profit/(loss)	4,098	144,236	180,127	14,268	(165,238)[1]	177,491
Segment assets	1,678,138	4,996,182	1,643,878	343,833	8,957[2]	8,670,988
Segment liabilities	723,112	59,057	225,289	188,704	2,795,368[3]	3,991,530
Other disclosures						
Investments in joint ventures and associates	105,586	6,480	105,927	66,617	—	284,610
Capital expenditure[4]	37	194	20,920	13	—	21,164

1 Profit/(loss) for each operating segment does not include finance costs of RMB165,238 thousand.

2 Assets in segments do not include deferred tax assets of RMB8,957 thousand as these assets are managed on a group basis.

3 Liabilities in segments do not include current income tax liabilities of RMB68,721 thousand, interest-bearing bank borrowings of RMB2,651,812 thousand, and deferred tax liabilities of RMB74,835 thousand as these liabilities are managed on a group basis.

4 Capital expenditure consists of additions of property, plant and equipment of RMB447 thousand and investment property of RMB20,717 thousand.

RMB'000	Year ended 31 December 2018					
	Land development	Urbanization development	Property leasing	Others	Adjustments and eliminations	Total
Segment results						
External sales	266,548	312,150	20,588	—	—	599,286
Intersegment sales	—	—	—	—	—	—
Total segment sales	266,548	312,150	20,588	—	—	599,286
Results						
Depreciation	(849)	(626)	(98)	(248)	—	(1,821)
Amortisation	(157)	—	—	—	—	(157)
Share of losses of joint ventures and associates	(2,671)	(269)	(1,828)	(10,186)	—	(14,954)
Fair value gain on investment property	—	—	76,009	—	—	76,009
Segment (loss)/profit	(190,976)	137,393	75,089	(17,866)	(149,708)[1]	(146,068)
Segment assets	2,636,295	4,364,087	1,510,917	479,680	14,436[2]	9,005,415
Segment liabilities	1,026,958	360,867	249,377	195,195	2,555,610[3]	4,388,007
Other disclosures						
Investments in joint ventures and associates	106,571	9,731	108,173	10,087	—	234,562
Capital expenditure[4]	1,336	401	19,622	28	—	21,387

1 Profit/(loss) for each operating segment does not include finance costs of RMB149,708 thousand.

2 Assets in segments do not include deferred tax assets of RMB14,436 thousand as these assets are managed on a group basis.

3 Liabilities in segments do not include current income tax liabilities of RMB70,728 thousand, interest-bearing bank borrowings of RMB2,442,192 thousand, and deferred tax liabilities of RMB42,690 thousand as these liabilities are managed on a group basis.

4 Capital expenditure consists of additions of property, plant and equipment of RMB4,728 thousand and investment property of RMB16,659 thousand.

5. REVENUE

RMB'000	*Notes*	**2019**	2018
Land development	(a)	**12,633**	266,548
Property management	(a)	**27,405**	4,978
Asset and fund management	(a)	**6,260**	12,430
Revenue from contracts with customers	(a)	**46,298**	283,956
Rental income		**78,109**	15,610
Interest and similar income	(b)	**290,534**	299,720
Revenue from other sources		**368,643**	315,330
Total revenue		**414,941**	599,286

(a) Revenue from contracts with customers

Disaggregated revenue information

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

	Year ended 31 December 2019			
	Land development	**Urbanization development**	**Property leasing**	**Total**
Segments				
Type of goods or service				
Land development	**12,633**	**—**	**—**	**12,633**
Property management	**—**	**—**	**27,405**	**27,405**
Asset and fund management	**—**	**6,260**	**—**	**6,260**
Total revenue from contracts with customers	**12,633**	**6,260**	**27,405**	**46,298**
Timing of revenue recognition				
Services tendered over time	**12,633**	**6,260**	**27,405**	**46,298**

	Year ended 31 December 2018			
	Land development	Urbanization development	Property leasing	Total
Segments				
Type of goods or service				
Land development	266,548	—	—	266,548
Property management	—	—	4,978	4,978
Asset and fund management	—	12,430	—	12,430
Total revenue from contracts with customers	266,548	12,430	4,978	283,956
Timing of revenue recognition				
Services tendered over time	266,548	12,430	4,978	283,956

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

*Land development for sale of Shanghai Golden Luodian Development Co., Ltd. ("**SGLD**")*

SGLD is given the right to carry out construction and preparation works in respect of land infrastructure and ancillary public facilities (owned by the local governments) in Luodian New Town. In previous years, when the land plots were sold, SGLD was entitled to receive from the local authorities a proportion of the proceeds from land sales.

On 29 December 2018, SGLD and the local government entered into a new cooperative agreement to change the cooperation model after extensive negotiations, in response to the relatively material changes of the policies since expiration of the original agreement. Based on the new cooperative agreement, SGLD will continue to cooperate with the local government for the primary development of land in the Eastern Zone of the Luodian New Town, which is now targeted for completion by August 2023. However, instead of being entitled to a portion of the sales proceeds of the land as compensation under the previous arrangement, the local government will compensate SGLD as follows under the new arrangement:

- The local government will reimburse SGLD for the construction and preparation works in respect of the demolition and relocation works in the Eastern Zone, which had already been completed by SGLD in previous years, for a total consideration of RMB1,523 million. The local government shall be responsible for further outstanding demolition and relocation works in the area that might be necessary, if any, and SGLD will not bear any further costs in this regard;

- The local government has also reached an agreement with SGLD to complete outstanding construction work in the Western Zone in respect of ancillary public facilities and settled in cash of RMB371 million for the remaining ancillary public facilities in that area.

As a result of the new cooperative agreement, SGLD will receive a net amount of RMB1,151 million (RMB1,523 million less RMB371 million) as compensation for costs incurred for the Eastern Zone and to complete the constructions of agreed ancillary public facilities at the Western Zone. The contract price was allocated between the land infrastructure and ancillary public facilities components, based on their relative fair values, which were determined at RMB463 million and RMB688 million, respectively. In addition, an amount of RMB86 million was separately received in 2018 as compensation for work carried out on ancillary public facilities.

As work relating to land infrastructure had already been completed in previous years, the remaining revenue of RMB176 million was recognised in 2018, which was the allocated contract price of RMB463 million after deduction of the revenue that was previously recognised in 2017 of RMB287 million.

In addition, revenue of RMB91 million in respect of the ancillary public facilities was recognised in 2018, which was the allocated contract price of RMB688 million and the separately received amount of RMB86 million after deduction of the revenue that was previously recognised in 2017 of RMB362 million and that was allocated to the uncompleted portion of the ancillary public facilities of RMB321 million (contract liabilities).

RMB1,000 million out of the total consideration of RMB1,523 million was received in 2019. Revenue of RMB12.63 million was recognised in respect of construction of the ancillary public facilities with the fulfilment of the performance obligation, of which RMB10.37 million was released from contract liabilities.

(b) The revenue from interest and similar income mainly consist of interest from debt instruments at amortised cost of RMB283,701 thousand (2018: RMB276,482 thousand), and interest similar income from investment funds of RMB6,833 thousand (2018: RMB23,238 thousand).

The detailed information of revenue from interest and similar income is as follows:

RMB'000	**2019**	2018
Interest income		
CDB Yuhua Project	**—**	30,132
Yangzhou Airport New Town Project	**10,877**	36,786
Qinhuangdao Project	**11,360**	13,842
Yangzhou Hanjiang District Infrastructure Construction Project	**—**	26,383
Yangzhou Xincheng River Hanjiang Branch Region Integrated Renovation Project	**6,431**	19,111
Yangzhou River Banks Project	**6,699**	11,812
Nanchang Science and Technology Park Project of Chinese Academy of Sciences	**37,927**	33,765
Lianyungang Haohai R&D Centre Project	**9,565**	7,282
Jiangsu Xuzhou Peixian County Industrial Concentration Area Construction Project	**11,194**	8,310
Jiangsu Taizhou New Energy Industrial Park Project	**38,206**	30,904
Shandong Qingzhou MI River Comprehensive Control Project	**20,614**	10,275
Jiangsu Lianyungang Haizhou Bay Tourism Town Project	**32,666**	9,787
Jiangsu Huai'an Huaiyin District Urban Renewal Project	**33,700**	9,546
Yangzhou Gaoyou National Agricultural Science and Technology Park Project	**15,991**	1,446
Chengdu Jintang Huaizhou New City Yunding Ranch Cultural Tourism Project	**8,020**	—
Taizhou Tongtai Intelligent Manufacturing Industrial Park Project	**10,978**	—
Others	**29,473**	27,101
	283,701	276,482
Interest similar income		
CDB (Beijing) — BOCOMM New-Type Urbanization Development Fund	**6,833**	23,238
	290,534	299,720

6. OTHER INCOME AND OTHER EXPENSES

Other income

RMB'000	**2019**	2018
Interest income from bank deposits	**19,417**	20,610
Net fair value gain/(loss) on financial instruments at fair value through profit or loss	**12,476**	(916)
Investment income from financial instruments at fair value through profit or loss	**41,756**	17,031
Fair value gain on investment property	**111,768**	76,009
Gain on disposal of property, plant and equipment	**1,215**	4
Others	**13,358**	10,102
	199,990	122,840

Other expenses

RMB'000	**2019**	2018
Bank charges	**127**	1,654
Credit loss expenses	**130,752**	13,456
Foreign exchange loss, net	**153**	105,041
Others	**1,816**	954
	132,848	121,105

7. EXPENSES BY NATURE

RMB'000	**2019**	2018
Cost of land development	**10,366**	439,122
Depreciation of property, plant and equipment	**2,049**	1,821
Amortisation of prepaid land lease payments	**—**	157
Depreciation of right-of-use assets	**10,396**	—
Audit fees and non-audit fees	**5,714**	5,705
Audit fees		
— Auditor of the Company	**3,500**	3,860
— Other auditors	**2,096**	1,840
Non-audit fees		
— Auditor of the Company	**—**	—
— Other auditors	**118**	5
Employee benefits	**55,153**	64,092
Utility expenses	**8,247**	1,879
Advertising	**7,949**	7,474
Rental expenses	**6,292**	17,883
Property management service expenses	**14,129**	4,855
Intermediary and professional service charges	**3,020**	10,176
Other expenses	**31,995**	29,263
Total cost of sales, selling and administrative expenses	**155,310**	582,427

8. FINANCE COSTS

RMB'000	**2019**	2018
Interest on bank and other borrowings	**156,277**	110,340
Interest on senior guaranteed notes	**—**	26,990
Interests attributable to other interest holders of the structured entities	**8,961**	12,378
	165,238	149,708
Less: Interest capitalised	**—**	—
	165,238	149,708

No borrowing cost has been capitalised for the Year (2018: Nil).

9. INCOME TAX

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

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

No provision for Hong Kong ("**HK**") profits tax has been made as the Group had no assessable profits arising in HK 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 People's Republic of China (the "**PRC**").

Mainland China — withholding tax

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

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

The major components of income tax are as follows:

RMB'000	*Note*	**2019**	2018
Income tax charge/(credit):			
Current income tax		**7,607**	13,754
Deferred tax		**37,624**	13,109
Withholding tax		**20,908**	19,183
Income tax charge in respect of current year		**66,139**	46,046
Income tax credit in respect of previous year	(a)	**—**	(314,366)
Income tax		**66,139**	(268,320)

Note:

(a) Significant judgement is required in determining the amount of income tax provision for the land development. On 29 December 2018, SGLD and the local government entered into a new cooperative agreement to change the cooperation model in Luodian New Town (details as referred in Note 5). Updated information was obtained during that negotiation with the local government, as a result, the management of the Group reassessed and updated the income tax provision, mainly taking into account the scope of the deductible expenditures.

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 2019

RMB'000	**HK and BVI companies**		**Mainland China**		**Total**	
Profit before tax	**42,907**		**134,584**		**177,491**	
Tax at the statutory tax rate	**10,727**	**25.0%**	**33,646**	**25.0%**	**44,373**	**25.0%**
Effect of subsidiaries applying the non-statutory tax rate	**(3,607)**	**(8.4%)**	**(10)**	**(0.0%)**	**(3,617)**	**(2.0%)**
Income not subject to tax	**(6,463)**	**(15.0%)**	**—**	**—**	**(6,463)**	**(3.7%)**
Profit and losses attributable to joint ventures and associates	**(3,462)**	**(8.1%)**	**1,257**	**0.9%**	**(2,205)**	**(1.2%)**
Non-deductible expenses for tax purposes	**2,805**	**6.5%**	**6,594**	**4.9%**	**9,399**	**5.3%**
Adjustments in respect of current tax of previous periods	**—**	**—**	**(3,160)**	**(2.3%)**	**(3,160)**	**(1.8%)**
Utilisation of previously unrecognized tax losses	**—**	**—**	**(7,562)**	**(5.6%)**	**(7,562)**	**(4.3%)**
Unrecognised tax losses	**—**	**—**	**14,466**	**10.7%**	**14,466**	**8.2%**
Effect of withholding tax*	**20,908**	**48.7%**	**—**	**—**	**20,908**	**11.8%**
Income tax as reported in the statement of profit or loss and other comprehensive income	**20,908**	**48.7%**	**45,231**	**33.6%**	**66,139**	**37.3%**

* In 2019, the HK and BVI companies received interest and dividend income from Mainland China amounted to RMB205,316 thousand (2018: RMB172,643 thousand), after the deduction of the withholding tax of RMB20,908 thousand (2018: RMB19,183 thousand).

Year ended 31 December 2018

RMB'000	HK and BVI companies		Mainland China		Total	
Loss before tax	(30,410)		(115,658)		(146,068)	
Tax at the statutory tax rate	(7,603)	25.0%	(28,915)	25.0%	(36,518)	25.0%
Effect of subsidiaries applying the non-statutory tax rate	7,603	(25.0%)	(17)	0.0%	7,586	(5.2%)
Non-deductible expenses for tax purposes	—	—	7,387	(6.4%)	7,387	(5.1%)
Adjustments in respect of current tax of previous periods	—	—	(6,917)	6.0%	(6,917)	4.7%
Utilisation of previously unrecognized tax losses	—	—	(33)	0.0%	(33)	0.0%
Unrecognised tax losses	—	—	55,358	(47.9%)	55,358	(37.9%)
Effect of withholding tax*	19,183	(63.1%)	—	—	19,183	(13.1%)
Income tax as reported in the statement of profit or loss and other comprehensive income	19,183	(63.1%)	26,863	(23.3%)	46,046	(31.6%)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities when the deferred tax assets and liabilities relate to income taxes, if any, levied by the same tax authority and the same taxable entity.

Deferred income tax relates to the following:

	Consolidated statement of financial position		**Consolidated statement of profit or loss**	
RMB'000	**2019**	2018	**2019**	2018
Deferred tax assets/(liabilities)				
Fair value change and depreciation of investment property	**(53,684)**	(21,539)	**(32,145)**	(20,520)
Fair value change of financial instruments at fair value through profit or loss	**127**	2,266	**(2,139)**	3,611
Temporary differences of land development for sale	**—**	—	**—**	(86,510)
Accrued expenses	**5,852**	6,162	**(310)**	4,410
Provision for ECLs	**2,978**	6,008	**(3,030)**	(14,829)
Effect of withholding tax at 10% on the distributable profits of the Group's subsidiaries in Mainland China	**(21,151)**	(21,151)	**—**	—
Net deferred tax liabilities	**(65,878)**	(28,254)		
Deferred income tax credit			**(37,624)**	(113,838)

Deferred tax movements:

	2019	2018
As of 1 January	**(28,254)**	79,985
Effect of adoption of IFRS 9	**—**	6,618
Acquisition of subsidiaries	**—**	(1,019)
Deferred tax income recognised in profit or loss		
— in respect of current year	**(37,624)**	(13,109)
— in respect of previous years	**—**	(100,729)
As at 31 December	**(65,878)**	(28,254)
Deferred tax assets	**8,957**	14,436
Deferred tax liabilities	**(74,835)**	(42,690)

As at 31 December 2019, the unrecorded deductible temporary differences and accumulated tax losses amounted to RMB242,617 thousand, which was mainly arisen from those subsidiaries that have been loss-making for some time, the Group estimated that there was no taxable income to utilise these tax losses and there are no other tax planning opportunities or other evidence of recoverability in the near future.

10. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated profit attributable to owners of the Company for the years ended 31 December 2019 and 2018 included a loss of RMB1,533 thousand and a gain of RMB254 million, respectively, which have been dealt with in the financial statements of the Company.

11. DIVIDENDS

The Board proposed a final dividend of HKD0.0044 per ordinary share for the Year (2018: HKD0.006). The proposed final dividend for the Year is subject to the approval of the Company's shareholders (the "**Shareholders**") at the forthcoming annual general meeting.

With the approval of the Shareholders at the annual general meeting held on 21 June 2019, the Company paid the dividends of HKD58,177 thousand in 2019.

12. EARNINGS PER SHARE

The calculations of the basic earnings per shares amounts are based on the profit attributable to ordinary equity holders of the parent for the years ended 31 December 2019 and 2018.

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

RMB'000	**2019**	2018
Profit attributable to ordinary equity holders of the parent for basic and diluted earnings per share	**95,412**	83,893
Weighted average number of ordinary shares used to calculate basic and diluted earnings per share	**9,726,246,417**	9,726,246,417
Basic and diluted earnings per share (RMB)	**0.0098**	0.0086

There were no transactions involving ordinary shares or potential ordinary shares during 2019.

13. DEBT INSTRUMENTS AT AMORTISED COST

RMB'000	**2019**	2018
Yangzhou Airport New Town Project	**—**	300,000
Qinghuangdao Project	**50,000**	150,278
Yangzhou Xincheng River Hanjiang Branch Region Integrated Renovation Project	**—**	200,000
Gaoyou PPP Project	**136,300**	109,040
Yangzhou River Banks Project	**—**	150,000
Nanchang Science and Technology Park Project of Chinese Academy of Sciences	**400,000**	400,000
Lianyungang Haohai R&D Centre Project	**100,000**	100,000
Jiangsu Xuzhou Peixian County Industrial Concentration Area Construction Project	**156,310**	156,946
Jiangsu Taizhou New Energy Industrial Park Project	**328,882**	529,467
Shandong Qingzhou MI River Comprehensive Control Project	**207,029**	202,526
Jiangsu Lianyungang Haizhou Bay Tourism Town Project	**313,523**	306,670
Jiangsu Huai'an Huaiyin District Urban Renewal Project	**312,867**	307,510
Yangzhou Gaoyou National Agricultural Science and Technology Park Project	**195,388**	196,183
Chengdu Jintang Huaizhou New City Yunding Ranch Cultural Tourism Project	**251,000**	—
Taizhou Tongtai Intelligent Manufacturing Industrial Park Project	**305,072**	—
The first Phase Construction Project of High-tech Science and Technology Innovation Park in Yangzhong City, Jiangsu Province	**201,000**	—
Suqian Yanghe Bio-tech Industrial Park Project	**107,000**	—
Others	**234,408**	136,409
	3,298,779	3,245,029
Less: allowance for ECLs	**(153,488)**	(32,450)
	3,145,291	3,212,579
Amounts due in the next 12 months classified as current assets	**1,932,758**	847,613
Amounts classified as non-current assets	**1,212,533**	2,364,966

As at 31 December 2019, the Group was entitled to fixed returns ranging from 5.70% to 15.00% (2018: 7.98% to 17.07%) before tax for debt instruments at amortised cost.

Movements of ECL allowance during the year ended 31 December 2019 and 2018 are as follows:

RMB'000	**2019**	2018
At beginning of year	**32,450**	—
Effect of adoption of IFRS 9	**—**	20,851
Credit loss	**121,038**	11,599
At end of year	**153,488**	32,450

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to debt instruments at amortised cost is as follows:

	12-month ECLs	**Lifetime ECLs**		
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount as at 1 January 2019	**3,245,029**	—	—	**3,245,029**
New loans	**992,698**	—	—	**992,698**
Derecognition	**(956,174)**	—	—	**(956,174)**
Transfer to Stage 1	—	—	—	—
Transfer to Stage 2	—	—	—	—
Transfer to Stage 3	**(450,000)**	—	**450,000**	—
Foreign currency exchange	**17,226**	—	—	**17,226**
At 31 December 2019	**2,848,779**	—	**450,000**	**3,298,779**

For the debt instruments at amortised cost, the Group applies a general approach in calculating ECLs. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, a credit loss expected within the next 12 months is required, otherwise, a credit loss expected over the remaining life of the exposure is required.

The Group has conducted an assessment of ECLs according to forward-looking information and used appropriate models and a large number of assumptions in its expected measurement of credit loss.

	12-month ECLs	**Lifetime ECLs**		
	Stage 1	**Stage 2**	**Stage 3**	**Total**
ECL allowance as at 1 January 2019	**32,450**	**—**	**—**	**32,450**
Provision and remeasurement	**9,927**	**—**	**120,500**	**130,427**
Reversal	**(9,562)**	**—**	**—**	**(9,562)**
Transfer to Stage 1	**—**	**—**	**—**	**—**
Transfer to Stage 2	**—**	**—**	**—**	**—**
Transfer to Stage 3	**(4,500)**	**—**	**4,500**	**—**
Foreign currency exchange	**173**	**—**	**—**	**173**
At 31 December 2019	**28,488**	**—**	**125,000**	**153,488**

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

RMB'000	*Notes*	**2019**	2018
Financial assets at fair value through profit or loss			
— Funds	(a)	**28,433**	60,049
— Wealth management products	(b)	**1,188,978**	177,450
— Equity instruments	(c)	**42,784**	33,633
— Derivatives	(d)	**9,894**	5,439
		1,270,089	276,571

Notes:

(a) In June 2015, CDBC New Town (Beijing) Asset Management Co., Ltd. ("**CDBC New Town**"), a wholly-owned subsidiary of the Company, invested in the junior-tranche of CDB (Beijing) — BOCOMM New-Type Urbanization Development Fund ("**Urbanization Fund**") and the investment was partly redeemed in 2019.

(b) In 2019, the Group invested in wealth management products issued by Shanghai Pudong Development Bank ("**SPDB**"), Bank of Communications, Bank of China, and China Minsheng Bank as part of cash management for the short term.

(c) In July 2015, Nanjing Investment Development Co., Ltd. ("**CDBC Nanjing**") entered into an agreement to purchase a 13.89% equity interest in Jiangsu Hong-tu Software Venture Capital Investment Ltd. ("**Jiangsu Hongruan**").

(d) At the end of 2019, China New Town Holding Company Limited ("**CNTH**") held several cross currency swap and foreign exchange forward contracts with China Construction Bank (Asia) and Bank of East Asia. Those contracts were not designated in hedge relationships, but were, nevertheless, intended to reduce the level of foreign currency exchange risks for the investments and borrowings denominated in foreign currencies.

15. INVESTMENT PROPERTY

RMB'000	**2019**	2018
At beginning of year	**1,315,244**	—
Acquisition of a subsidiary	**—**	1,222,576
Subsequent expenditure	**20,717**	16,659
Gain from increase in fair value	**111,768**	76,009
At end of year	**1,447,729**	1,315,244

16. PROPERTY, PLANT AND EQUIPMENT

RMB'000	**Buildings**	**Furniture, fixtures and equipment**	**Motor vehicles**	**Total**
Original cost				
At 1 January 2018	15,862	10,202	9,082	35,146
Additions	3,399	1,329	—	4,728
Acquisition of subsidiaries	—	194	303	497
Disposals	—	(31)	—	(31)
At 31 December 2018	19,261	11,694	9,385	40,340
Additions	—	441	6	447
Disposals	—	(979)	(4,630)	(5,609)
At 31 December 2019	**19,261**	**11,156**	**4,761**	**35,178**
Accumulated depreciation				
At 1 January 2018	6,932	7,991	8,300	23,223
Provided during the year	663	938	220	1,821
Acquisition of subsidiaries	—	8	6	14
Disposals	—	(30)	—	(30)
At 31 December 2018	7,595	8,907	8,526	25,028
Provided during the year	868	1,045	136	2,049
Disposals	—	(883)	(4,261)	(5,144)
At 31 December 2019	**8,463**	**9,069**	**4,401**	**21,933**
Net carrying amount				
At 1 January 2018	8,930	2,211	782	11,923
At 31 December 2018	11,666	2,787	859	15,312
At 31 December 2019	**10,798**	**2,087**	**360**	**13,245**

17. RIGHT-OF-USE ASSETS

RMB'000	Buildings	Motor vehicles	Land	Total
Original cost				
At 1 January 2019	**13,443**	**407**	**2,238**	**16,088**
Additions	**10,460**	**1,018**	**—**	**11,478**
At 31 December 2019	**23,903**	**1,425**	**2,238**	**27,566**
Accumulated depreciation				
At 1 January 2019	**—**	**—**	**—**	**—**
Provided during the year	**9,746**	**493**	**157**	**10,396**
At 31 December 2019	**9,746**	**493**	**157**	**10,396**
Net carrying amount				
At 1 January 2019	**13,443**	**407**	**2,238**	**16,088**
At 31 December 2019	**14,157**	**932**	**2,081**	**17,170**

18. LAND DEVELOPMENT FOR SALE

RMB'000	2019	2018
At lower of cost and net realisable value:		
Mainland China — Shenyang Lixiang New Town Modern Agriculture Co., Ltd. ("**Shenyang Lixiang**")	**884,820**	880,008
	884,820	880,008

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. When the land plots are sold, the Group is entitled to receive from the local authorities a proportion of the proceeds from land sales (including related public utility fees, if any).

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

19. OTHER RECEIVABLES

RMB'000	*Notes*	**2019**	2018
Other receivables			
Wuxi Project:			
— Net disposal consideration		**—**	59,940
— Balances due from		**20,977**	20,977
Interest receivables from debt instruments at amortised cost		**38,409**	13,479
Due from SREI	(i)	**140,146**	140,146
Balances due from entities disposed of		**24,384**	24,384
Due from joint ventures and associates	(ii)	**487,634**	520,939
Others		**47,975**	18,390
		759,525	798,255
Less: allowance for ECLs		**(25,239)**	(7,982)
Other receivables, net		**734,286**	790,273

The Group applies a simplified approach in calculating ECLs for trade and other receivables. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established the provision that is based on its historical credit loss experience, adjusted for forward-looking factors to the debtors and the economic environment. The movements in allowance of impairment are as follows:

	2019	2018
At beginning of year	**7,982**	—
Effect of adoption of IFRS 9	**—**	8,945
Credit loss	**17,257**	(963)
At end of year	**25,239**	7,982

(i) The Group entered into a series of agreements with SREI to settle the outstanding balances regarding the Disposal Assets in 2017. The remaining balance was further offset by the dividend payable and other payable to SREI which amounted to RMB87.55 million in 2018.

(ii) As at 31 December 2019, the balance due from joint ventures mainly included shareholder's loans of RMB380,000 thousand provided by CDBC Nanjing to Nanjing Guofa Real Estate CO., Ltd. ("**Nanjing Guofa**") and RMB105,029 thousand provided by CDBC New Town to Beijing Guowan Real Estate Co., Ltd. ("**Beijing Guowan**") to facilitate their daily operations, which are interest-free and should be repayable on demand.

20. TRADE RECEIVABLES

RMB'000	**2019**	2018
Receivables from land development for sale	**559,898**	1,554,998
Others	**5,514**	2,831
	565,412	1,557,829
Less: allowance for ECLs	**(8,035)**	(15,578)
Trade receivables, net	**557,377**	1,542,251

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 as of 31 December 2019 (31 December 2018: Nil).

The Group applies a simplified approach in calculating ECLs for trade and other receivables. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established the provision that is based on its historical credit loss experience, adjusted for forward-looking factors to the debtors and the economic environment. The movements in allowance of impairment are as follows:

RMB'000	**2019**	2018
At beginning of year	**15,578**	—
Effect of adoption of IFRS 9	**—**	12,758
Credit loss	**(7,543)**	2,820
At end of year	**8,035**	15,578

An ageing analysis of the trade receivables is as follows:

RMB'000		**2019**	
	Trade receivables	**Less: allowance for ECLs**	**Trade receivables, net**
Within 6 months	**7,686**	**(77)**	**7,609**
6 months to 1 year	**—**	**—**	**—**
1 year to 2 years	**522,680**	**(5,227)**	**517,453**
2 years to 3 years	**—**	**—**	**—**
Over 3 years	**35,046**	**(2,731)**	**32,315**
	565,412	**(8,035)**	**557,377**

RMB'000	2018		
	Trade receivables	Less: allowance for ECLs	Trade receivables, net
Within 6 months	1,522,683	(15,226)	1,507,457
6 months to 1 year	—	—	—
1 year to 2 years	—	—	—
2 years to 3 years	2,394	(24)	2,370
Over 3 years	32,752	(328)	32,424
	1,557,829	(15,578)	1,542,251

21. CASH AND BANK BALANCES

RMB'000	**2019**	2018
Cash on hand	**—**	6
Short-term deposits with an original maturity less than 3 months	**—**	1,047
Cash at banks	**269,917**	661,609
Cash and cash equivalents	**269,917**	662,662
Restricted bank deposits	**—**	—
	269,917	662,662

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

There were no restricted bank deposits as at 31 December 2019 (2018: Nil).

The carrying amounts of the cash and deposits which are denominated in the following currencies are set out below:

RMB equivalent of the following currencies:

RMB'000	**2019**	2018
SGD	**46**	45
RMB	**246,741**	619,686
HKD	**11,418**	25,598
USD	**8,442**	13,866
EUR	**3,270**	3,467
	269,917	662,662

22. INTEREST-BEARING BANK BORROWINGS

Details of interest-bearing bank borrowings which were all denominated in RMB are as follows:

RMB'000	**2019**	2018
Bank borrowings — secured and guaranteed	**795,380**	561,159
Bank borrowings — guaranteed	**1,856,432**	1,881,033
	2,651,812	2,442,192

The interest-bearing bank borrowings are repayable as follows:

RMB'000	**2019**	2018
Within 6 months	**283,734**	35,000
6 months to 9 months	**15,000**	—
9 months to 12 months	**—**	50,000
1 year to 2 years	**1,647,698**	369,498
2 years to 5 years	**235,000**	1,987,694
Over 5 years	**470,380**	—
	2,651,812	2,442,192

The Group's interest-bearing bank borrowings bore interest at HIBOR plus 2.0%, LIBOR plus 2.2%, HIBOR plus 2.2% and 4.90% per annum for the year ended 31 December 2019 (2018: at LIBOR plus 2.2%, HIBOR plus 2.2%, 4.275%, 4.41%, 4.90% and 6.175% per annum).

Bank borrowings — guaranteed

As at 31 December 2019, bank borrowings of USD76,968 thousand and HKD1,473,000 thousand (equivalent to RMB1,856,432 thousand) were guaranteed by the Company (2018: USD76,968 thousand and HKD1,173,000 thousand, equivalent to RMB1,556,033 thousand).

As at 31 December 2018, a bank borrowing of RMB325,000 thousand was guaranteed by CDB Capital (2019: Nil).

Bank borrowings —secured and guaranteed

As at 31 December 2019, bank borrowings of RMB795,380 thousand were guaranteed by CDBC New Town and CDBC Co-Create Enterprise Management (Huzhou) Co., Ltd. ("**CCEM Huzhou**"). The bank borrowings were also secured by the investment property, whose carrying amount at 31 December 2019 was RMB1.447 billion.

As at 31 December 2018, bank borrowings of RMB561,159 thousand were guaranteed by the Company and CCEM Huzhou. The bank borrowings were also secured by the investment property, whose carrying amount at 31 December 2018 was RMB1.315 billion, and the share equity of Wuhan Chuguang Industry New Development Co., Ltd.("**Wuhan Chuguang**")* held by CCEM Huzhou and CDBC New Town.

* Wuhan Chuguang Industry New Development Co. Ltd. changed its company registration name in 2019 and the former one was Lenovo Mobile Communication Software (Wuhan) Co., Ltd. ("**Lenovo Wuhan**").

23. LEASE LIABILITIES

RMB'000	**2019**
At 1 January 2019	**12,583**
Additions	**11,498**
Interest expense	**244**
Payments	**(11,010)**
As at 31 December 2019	**13,315**
Amounts due in the next 12 months classified as current assets	**6,304**
Non-current	**7,011**

24. TRADE PAYABLES

RMB'000	**2019**	2018
Payable for land development for sale	**204,932**	496,560
Payable for investment property	**158,879**	204,608
Others	**5**	5
	363,816	701,173

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

RMB'000	**2019**	2018
Within 1 year	**7,647**	581,197
1 to 2 years	**254,199**	19,372
Over 2 years	**101,970**	100,604
	363,816	701,173

Trade payables are non-interest-bearing.

25. OTHER PAYABLES AND ACCRUALS

RMB'000	**2019**	2018
Payroll and welfare	**20,951**	29,958
Accrued interest on bank and other borrowings	**16,126**	24,797
Other taxes payable:		
Business tax payable	**12,715**	12,715
Property tax payable	**1,128**	1,744
Land use tax payable	**52**	47
Value-added tax payable	**2**	445
Other miscellaneous taxes	**571**	1,526
Withholding tax payable	**7,172**	10,713
Receipts in excess of the Group's estimated share of land sales proceeds	**26,477**	26,477
Amounts due to related parties	**178**	321
Payable for intermediary and professional service charges	**5,901**	4,860
Payable for Wuxi Project	**42,250**	42,250
Other borrowings from Tongchuang LP	**97,020**	159,945
Others	**126,147**	102,999
	356,690	418,797

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 bearing interest of 7% p.a and are payable on demand.
- Other payables, tax payables and accruals are non-interest-bearing and are normally settled when they are due or within one year.

26. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

RMB'000	*Notes*	**2019**	2018
Financial liabilities at fair value through profit or loss			
— Due to other interest holders of structured entities	(a)	**—**	187,943
— Derivatives	(b)	**3,605**	5,613
		3,605	193,556

(a) The structured entities, which were controlled by the Group, were consolidated to the financial statements of the Group. The interests held by other interest holders are presented as financial liabilities at fair value through profit or loss in the Group's consolidated financial position.

(b) In 2018, CNT Holding entered into one cross currency swap contract with Shanghai Pudong Development Bank. The cross currency swap contract is not designated in hedge relationships, but is, nevertheless, intended to reduce the level of foreign currency exchange risks for the investments and borrowings denominated in foreign currencies.

27. CONTRACT LIABILITIES

RMB'000	**2019**	2018
Contract liabilities arising from:		
Land development	**432,156**	442,522
Property management	**4,396**	3,136
	436,552	445,658

As at 31 December 2019, the contract liabilities arising from land development for sale represent the portion of amounts received or receivable from the land authorities or local governments as a result of the sales of parcels of land developed by the Group that are not yet recognised as revenue, because the developments of the ancillary public facilities of land sold are still in progress. 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.

28. FAIR VALUE AND FAIR VALUE HIERARCHY

Fair values of financial assets and liabilities

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

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

Fair value hierarchy

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

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

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

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

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

Quantitative disclosures of assets measured at fair value as at 31 December 2019:

			Fair value measurement using		
	Date of valuation	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets/liabilities measured at fair value:					
Financial assets at fair value through profit or loss (Note 14)	31 December 2019	**1,270,089**	**—**	**1,227,305**	**42,784**
Investment property (Note 15)	31 December 2019	**1,447,729**	**—**	**—**	**1,447,729**
Financial liabilities at fair value through profit or loss (Note 26)	31 December 2019	**3,605**	**—**	**3,605**	**—**

There were no transfers of fair value measurement between Level 1 and Level 2 during the year ended 31 December 2019.

Quantitative disclosures of assets measured at fair value as at 31 December 2018:

			Fair value measurement using		
	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets/liabilities measured at fair value:					
Financial assets at fair value through profit or loss (Note 14)	31 December 2018	276,571	—	242,938	33,633
Investment property (Note 15)	31 December 2018	1,315,244	—	—	1,315,244
Financial liabilities at fair value through profit or loss (Note 26)	31 December 2018	193,556	—	193,556	—

There were no transfers of fair value measurement between Level 1 and Level 2 during the year ended 31 December 2018.

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy as at 31 December 2019 and 2018 are shown below:

	Valuation Technique	**Significant unobservable inputs**	**31 December 2019**	31 December 2018
Office and retail	Investment method	Discount rate	**6.5%, 7.0%**	6.5%, 7.0%
Car Park	Investment method	Discount rate	**3.5%, 4.0%**	3.5%, 4.0%
Non-listed equity investments	DCF method	Discount rate	**6.79%**	6.79%
	Market valuation approach	DLOM	**30%**	30%

29. EVENTS AFTER THE REPORTING PERIOD

Since the outbreak of COVID-19 in January 2020, the prevention and control has been continuously carried out nationwide. Wuhan Chuguang, the subsidiary of the Group, is located in Wuhan City Hubei Province, which is mainly engaged in self-owned house leasing and property management. Its major assets is investment property located at the New Development International Centre in Wuhan that has retail, office and car park spaces.

The outbreak of COVID-19 will have a certain impact on the operation of enterprises in some provinces (including Hubei) and some industries, as well as the overall economic operation, which may affect the assets income of the group to some degree which depends on the prevention and control, the duration and the implementation of control policies.

The Group will continue to pay close attention to the situation of the COVID-19, evaluate and actively respond to its impact on the Group's financial position, operating results, and possible impairment risk of important assets, etc. As of 30 March 2020, the assessment is still in progress.

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 mainly include land development, urbanization development and property leasing. During the year ended 31 December 2019 (the "**Year 2019**"), the Group recorded revenue of RMB415 million, decreased by 31%, as compared to that of the year ended 31 December 2018 (the "**Year 2018**"), primarily because the Group recorded land development income of RMB12,633 thousand, decreased by 95% as compared to that of last year. In Year 2019, we recorded revenue of RMB296 million from urbanization development, consist of interest from debt instruments at amortised cost of RMB284 million, and interest similar income from investment funds of RMB6,833 thousand, and revenue related to fee from asset and fund management of RMB6,260 thousand, decreased by 5% compared to that of Year 2018. In Year 2019, the revenue related to property leasing of RMB106 million was recorded, including rental income from property leasing of RMB78,109 thousand and property management fee of RMB27,405 thousand. Since rent and property management fees were began to collect in May 2018, and the number of tenants increased significantly this year, the income increase by 4.13 times compared with the same period in Year 2018.

Other income

For the Year 2019, other income amounted to RMB200 million, increased by 63%, as compared to that of Year 2018. It was mainly due to an increase of fair value of investment property by RMB112 million, the appreciation value of investment property increased by 47% over the same period in Year 2018. Besides, net gain on financial instrument at fair value through profit or loss increased by RMB38,117 thousand compared to that of Year 2018.

Cost of sales

For the Year 2019, cost of sales of RMB30,931 thousand was recorded, including cost of land development of RMB10,366 thousand and cost of property management of RMB14,129 thousand. The cost of sales was decreased by 94% as compared to that of Year 2018, mainly due to a decrease of cost of land development of RMB428,756 thousand in Year 2019, which is the reduction of the corresponding cost of completed land infrastructure and cost of completed ancillary public facilities for SGLD.

Other expenses

For the Year 2019, other expenses were RMB132,848 thousand, increased by 10% as compared to that of Year 2018, mainly because expected credit loss of RMB130,752 thousand was recorded in Year 2019, increased by RMB117,296 thousand as compared to that of Year 2018, which was caused by the provision of RMB141 million for impairment of risk assets related to the Nanchang Science and Technology Park Project of Chinese Academy of Sciences Project. Besides, foreign exchange net loss was RMB153 thousand in Year 2019, decreased by RMB104,888 thousand as compared to that of Year 2018.

Finance costs

For the Year 2019, net finance costs of RMB165,238 thousand was recorded, increased by RMB15,530 thousand as compared to that of Year 2018, mainly due to the increase of average balance of bank and other borrowings during this year. In Year 2019, the interest expenses of bank and other borrowings and senior guaranteed notes subtotals for RMB156,277 thousand, compared with the same period in Year 2018 of the interest expenses of bank and other borrowings and senior guaranteed notes, increased by RMB18,947 thousand. It was due to proceeds from a bank borrowing of Bank of China of RMB795,380 thousand in Year 2019. The bank borrowing interest rate was higher than that of the loan of RMB561 million from China Minsheng Bank which had been repaid in Year 2019. No interest capitalization was accrued for the Year 2019.

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

For the Year 2019, the Group's share of gains from associates and joint ventures was RMB15,956 thousand. The profit mainly due to share of gain of RMB1,940 thousand from Kaiyuan Education Fund GP Holdings Limited ("**Kaiyuan Education**"), and gain of RMB20,537 thousand from Kaiyuan Education Fund LP ("**Kaiyuan Fund**"). Most of the other associates and joint ventures are under construction stages with no solid income generated.

Taxation

For the Year 2019, the Group recorded an income tax charge in respect of current year of RMB66,139 thousand, such income tax mainly attributable to: i) current income tax charge of RMB7,607 thousand; ii) deferred tax charge of RMB37,624 thousand; and iii) withholding tax charge of RMB20,908 thousand.

Financial Position

Investment in associates

The balance as at 31 December 2019 increased by RMB56,594 thousand as compared with the balances as at 31 December 2018, mainly due to China Development Bank Education Co., Ltd. ("**CDB Education**") made new contributions of USD4,872 thousand to Kaiyuan Fund (equivalent to RMB32,753 thousand), share of gain of RMB22,477 thousand from associates and other comprehensive income arising from associates of RMB1,364 thousand due to foreign currency translation.

Investment in joint ventures

The balances as at 31 December 2019 decreased by RMB6,546 thousand as compared with the balances as at the end of 2018, mainly due to share of losses of RMB6,521 thousand from joint ventures.

Debt instruments at amortised cost (non-current assets)

The 2019-year balances of debt instruments at amortised cost (non-current assets) amounted to RMB1,213 million, a decrease of RMB1,152 million as compared with the balance as at the end of 2018. Such decrease was due to (i) the following debt instruments at amortised cost (non-current assets) of RMB2,024 million were reclassified to debt instruments at amortised cost (current assets): the Tourism Project in Changbaishan of RMB10 million, Nanchang Science and Technology Park Project of Chinese Academy of Sciences of RMB400 million, Lianyungang Haohai R&D Centre Project of RMB100 million, Jiangsu Xuzhou Peixian County Industrial Concentration Area Construction Project of RMB156 million, Jiangsu Taizhou New Energy Industrial Park Project of RMB329 million, Shandong Qingzhou MI River Comprehensive Control Project of RMB207 million, Jiangsu Lianyungang Haizhou Bay Tourism Town Project of RMB314 million, Jiangsu Huai'an Huaiyin District Urban Renewal Project of RMB312 million, Yangzhou Gaoyou National Agricultural Science and Technology Park Project of RMB196 million; (ii) new projects invested totaled RMB989 million: Chengdu Jintang Huaizhou New City Yunding Ranch Cultural Tourism Project of RMB251 million, Taizhou Tongtai Intelligent Manufacturing Industrial Park Project of RMB305 million, the first Phase Construction Project of High-tech Science and Technology Innovation Park in Yangzhong City of RMB201 million、Suqian Yanghe Bio-tech Industrial Park Project of RMB107 million, interest-bearing loan of RMB96 million to joint ventures, Shaoxing Shilihetang Comprehensive Operation Management Project of RMB2 million, and Gaoyou PPP Project additional investment of RMB27 million; (iii) withdrawal from Yangzhou River Banks Project with the principal of RMB150 million; and (iv) the adjustment of the allowance for ECLs amounted to RMB33 million.

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

The balance as at 31 December 2019 amounted to RMB71,217 thousand, decreased by RMB27,904 thousand as compared to the balance as at the end of Year 2018. It was mainly because CDBC New Town redeemed investment principal of RMB27,950 thousand from the Urbanization Fund in 2019, a decrease in the fair value of RMB3,660 thousand was recorded for this year, the equity instruments whose fair value amounted to RMB5,439 thousand at the end of Year 2018 was classified to current assets and a fair value increase of RMB9,150 thousand of Jiangsu Hongruan.

Investment property

The balance as at 31 December 2019 was RMB1,448 million, increased by RMB132 million as compared to the balance as at the end the Year 2018. This is due to in Year 2019 the increase of the cost of the investment properties of RMB20,717 thousand and the appreciation of fair value of RMB111,768 thousand.

Right-of-use assets

The balance as at 31 December 2019 increased by RMB17,170 thousand as compared to the balance as at the end the Year 2018, which was mainly due to the right-of-use assets in respect of the buildings, vehicles and prepaid land lease payments previously under operating lease, as a result of the Group's adoption of IFRS 16 on 1 January 2019.

Other receivables

The balance as at 31 December 2019 decreased by RMB55,987 thousand as compared with the balance as at the end of Year 2018 (Please refer to Note 19), mainly due to the receipt of the consideration of Wuxi Project of RMB59,940 thousand. And as the interest was accrued on shareholder loan to Nanjing Guoying Zhongxi Development Co., Ltd. ("**Nanjing Guoying**") in Year 2019, the shareholder loan was reclassified to debt instruments at amortised cost, thus the other receivables of Nanjing Guoying was reduced by RMB40 million and the interest receivables from debt instruments at amortised cost was increased by RMB24.93 million. And newly added payment of the project deposits of RMB30,280 thousand and payment of decoration of RMB4,101 thousand. Allowance for ECLs was increased by RMB17,257 thousand mainly due to the full impairment on the half year's interest receivable of Nanchang project amounting to RMB17.93 million.

Trade receivables

The balance as at 31 December 2019 decreased by RMB985 million as compared with the balance as at the end of Year 2018, which was mainly due to the collecting of the receivables of RMB1,000 million from land development for sale, and an additional RMB5 million management fee receivables from the government. Allowance for ECLs was decreased by RMB7,543 thousand due to a net decrease in the gross carrying amount after the settlement of trade receivables and origination of new trade receivables.

Debt instruments at amortised cost (current assets)

The balance as at 31 December 2019 was RMB1,933 million, increased by RMB1,085 million as compared to the balance as at the end the Year 2018. This is due to reclassification of debt instruments from non-current assets to current assets of RMB2,024 million, the redemption of the debt instruments on expiration of RMB806 million, and the adjustment of allowance for ECLs of RMB133 million.

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

The balance as at 31 December 2019 amounted to RMB1,199 million because the Group purchased short-term wealth management products issued by SPDB, Bank of Communications, Bank of China, and China Minsheng Bank, as well as derivatives held by the Group (Please refer to Note 14).

Other current assets

The balance as at 31 December 2019 amounted to RMB18,236 thousand, mainly due to value-added tax to be deducted in mainland China.

Interest-bearing bank borrowings

The balance as at 31 December 2019 increased by RMB0.21 billion as compared with the balance as at the end of 2018. This was mainly due to the grant of new short-term loan from Bank of East Asia of HKD300 million (equivalent to RMB269 million as at the end of Year 2019) and new long-term loan of RMB795 million from Bank of China, an increase of RMB31,665 thousand caused by changes in foreign exchange rates of loan of USD76,968 thousand and HKD1,173 million from CCB (Asia) (equivalent to RMB1,588 million as at the end of Year 2019), and the repayment of the loan of RMB325 million to Industrial and Commercial Bank of China Limited and the repayment of the loan of RMB561 million to Minsheng Bank (Please refer to Note 22).

Trades payables

The balance as at 31 December 2019 decreased by RMB337 million as compared with the balance as at the end of 2018, which was mainly due to the payment of RMB295 million in respect of expenditures of land development in SGLD and the payment of RMB45,729 thousand in respect of the expenditure of Wuhan Chuguang.

Other payables and accruals

The balance as at 31 December 2019 decreased by RMB62,107 thousand as compared with the balance as at the end of 2018. This movement was mainly due to CCEM Huzhou repaid the borrowing of RMB62,925 thousand from the shareholder Huzhou Tongchuang Jintai Huizhong Enterprise Management Partnership (Limited Partnership) ("**Tongchuang LP**"), and an increase of RMB1,041 thousand of payable for intermediary and professional service charges.

Financial liabilities at fair value through profit or loss

The balance as at 31 December 2019 decreased by RMB189,951 thousand as compared with the balance as at the end of 2018, mainly because Jiangsu Fund refunded all investment capital of RMB119 million to other interest holders of CIB and CDB Fund, and Jiangguang Fund refunded investment capital of RMB70 million to Zhongmin Company, and the fair value of derivative instruments increased by RMB2,008 thousand (Please refer to Note 26).

Cash and bank balances

Overall, cash and cash equivalents for the Year decreased by RMB393 million as compared with the balance as at the end of Year 2018, with a total balance of RMB270 million as at 31 December 2019, mainly due to net cash inflow from operating activities of RMB698 million, net cash outflow from investing activities of RMB741 million, and net cash outflow from financing activities of RMB350 million during the Year 2019.

Gearing ratio (defined as net debt/the sum of shareholders equity and net debt) as at 31 December 2019 was 34.6%, which increased as compared with 29.6% as at 31 December 2018, mainly because bank borrowings of the Group for the period increased compared to Year 2018, and cash and cash equivalent decreased.

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

In 2019, the market witnessed a complicated landscape amid significantly strengthened domestic and international risks and challenges. Under the leadership of the Party Central Committee centering on President Mr. Xi Jinping, all regions across the country persisted in the general principle of maintaining stability with advancement, as well as innovative development concepts that pursue the supply-side structural reform as the major focus. As a result, the active promotion of high-quality economic development assisted with the overall stable operation of the national economy, and the development quality stabilized with improvement. Furthermore, major expected targets have been effectively achieved, laying a solid foundation for comprehensively developing a well-off society.

In 2019, the GDP reached nearly RMB100 trillion, representing a year-on-year increase of 6.1%, which is in line with the expected target of 6% – 6.5%. Ranking high among the world's major economies, China witnessed the total GDP per capita exceed the USD10,000 mark, representing a new forward in economic development. The proportion of the service sector in the national economy is constantly increasing, as consumption plays a fundamental role in economic development and continues to be the primary momentum for economic growth. In parallel with economic development, personal income grows, and the disposable income per capita of residents across the country exceeds RMB30,000, representing a year-on-year increase of 5.8%. This is consistent with the growth rate of total GDP per capita, and the income gap between urban and rural areas has further narrowed. The efforts to improve domestic livelihood security continues to increase. While promoting large-scale tax cut and fee reductions, governments at all levels ensured a reasonable increase in the livelihood expenditures, and continued to increase investments in education, pensions, medical care, and affordable housing to improve the living experiences of the general population.

For 2019 under review, the corresponding issues related to livelihood development have achieved significant results. As per the Central Economic Work Conference, "three major battles have made key progress", "targeted poverty alleviation has achieved remarkable results", "the quality of ecological environment has in general improved", and "a major progress has been made in building a well-off society in an all-round way". Meanwhile, priorities in 2020 are also identified in the Central Economic Work Conference. To be more specific, the livelihood, especially the basic living standard of the underprivileged, must be effectively protected and improved so as to ensure poverty alleviation tasks are completed as scheduled; and effective fiscal and monetary policies are introduced to improve and develop livelihood, particularly facilitating the elderly healthcare service development, as well as rendering social support for universal access to child care services. In addition to the development of a high-quality tourism industry, the market-oriented development of the sports and fitness industry is encouraged.

The Group resolutely implements national policies to improve livelihood by intensively exploring and strategically establishing business presence as to livelihood improvement. In entrenching our business foothold in education, tourism, healthcare, and other sectors, we have made a positive and encouraging progress.

In terms of education, the preliminary preparation for building Reigate Grammar School Nanjing, which is located in Qilin Industrial Park, Jiangning District, Nanjing, has basically been completed, which aims to develop a curriculum system that conforms to the long-standing education heritage of the School and integrates the essences of Chinese and Western cultures and education systems. Furthermore, a team of management and faculty members with rich experience in international school operations will be established. Launching a variety of brand and marketing campaigns in 2019, the School achieved desirable results, attracting the attention of numerous families in Nanjing and successfully securing the first batch of family customers.

At the same time, in August 2019, Guokai Education and Jiangsu Zhangjiagang High-tech Industrial Development Zone (江蘇省張家港高新技術產業開發區) signed an agreement in relation to investments in the bilingual school Reigate Grammar School, which procured Kaiyuan Education to invest in Zhangjiagang and run the Reigate Grammar School Zhangjiagang, a school that covers a period of 15 years from kindergarten to senior high. This proves that Reigate Grammar School Zhangjiagang has successfully emulated the achievement of Reigate Grammar School Nanjing due to its good marketing effects. Located in the core area of the high-tech zone, the school is a key construction project for the government to promote the PPP construction. Kaiyuan Education will export the Reigate brand through asset-light operation, affecting the economically developed areas of Suzhou, Wuxi and Changzhou. Tapping into the resource advantages and landing experience of Reigate Grammar School Nanjing, Zhangjiagang School is progressing smoothly and has been basically completed its planning and design, construction of which is about to commence.

In terms of industrial sector, the Group's Optical Valley New Development International Center (光谷新發展國際中心), located in Wuhan City, Hubei Province, has basically completed attracting investments in office buildings and commercial projects in 2019, both of which have reported good occupancy rates and rental levels, and will become a stable revenue source for the Group. In 2019, owing to high-quality properties and excellent services, the project was awarded the title of "First Unique Cultural Industrial Parks" by the Publicity Department of the Wuhan Municipal Party Committee, and was included in the first batch of "New Industrial Landmark" projects selected by Wuhan Changjiang Daily, Wuhan Municipal Economic and Information Bureau (武漢市經濟和資訊化局) and other business units. Despite a severe epidemic affecting Wuhan in early 2020, the Group adopted various scientific management techniques to maintain the smooth operation of the property project and the safety of related personnel.

In terms of fixed income, the Group continued with fixed investments in new urbanization projects at a stable pace, carried out stringent risk management, and strengthened post-investment management of special projects with an active role in addressing project risks. These initiatives have ensured a stable investment portfolio. By the end of December 2019, the fixed income investments of the Group amounted to approximately RMB3.2 billion, representing an average annualized pre-tax return rate of 10.3%. During the Year, five new special investments projects generated an investment scale of approximately RMB0.9 billion.

c) Discussion of future business development of the Company and its subsidiaries:

Looking ahead to 2020, the Group will strengthen the research and analysis of fixed income investment models taking into consideration the domestic economic development momentum, while steadily proceeding with special project investments. Besides stabilizing the balance and yield rate of the investment portfolios, we provide the cash flow and income to the Group, and ensure effective post-investment management and risk management of special projects. Furthermore, we continue to deepen the livelihood improvement and strengthen the commitments to invest in education, tourism, healthcare and other sectors. While identifying high-quality project operation opportunities to expand our project pipeline, we continue with the disposal and improvement of existing urbanization projects, further optimizing our business model. By fully tapping into CDB's system network resources and experience advantages, we sincerely unite as one and build ourselves into a leading domestic investment and operation platform for livelihood, while generating long-term values for our shareholders.

Since the outbreak of COVID-19 in January 2020, the prevention and control has been continuously carried out nationwide. Wuhan Chuguang, the subsidiary of the Group, is located in Wuhan City, Hubei Province, which is mainly engaged in self-owned house leasing and property management. Its major assets is investment property located at the New Development International Centre in Wuhan that has retail, office and car park spaces.

The outbreak of COVID-19 will have a certain impact on the operation of enterprises in some provinces (including Hubei) and some industries, as well as the overall economic operation, which may affect the assets income of the Group to some degree which depends on the prevention and control, the duration and the implementation of control policies.

The Group will continue to pay close attention to the situation of the COVID-19, evaluate and actively respond to its impact on the Group's financial position, operating results, and possible impairment risk of important assets, etc. As of 30 March 2020, the assessment is still in progress.

APPRECIATION STATEMENT

The Board would like to take this opportunity to express its deep appreciation for the trust and support of the strategic investors 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 the code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the HKEx (the "**Listing Rules**") except for code provision E.1.2 of the CG Code that the chairman of the Board (the "**Chairman**") should attend the annual general meeting. The Chairman, Mr. Zuo Kun ("**Mr. Zuo**"), was unable to attend the annual general meeting of the Company held on 21 June 2019 (the "**2019 AGM**") due to other business engagements. In the absence of the Chairman, Mr. Liu Heqiang, an executive Director and the chief executive officer of the Company, took the chair of the 2019 AGM in accordance with the articles of association of the Company to ensure effective communication with its Shareholders.

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 2019, there were 121 (2018: 140) employees in the Group. During the Year, the total staff cost including Directors' remuneration amounted to approximately RMB55,153 thousand (2018: RMB64,092 thousand). Staff remuneration packages are determined in consideration of market conditions and the performance of the individuals concerned, and are subject to review from time to time. The Group also provides other staff benefits including medical insurance, and grants discretionary incentive bonuses to eligible staff based on their performance and contributions to the Group. The Company has adopted a share option scheme for the grant of share options to eligible participants. The Group also provide and arrange on-the-job training for the employees.

FINAL DIVIDEND

The Board has resolved to recommend the payment of a final dividend of HK$0.0044 per ordinary share of the Company (the "**Share**") for the Year (2018: HK$0.006 per Share). The proposed final dividend for the Year is subject to the approval of the Shareholders at the forthcoming annual general meeting of the Company to be held on 24 June 2020 (Wednesday) (the "**2020 AGM**"). It is expected that the final dividend will be paid to the Shareholders by the Company on 21 August 2020 (Friday).

CLOSURE OF REGISTER OF MEMBERS

For 2020 AGM

The register of members of the Company (the "**Register of Members**") will be closed from 19 June 2020 (Friday) to 24 June 2020 (Wednesday) (both days inclusive), during which period no transfer of Shares will be registered, for ascertaining Shareholders' entitlement to attend the forthcoming 2020 AGM. In order to qualify for attending and voting at the 2020 AGM, the non-registered 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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on 18 June 2020 (Thursday).

For dividend

The Register of Members will be closed from 20 July 2020 (Monday) to 22 July 2020 (Wednesday) (both days inclusive), during which period no transfer of Shares will be registered, for ascertaining Shareholders' entitlement to receive the proposed final dividend. In order to be eligible to receive the proposed final dividend, the non-registered 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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on 17 July 2020 (Friday).

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. E Hock Yap.

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 2019 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
Liu Heqiang
Chief Executive Officer and Executive Director

Hong Kong, 30 March 2020

As at the date of this announcement, the executive Directors, namely Mr. Liu Heqiang (Chief Executive Officer), Ms. Yang Meiyu, Mr. Ren Xiaowei and Mr. Shi Janson Bing; the non-executive Directors, namely Mr. Zuo Kun (Chairman), Mr. Li Yao Min (Vice Chairman), Mr. Wei Dongzheng and Mr. Wang Jiangang; and the independent non-executive Directors, namely Mr. Henry Tan Song Kok, Mr. Kong Siu Chee, Mr. Zhang Hao and Mr. E Hock Yap.