# 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)**

## AUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

Reference is made to the announcements of China New Town Development Company Limited (the "**Company**") dated 3 December 2020 and 9 December 2020 where it was announced that China Development Bank International Holdings Limited ("**CDBIH**"), a controlling shareholder of the Company, requested a one-off voluntary publication of the audited special purpose consolidated financial statement of the Company and its subsidiaries (the "**Group**") for the nine months ended 30 September 2020 (the "**Reporting Period**") (the "**Financial Statements**") in relation to its planning for transfer of shares of the Company.

The board of directors (the "**Board**") of the Company is pleased to announce the Financial Statements, as set out below:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the nine months ended 30 September 2020*
*(Amount expressed in thousands of Renminbi ("**RMB**") unless otherwise stated)*

| | *Notes* | **Nine months ended 30 September 2020** |
|---|---|---|
| **Operating income** | | **363,652** |
| Revenue | 4 | **306,850** |
| Other income | 5 | **56,802** |
| **Operating expenses** | | **(630,209)** |

| | Notes | Nine months ended 30 September 2020 |
|---|---|---|
| Cost of sales | 6 | **(22,560)** |
| Selling and administrative expenses | 6 | **(95,844)** |
| Finance costs | 7 | **(92,333)** |
| Other expenses | 5 | **(419,472)** |
| **Operating loss** | | **(266,557)** |
| Share of profit of joint ventures and associates | | **10,748** |
| **Loss before tax** | | **(255,809)** |
| Income tax | 8 | **(25,961)** |
| **Loss after tax** | | **(281,770)** |
| **Loss for the period** | | **(281,770)** |
| **Other comprehensive income** | | |
| Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax) | | |
| Exchange differences on translation of foreign operations | | **54** |
| **Other comprehensive income for the period, net of tax** | | **54** |
| **Total comprehensive loss for the period, net of tax** | | **(281,716)** |
| Loss attributable to: | | |
| Equity holders of the parent | | **(277,069)** |
| Non-controlling interests | | **(4,701)** |
| | | **(281,770)** |
| Total comprehensive loss attributable to: | | |
| Equity holders of the parent | | **(277,015)** |
| Non-controlling interests | | **(4,701)** |
| | | **(281,716)** |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
*As at 30 September 2020*
*(Amounts expressed in thousands of RMB unless otherwise stated)*

| | *Notes* | **30 September 2020** |
|---|---|---|
| **Assets** | | |
| **Non-current assets** | | |
| Investments in associates | | **79,022** |
| Investments in joint ventures | | **216,446** |
| Debt instruments at amortised cost | 9 | **455,014** |
| Financial assets at fair value through profit or loss | 10 | **74,449** |
| Investment property | 11 | **1,447,642** |
| Property, plant and equipment | | **11,899** |
| Right-of-use assets | 12 | **34,244** |
| Deferred tax assets | | **4,665** |
| Other assets | | **12,566** |
| **Total non-current assets** | | **2,335,947** |
| **Current assets** | | |
| Land development for sale | 13 | **885,768** |
| Prepayments | | **2,095** |
| Other current assets | | **13,223** |
| Other receivables | 14 | **682,083** |
| Trade receivables | 15 | **554,367** |
| Debt instruments at amortised cost | 9 | **958,800** |
| Financial assets at fair value through profit or loss | 10 | **1,253,282** |
| Cash and bank balances | 16 | **1,007,266** |
| **Total current assets** | | **5,356,884** |
| **Total assets** | | **7,692,831** |

| | *Notes* | **30 September 2020** |
|---|---|---|
| **Equity and liabilities** | | |
| **Equity** | | |
| Attributable to: | | |
| Equity holders of the parent: | | |
| Share capital | | **4,070,201** |
| Other reserves | | **607,839** |
| Other comprehensive income | | **1,154** |
| Accumulated losses | | **(756,063)** |
| | | **3,923,131** |
| Non-controlling interests | | **435,651** |
| **Total equity** | | **4,358,782** |
| **Non-current liabilities** | | |
| Interest-bearing bank borrowing | 17 | **705,380** |
| Deferred tax liabilities | | **81,151** |
| Lease liabilities | 18 | **17,406** |
| Other liabilities | | **6,553** |
| **Total non-current liabilities** | | **810,490** |

| | *Notes* | **30 September 2020** |
|---|---|---|
| **Current liabilities** | | |
| Interest-bearing bank borrowing | 17 | **1,323,372** |
| Trade payables | 19 | **334,330** |
| Other payables and accruals | 20 | **339,999** |
| Advance from customers | | **8,345** |
| Dividends payables | | **416** |
| Current income tax liabilities | | **69,844** |
| Financial liabilities at fair value through profit or loss | 21 | **2,999** |
| Lease liabilities | 18 | **13,034** |
| Contract liabilities | 22 | **431,220** |
| **Total current liabilities** | | **2,523,559** |
| **Total liabilities** | | **3,334,049** |
| **Total equity and liabilities** | | **7,692,831** |
| **Net current assets** | | **2,833,325** |
| **Total assets less current liabilities** | | **5,169,272** |

**CONSOLIDATED STATEMENT OF CASH FLOWS**
*For the nine months ended 30 September 2020*
*(Amounts expressed in thousands of RMB unless otherwise stated)*

| | Nine months ended 30 September 2020 |
|---|---|
| **Cash flows from operating activities** | |
| Loss before tax | **(255,809)** |
| Adjustments for: | |
| Credit loss expense | **401,647** |
| Depreciation of property, plant and equipment | **1,428** |
| Depreciation of right-of-use assets | **9,927** |
| Amortisation of intangible assets | **254** |
| Net fair value loss on investment property | **3,971** |
| Net gain on financial instruments at fair value through profit or loss | **(42,422)** |
| Share of gains from joint ventures and associates | **(10,748)** |
| Interest and similar income | **(195,425)** |
| Interest from bank deposits | **(2,252)** |
| Interest expense on lease liabilities | **712** |
| Interest expense | **92,333** |
| Foreign exchange loss | **470** |
| Operating profit before working capital adjustments | **4,086** |
| Increase in land development for sale | **(948)** |
| Decrease in prepayments | **679** |
| Decrease in other receivables and other assets | **19,147** |
| Increase in trade receivables | **(10,786)** |
| Decrease in advances from customers | **(7,093)** |
| Decrease in contract liabilities | **(5,332)** |
| Increase in trade and other payables | **11,381** |
| Income tax paid | **(22,238)** |
| **Net cash outflow from operating activities** | **(11,104)** |

| | Nine months ended 30 September 2020 |
|---|---|
| **Cash flows from investing activities** | |
| Purchases of property, plant and equipment | **(121)** |
| Proceeds from disposal of property, plant and equipment | **39** |
| Investments in joint ventures and associates | **(24,104)** |
| Capital expenditure on investment property | **(29,450)** |
| Net collection in debt instruments at amortised cost | **1,389,610** |
| Interest received from debt instruments at amortised cost | **187,932** |
| Investment in financial assets at fair value through profit or loss | **(37,150)** |
| Dividends received from financial assets at fair value through profit or loss | **7,558** |
| Interest received from bank deposits | **2,252** |
| Gain from financial assets at fair value through profit or loss | **22,336** |
| **Net cash inflow from investing activities** | **1,518,902** |
| **Cash flows from financing activities** | |
| Payment for revolving loan facility fee | **(5,896)** |
| Repayment of bank and other borrowings | **(611,258)** |
| Payment of lease liabilities | **(10,588)** |
| Dividends paid | **(37,460)** |
| Interest paid | **(88,473)** |
| **Net cash outflow from financing activities** | **(753,675)** |
| **Net increase in cash and cash equivalents** | **754,123** |
| **Effect of exchange rate changes on cash and cash equivalents** | **(16,774)** |
| **Cash and cash equivalents at beginning of period** | **269,917** |
| **Cash and cash equivalents at end of period** | **1,007,266** |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the nine months ended 30 September 2020*
*(Amounts expressed in thousands of RMB unless otherwise stated)*

### Nine months ended 30 September 2020

| | Attributable to equity holders of the parent | | | | | | |
|---|---|---|---|---|---|---|---|
| | Share capital | Other reserves | Foreign currency translation reserve | Accumulated loss | Total | Non-controlling interests | Total equity |
| As at 1 January 2020 | 4,070,201 | 607,839 | 1,100 | (440,034) | 4,239,106 | 440,352 | 4,679,458 |
| Loss for the period | | | | (277,069) | (277,069) | (4,701) | (281,716) |
| Other comprehensive loss | — | — | 54 | — | 54 | — | 54 |
| Total comprehensive (loss)/income | — | — | 54 | (277,069) | (277,015) | (4,701) | (281,716) |
| Dividends | — | — | — | (38,960) | (38,960) | — | (38,960) |
| As at 30 September 2020 | 4,070,201 | 607,839 | 1,154 | (756,063) | 3,923,131 | 435,651 | 4,358,782 |

## NOTES TO FINANCIAL STATEMENTS

*(All amounts expressed in thousands of RMB unless otherwise stated)*

### 1. CORPORATE INFORMATION

The Company was incorporated on 4 January 2006 in the British Virgin Islands (the "**BVI**"). After a series of reorganisations, on 14 November 2007, the Company was listed on the Main Board of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). On 22 October 2010, the Company was listed on the Main Board of the HKEx by way of introduction. As a result, the Company was once dual-listed on the Main Boards of both the SGX-ST and the HKEx. The Company voluntarily delisted from the SGX-ST on 17 February 2017.

The Group is a new town developer in Mainland China and has been engaged in the investment and operation of new type of urbanization and primary land development in the People's Republic of China ("**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, 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.

## 2.1 BASIS OF PREPARATION

The Financial Statements, which comprise the consolidated statement of financial position as at 30 September 2020, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies are prepared solely to assist the investors of the Company to understand the financial position and operating performance of the Group. As a result, the Financial Statements may not be suitable for another purposes. The Financial Statements have been prepared in all material respects on the basis described in "2.1. BASIS OF PREPARATION".

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 for the period ended 30 September 2020. 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 nine months ended 30 September 2020 are included in the 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.

The significant accounting judgements, estimates and assumptions as described in Note 2.2 are made and a summary of significant accounting policies as described in Note 2.3 are applied when preparing for the Financial Statements.

## 2.2 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require material adjustment to the carrying amount of the assets or liabilities affected in future periods.

**Judgements**

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Financial Statements:

***(i) Land development services***

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

The Group is entitled to receive a proportion of the proceeds from the local governments, upon the parcels of land are sold to land buyers through public auction, tender or listing. Revenue attributable to land infrastructure is recognised over time based on the portions of the specific construction works (demolition, relocation and land clearing works) that are completed and upon the sale of the relevant land. Revenue attributable to ancillary public facilities is recognised over time based on the portions of ancillary public facilities that are completed and upon the sale of the relevant land. Revenue attributable to land infrastructure is recognised over time based on the portions of the specific construction works (demolition, relocation and land clearing works) that are completed and upon the sale of the relevant land. Revenue attributable to ancillary public facilities is recognised over time based on the portions of ancillary public facilities that are completed and upon the sale of the relevant land.

***(ii) Classification between investment properties and owner-occupied properties***

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

***(iii) Control on structured entities***

The Group considers whether the Group has the power over a structured entity and is exposed to significant variable return of a structured entity. If such power and exposure exist, the Group has to consolidate such structured entity. The Group reassesses whether it controls a structured entity if facts and circumstances indicate that there are changes to one or more of the three elements of control.

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are disclosed below:

***(i) Carrying amount of land development for sale***

The Group's land development for sale is stated at the lower of cost and net realisable value.

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

If the cost is higher than the estimated net realisable value, provision for the excess of cost of land development for sale over their net realisable values should be made. Such provision would require the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for land development for sale in the periods in which such estimate is changed will be adjusted accordingly.

***(ii) Deferred tax assets and liabilities***

Deferred tax assets are recognised for deductible temporary differences, carryforward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised. Deferred tax liabilities are recognised for taxable temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Where the actual or expected tax positions of the relevant companies of the Group in future are different from the original estimates, such differences will impact on the recognition of deferred tax assets and liabilities and income tax charge in the period in which such estimate has been changed.

***(iii) Allowance for expected credit losses***

The Group uses a provision matrix to calculate ECLs for debt instruments at amortised cost, trade receivables, other receivables and contract assets based on its historical credit loss experience, adjusted for forward-looking factors to the debtors and the economic environment. The provision rates are based on groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future.

***(iv) Useful lives and impairment of property, plant and equipment***

The Group's management determines the estimated useful lives and related depreciation charges for its items of property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of items of property, plant and equipment of similar nature and functions. Such estimates could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charges where useful lives are less than previously estimated lives, or management will write off or write down technically obsolete assets that have been abandoned.

The carrying value of an item of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable in accordance with the accounting policy as disclosed in Note 2.3. The recoverable amount of an item of property, plant and equipment is calculated as the higher of its fair value less costs to sell and the value in use, the calculation of which involves the use of estimates.

***(v) Fair value measurement of financial instruments***

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

***(vi) Fair value measurement of investment property***

Investment property is evaluated by independent professionally qualified valuers at the end of each reporting period using the income approach, which is on the basis of capitalisation of net rental income derived from the existing tenancies with due allowance for reversionary income potential of the property interest, as well as direct comparison approach, which is on the basis of making reference to comparable sales evidence as available in the relevant market. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimate, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of each reporting period.

***(vii) Estimation of the incremental borrowing rate***

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("**IBR**") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

The Group estimates the IBR using observable inputs when available and is required to make certain entity-specific estimates.

## 2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Investments in associates and joint ventures**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associates and joint ventures are accounted for using the equity method.

Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date less any impairment losses. Goodwill, if any, relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss and other comprehensive income reflects the Group's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, where there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the consolidated statement of profit or loss and other comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture.

The financial statements of the joint venture are prepared for the same reporting period as the investor. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, then recognises the loss within 'Share of losses of joint ventures' in the statement of profit or loss and other comprehensive income.

Upon loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

**Current versus non-current classification**

The Group presents assets and liabilities in the statement of financial position based on the current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

**Fair value measurement**

The Group measures investment property and financial instruments, such as financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss, at fair value at the end of the reporting period.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or

- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

**Financial assets**

***Initial recognition and measurement***

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 applicable from 1 January 2018. Refer to the accounting policies for "Revenue from contracts with customers".

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

***Subsequent measurement***

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

*(a) Financial assets at amortised cost (debt instruments)*

Financial assets at amortised cost are subsequently measured using the effective interest ("**EIR**") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

*(b) Financial assets at fair value through OCI (debt instruments)*

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and other comprehensive income and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

*(c) Financial assets designated at fair value through OCI (equity instruments)*

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss and other comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

*(d) Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss and other comprehensive income.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss and other comprehensive income when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

**Derecognition of financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows or from the asset or has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

**Impairment of financial assets**

The Group recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

**General approach**

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

For debt instruments at amortised cost, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

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

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

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

**Simplified approach**

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

**Financial liabilities**

***Initial recognition and measurement***

Financial liabilities are classified, at initial recognition, as financial liabilities at amortised cost and financial liabilities at fair value through profit or loss. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, bank and other borrowings, and financial liabilities at fair value through profit or loss.

***Subsequent measurement***

The measurement of financial liabilities depends on their classification, as described below:

*(a) Financial liabilities at amortised cost*

Financial liabilities at amortised cost including trade and other payables, lease liabilities, and interest-bearing borrowings are subsequently measured at amortised cost, using the EIR method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the statement of profit or loss and other comprehensive income.

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

*(b) Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss and other comprehensive income. The net fair value gain or loss recognised in the statement of profit or loss and other comprehensive income does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss and other comprehensive income, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss and other comprehensive income. The net fair value gain or loss recognised in the statement of profit or loss and other comprehensive income does not include any interest charged on these financial liabilities.

**Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

**Property, plant and equipment and depreciation**

Property, plant and equipment, other than construction in progress ("**CIP**"), are stated at cost less accumulated depreciation and any impairment losses.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Such cost includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives for this purpose are as follows:

| | |
|---|---|
| Buildings | 20 to 50 years |
| Furniture, fixtures and equipment | 3 to 5 years |
| Motor vehicles | 5 years |

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

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the fair value less cost to sell and the carrying amount of the relevant asset.

CIP represents buildings under construction and is stated at cost less any impairment in value, and is not depreciated. Cost mainly comprises the direct costs during the period of construction and capitalised interest. CIP is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

**Land development for sale**

Development cost of land development for sale comprises the aggregate cost of development, materials and supplies, capitalised borrowing costs on related borrowing funds during the period of construction and other costs directly attributable to such land development for sale.

Land development for sale is stated at the lower of cost and net realisable value. Net realisable value takes into account the Group's share of proceeds derived from the sale of land development for sale by government authorities, less costs to completion and the costs to be incurred in realising the revenue derived from the sale of land development for sale based on prevailing market conditions.

Any excess of cost over the net realisable value of individual items of land development for sale is recognised as an allowance.

**Cash and cash equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

For the purpose of the statement of financial position, cash and bank balances comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted to use.

**Provisions**

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss and other comprehensive income.

**Impairment of non-financial assets**

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than land development for sale, inventories, deferred tax assets, financial assets and investment property), the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than certain financial assets is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

**Leases**

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Group as a lessee**

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

***(a) Right-of-use assets***

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

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

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

***(b) Lease liabilities***

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

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

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

The Group applies the short-term lease recognition exemption to its short-term leases. It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

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

**Group as a lessor**

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

**Investment property**

Investment property comprises completed property and property under construction or re-development held to earn rentals or for capital appreciation or both. Property held under a lease is classified as investment property when the definition of an investment property is met and it is accounted for as a finance lease.

Investment property is measured initially at cost including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values are included in the statement of profit or loss and other comprehensive income in the period in which they arise, including the corresponding tax effect.

Investment property is derecognised when it has been disposed of (i.e., at the date the recipient obtains control) or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in IFRS 15.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

**Revenue recognition**

***Revenue from contracts with customers***

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

*(a) Revenue from land development for sale*

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

When the parcels of land are sold by the local governments to land buyers through public auction, tender or listing, the Group is entitled to receive from the local governments a proportion of the proceeds from land sales (including related public utilities fees, if any). As ancillary public facilities are separately identifiable from land infrastructure, such proceeds to be received by the Group are allocated between land infrastructure and ancillary public facilities based on their fair values.

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

*(b) Property management revenue*

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

***Revenue from other sources***

*(a) Operating lease income*

Operating lease income from investment property is recognised on the straight-line basis over the lease term, which is the non-cancellable period for which the lessee has contracted to lease the property together with any further terms for which the lessee has the option to continue to lease the property, with or without further payments, when at the inception of the lease, it is reasonably certain that the lessee will exercise the option.

*(b) Interest income*

Interest income is recognised on a time proportion basis using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial instrument.

*(c) Dividend income*

Dividend income is recognised when the shareholders' right to receive payment has been established, which is generally when the shareholders approve the dividend.

**Contract balances**

***Contract assets***

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets.

***Contract liabilities***

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract.

***Contract costs***

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss and other comprehensive income on a systematic basis that is consistent with the pattern of the revenue to which the asset related is recognised. Other contract costs are expensed as incurred.

**Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, that is, assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. Other borrowing costs are recognised as expenses when incurred.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of fund. The interest capitalised is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amounts capitalised are the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalised as from the commencement of the development work until the date of practical completion. The capitalisation of finance costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalised on the purchase cost of a set of properties acquired specifically for redevelopment but only where activities necessary to prepare the asset for redevelopment are in progress.

**Income tax**

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

**Dividends**

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

**Employee retirement benefits**

Pursuant to the relevant regulations of the PRC government, the companies comprising the Group operating in Mainland China (the "**PRC group companies**") have participated in a local municipal government retirement benefit scheme (the "**Scheme**"), whereby the PRC group companies are required to contribute a certain percentage of the salaries of their employees to the Scheme to fund their retirement benefits. The only obligation of the Group with respect to the Scheme is to pay the ongoing contributions under the Scheme. Contributions under the Scheme are charged to profit or loss as incurred.

In Hong Kong, the Group operates a defined contribution retirement benefit scheme under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all of the employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable. The Group's contributions as an employer vest fully with the employees when the Group contributes to the scheme. The Group contributes 5% of the relevant monthly salaries to such scheme and the Group's employees contribute the lower of HKD1,250 and 5% of their monthly salaries to such scheme as employee mandatory contributions.

**Foreign currency translation**

The Group's Financial Statements are presented in RMB which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. All transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating to those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. All differences arising on settlement or translation of monetary items are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

**Contingencies**

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group. Contingent liabilities and assets are not recognised in the statement of financial position of the Group.

**Government grants**

Government grants (including non-monetary grants) are recognised at their fair value where there is reasonable assurance that the grants will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. When the grant relates to an asset, the grant is deducted from the relevant asset before arriving at the carrying amount of the asset. The grant is recognised in the statement of profit or loss and other comprehensive income over the time of asset realisation by way of a reduced cost of assets' charge. Grants received in connection with the Group's role in planning and constructing the ancillary public facilities are deducted from the development cost of the ancillary public facilities and would be recognised indirectly in the form of an increased profit margin over the course of recognising revenue in connection with the ancillary public facility services.

## 3. 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.

The land development revenue was derived from contract liabilities in Shanghai when the performance obligations were satisfied in the Reporting Period.

The following tables present sales and profit information for the Group's operating segments for the nine months ended 30 September 2020.

| ***RMB'000*** | **For the nine months ended 30 September 2020** | | | | | |
|---|---|---|---|---|---|---|
| | **Land development** | **Urbanization development** | **Property leasing** | **Others** | **Adjustments and eliminations** | **Total** |
| Segment results | | | | | | |
| External sales | **1,327** | **195,425** | **110,098** | **—** | **—** | **306,850** |
| Intersegment sales | **—** | **—** | **—** | **—** | **—** | **—** |
| Total segment sales | **1,327** | **195,425** | **110,098** | **—** | **—** | **306,850** |
| Segment (loss)/profit | **(14,130)** | **(194,223)** | **68,192** | **(23,315)** | **—** | **(255,809)** |
| Finance cost | | | | | **(92,333)[1]** | **(92,333)** |
| Loss before income tax | | | | | | **(255,809)** |

1 Profit/(loss) for each operating segment of continuing operations does not include finance costs of RMB92,333 thousand.

The following table presents assets and liabilities information for the Group's operating segments as at 30 September 2020:

| | **Land development** | **Urbanization development** | **Property Leasing** | **Others** | **Adjustments and eliminations** | **Total** |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| **30 September 2020** | **1,670,219** | **4,083,091** | **1,620,674** | **314,182** | **4,665[1]** | **7,692,831** |
| **Liabilities** | | | | | | |
| **30 September 2020** | **717,900** | **62,766** | **192,316** | **181,320** | **2,179,747[2]** | **3,334,049** |

1 Assets in segments do not include deferred tax assets of RMB4,665 thousand as at 30 September 2020 as these assets are managed on a group basis.

[2] Liabilities in segments do not include current income tax liabilities of RMB69,844 thousand, interest-bearing bank borrowings of RMB2,028,752 thousand, and deferred tax liabilities of RMB81,151 thousand as at 30 September 2020 as these liabilities are managed on a group basis.

## 4. REVENUE

| ***RMB'000*** | *Notes* | **Nine months ended 30 September 2020** |
|---|---|---|
| Land development | (a) | **1,327** |
| Property management | (a) | **24,208** |
| **Revenue from contracts with customers** | (a) | **25,535** |
| Rental income | | **85,890** |
| Interest and similar income | (b) | **195,425** |
| **Revenue from other sources** | | **281,315** |
| **Total revenue** | | **306,850** |

### (a) Revenue from contracts with customers

***Disaggregated revenue information***

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

| | **Nine months ended 30 September 2020** | | |
|---|---|---|---|
| | **Land development** | **Property Leasing** | **Total** |
| **Segments** | | | |
| **Type of goods or service** | | | |
| Land development | **1,327** | **—** | **1,327** |
| Property management | **—** | **24,208** | **24,208** |
| **Total revenue from contracts with customers** | **1,327** | **24,208** | **25,535** |
| **Timing of revenue recognition** | | | |
| Services tendered over time | **1,327** | **24,208** | **25,535** |

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

**(b)** The revenue from interest and similar income mainly consist of interest from debt instruments at amortised cost of RMB187,867 thousand, and interest similar income from investment funds of RMB7,558 thousand.

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

| ***RMB'000*** | **Nine months ended 30 September 2020** |
|---|---|
| **Interest income** | |
| Taizhou Tongtai Intelligent Manufacturing Industrial Park Project | **17,586** |
| Chengdu Jintang Huaizhou New City Yunding Ranch Cultural Tourism Project | **34,542** |
| The first Phase Construction Project of High-tech Science and Technology Innovation Park in Yangzhong City, Jiangsu Province | **7,507** |
| Yangzhou Gaoyou National Agricultural Science and Technology Park Project | **12,493** |
| Gaoyou PPP Project | **10,688** |
| Suqian Yanghe Bio-tech Industrial Park Project | **22,245** |
| Qinhuangdao Project | **3,535** |
| Jiangsu Huai'an Huaiyin District Urban Renewal Project | **25,029** |
| Jiangsu Taizhou New Energy Industrial Park Project | **5,506** |
| Jiangsu Lianyungang Haizhou Bay Tourism Town Project | **30,594** |
| Shandong Qingzhou MI River Comprehensive Control Project | **14,024** |
| Jiangsu Xuzhou Peixian County Industrial Concentration Area Construction Project | **2,590** |
| Others | **1,528** |
| | **187,867** |
| **Interest similar income** | |
| CDB (Beijing) — BOCOMM New-Type Urbanization Development Fund | **7,558** |
| | **195,425** |

## 5. OTHER INCOME AND OTHER EXPENSES

**Other income**

| *RMB'000* | Nine months ended 30 September 2020 |
|---|---|
| Interest income from bank deposits | **2,252** |
| Net fair value gain on financial instruments at fair value through profit or loss | **21,097** |
| Investment income from financial instruments at fair value through profit or loss | **21,325** |
| Others | **12,128** |
| | **56,802** |

**Other expenses**

| *RMB'000* | Nine months ended 30 September 2020 |
|---|---|
| Bank charges | **549** |
| Fair value loss on investment property | **3,971** |
| Credit loss expenses | **401,647** |
| Foreign exchange loss, net | **470** |
| Others | **12,835** |
| | **419,472** |

## 6. EXPENSES BY NATURE

| *RMB'000* | Nine months ended 30 September 2020 |
|---|---|
| Cost of land development | **1,272** |
| Depreciation of property, plant and equipment | **1,428** |
| Depreciation of right-of-use assets | **9,927** |
| Audit fees and non-audit fees | **5,813** |
| Employee benefits | **40,394** |
| Utility expenses | **5,568** |
| Advertising | **2,527** |
| Rental expenses | **1,116** |
| Property management service expenses | **16,304** |
| Intermediary and professional service charges | **7,934** |
| Other expenses | **26,121** |
| Total cost of sales, selling and administrative expenses | **118,404** |

## 7. FINANCE COSTS

| *RMB'000* | **Nine months ended 30 September 2020** |
|---|---|
| Interest on bank and other borrowings | **92,333** |
| Less: Interest capitalised | **—** |
| | **92,333** |

No borrowing cost has been capitalised for the period ended 30 September 2020.

## 8. 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 profits tax has been made as the Group had no assessable profits arising in Hong Kong during the period.

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

**Mainland China Withholding Tax**

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

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

The major components of income tax are:

| *RMB'000* | **Nine months ended 30 September 2020** |
|---|---|
| Income tax charge: | |
| Current income tax | **2,722** |
| Deferred tax | **10,608** |
| Withholding tax | **12,631** |
| Income tax charge as reported in profit or loss | **25,961** |

## 9. DEBT INSTRUMENTS AT AMORTISED COST

| *RMB'000* | **30 September 2020** |
|---|---|
| Nanchang Science and Technology Park Project of Chinese Academy of Sciences | **400,000** |
| Taizhou Tongtai Intelligent Manufacturing Industrial Park Project | **300,089** |
| Chengdu Jintang Huaizhou New City Yunding Ranch Cultural Tourism Project | **251,000** |
| The first Phase Construction Project of High-tech Science and Technology Innovation Park in Yangzhong City,Jiangsu Province | **201,000** |
| Yangzhou Gaoyou National Agricultural Science and Technology Park Project | **199,853** |
| Gaoyou PPP Project | **136,300** |
| Suqian Yanghe Bio-tech Industrial Park Project | **107,000** |
| Qinghuangdao Project | **50,000** |
| Others | **263,409** |
| | **1,908,651** |
| Less: allowance for expected credit losses ("**ECLs**") | **(494,837)** |
| | **1,413,814** |
| Amounts due in the next 12 months classified as current assets | **958,800** |
| Amounts classified as non-current assets | **455,014** |

## 10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| *RMB'000* | *Note* | **30 September 2020** |
|---|---|---|
| — Funds | | **21,827** |
| — Wealth management products | | **1,249,250** |
| — Equity instruments | | **52,622** |
| — Derivatives | (a) | **4,032** |
| | | **1,327,731** |

*Note:*

(a) In 2019, China New Town Holding Company Limited ("**CNTH**") entered into one foreign exchange forward contracts with Bank of East Asia. The contract was not designated in hedge relationships, but was, nevertheless, intended to reduce the level of foreign currency exchange risks for the investments and borrowings denominated in foreign currencies.

## 11. INVESTMENT PROPERTY

| *RMB'000* | **30 September 2020** |
|---|---|
| At beginning of period | **1,447,729** |
| Subsequent expenditure | **3,884** |
| Loss from decrease in fair value | **(3,971)** |
| At 30 September 2020 | **1,447,642** |

## 12. RIGHT-OF-USE ASSETS

| *RMB'000* | **Building** | **Motor vehicles** | **Land** | **Total** |
|---|---|---|---|---|
| **Original cost** | | | | |
| As at 1 January 2020 | 23,903 | 1,425 | 2,238 | 27,566 |
| Additions | 27,001 | — | — | 27,001 |
| As at 30 September 2020 | 50,904 | 1,425 | 2,238 | 54,567 |
| **Accumulated depreciation** | | | | |
| As at 1 January 2020 | 9,746 | 493 | 157 | 10,396 |
| Depreciation during the period | 9,355 | 454 | 118 | 9,927 |
| As at 30 September 2020 | 19,101 | 947 | 275 | 20,323 |
| **Net carrying amount** | | | | |
| As at 1 January 2020 | 14,157 | 932 | 2,081 | 17,170 |
| As at 30 September 2020 | 31,803 | 478 | 1,963 | 34,244 |

## 13. LAND DEVELOPMENT FOR SALE

| *RMB'000* | 30 September 2020 |
|---|---|
| At lower of cost and net realisable value: | |
| Mainland China — Shenyang Lixiang New Town Modern Agriculture Co., Ltd. ("**Shenyang Lixiang**") | **885,768** |

## 14. OTHER RECEIVABLES

| *RMB'000* | 30 September 2020 |
|---|---|
| Balances due from Wuxi Project | **20,977** |
| Interest receivables from debt instruments at amortised cost | **37,537** |
| Due from SREI | **140,146** |
| Balances due from entities disposed of | **24,384** |
| Due from joint ventures | **487,642** |
| Others | **43,138** |
| | **753,824** |
| Less: allowance for ECLs | **(71,741)** |
| Other receivables, net | **682,083** |

## 15. TRADE RECEIVABLES

| *RMB'000* | 30 September 2020 |
|---|---|
| Receivables from land development for sale | **563,648** |
| Others | **4,428** |
| | **568,076** |
| Less: allowance for ECLs | **(13,709)** |
| Trade receivables, net | **554,367** |

An ageing analysis of the trade receivables is as follows:

| | 30 September 2020 | | |
|---|---|---|---|
| ***RMB'000*** | **Trade receivables** | **Less: allowance for ECL** | **Trade receivables, net** |
| Within 6 months | **4,092** | **(82)** | **4,010** |
| 6 months to 1 year | **6,060** | **(121)** | **5,939** |
| 1 year to 2 years | **197** | **(4)** | **193** |
| 2 years to 3 years | **522,680** | **(10,454)** | **512,226** |
| Over 3 years | **35,047** | **(3,048)** | **31,999** |
| | **568,076** | **(13,709)** | **554,367** |

The above balances are unsecured and interest-free. The fair values of the trade receivables as at the end of the Reporting Period approximate to their carrying amounts. Trade receivables of RMB8,122 thousand were written off as of 30 September 2020.

## 16. CASH AND BANK BALANCES

| ***RMB'000*** | **30 September 2020** |
|---|---|
| Cash on hand | **—** |
| Short-term deposits with an original maturity less than 3 months | **452,383** |
| Cash at banks | **554,883** |
| Cash and cash equivalents | **1,007,266** |
| Restricted bank deposits | **—** |
| | **1,007,266** |

RMB equivalent of the following currencies:

| ***RMB'000*** | **30 September 2020** |
|---|---|
| RMB | **202,742** |
| HKD | **543,180** |
| USD | **257,979** |
| EUR | **3,365** |
| | **1,007,266** |

## 17. INTEREST-BEARING BANK BORROWINGS

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

| ***RMB'000*** | **30 September 2020** |
|---|---|
| Bank borrowings — secured and guaranteed | **765,380** |
| Bank borrowings — guaranteed | **1,263,372** |
| | **2,028,752** |

The interest-bearing bank borrowings are repayable as follows:

| ***RMB'000*** | **30 September 2020** |
|---|---|
| Within 6 months | **293,616** |
| 6 months to 9 months | **999,756** |
| 9 months to 12 months | **30,000** |
| 1 year to 2 years | **65,000** |
| 2 years to 5 years | **270,000** |
| Over 5 years | **370,380** |
| | **2,028,752** |

The Group's interest-bearing bank borrowings bore interest at LIBOR plus 2.2%, HIBOR plus 1.8%, 2.2% and 4.90% per annum for the period ended 30 September 2020.

**Bank borrowings — secured and guaranteed**

As at 30 September 2020, bank borrowings of RMB765,380 thousand were guaranteed by CDBC New Town (Beijing) Asset Management Co., Ltd. ("**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 30 September 2020 was RMB1.448 billion.

**Bank borrowings — guaranteed**

As at 30 September 2020, bank borrowings of USD49,489 thousand and HKD1,054,000 thousand (equivalent to RMB1,263,372 thousand) were guaranteed by the Company.

## 18. LEASE LIABILITIES

| *RMB'000* | 30 September 2020 |
|---|---|
| At beginning of period | **13,315** |
| Additions | **27,001** |
| Interest expense | **712** |
| Payments | **(10,588)** |
| At end of period | **30,440** |
| Amounts due in the next 12 months classified as current liabilities | **13,034** |
| Amounts classified as non-current liabilities | **17,406** |

## 19. TRADE PAYABLES

| *RMB'000* | 30 September 2020 |
|---|---|
| Payable for land development for sale | **201,005** |
| Payable for investment property | **133,313** |
| Others | **12** |
| | **334,330** |

Trade payables are not interest-bearing and are normally settled within one year.

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

| *RMB'000* | 30 September 2020 |
|---|---|
| Within 1 year | **1,983** |
| 1 to 2 years | **6,278** |
| Over 2 years | **326,069** |
| | **334,330** |

## 20. OTHER PAYABLES AND ACCRUALS

| *RMB'000* | **30 September 2020** |
|---|---|
| Payroll and welfare | **13,274** |
| Accrued interest on bank and other borrowings | **19,982** |
| Other taxes payable | **13,245** |
| Amounts due to related parties | **4,977** |
| Payable for intermediary and professional service charges | **14,440** |
| Payable for Wuxi Project | **42,250** |
| Other borrowings | **97,020** |
| Others | **134,811** |
| | **339,999** |

## 21. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

| *RMB'000* | **30 September 2020** |
|---|---|
| Financial liabilities at fair value through profit or loss | |
| — Derivatives | **2,999** |
| | **2,999** |

## 22. CONTRACT LIABILITIES

| *RMB'000* | *Note* | **30 September 2020** |
|---|---|---|
| Contract liabilities arising from: | | |
| Land development | (i) | **430,829** |
| Property management | | **391** |
| | | **431,220** |

*Note:*

(i) As at 30 September 2020, 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.

By order of the Board
**China New Town Development Company Limited**
**Liu Heqiang**
*Chief Executive Officer and Executive Director*

Hong Kong, 21 December 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.*