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

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

UNAUDITED INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2021

The board of directors (the “**Board**”) of China New Town Development Company Limited (the “**Company**”) is pleased to announce the unaudited interim consolidated financial statements of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2021 (the “**Reporting Period**”), together with relevant comparative figures, as set out below:

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

*(Amount expressed in thousands of Renminbi (“**RMB**”) unless otherwise stated)*

		Six months ended 30 June	
		2021	2020
	<i>Notes</i>	(Unaudited)	(Unaudited)
Operating income		<u>238,059</u>	<u>246,068</u>
Revenue	5	142,140	208,599
Other income	6	95,919	37,469
Operating expenses		<u>(104,396)</u>	<u>(180,188)</u>

		Six months ended 30 June	
		2021	2020
	<i>Notes</i>	(Unaudited)	(Unaudited)
Cost of sales	7	(22,803)	(14,503)
Selling and administrative expense	7	(42,983)	(49,846)
Finance costs	8	(28,771)	(65,427)
Other expenses	9	(9,839)	(50,412)
Operating profit		133,663	65,880
Share of gains/(losses) of joint ventures and associates		4,371	(9,834)
Profit before tax		138,034	56,046
Income tax	10	(11,321)	(21,104)
Profit for the period		126,713	34,942
Other comprehensive loss			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Share of other comprehensive loss of associates		(1,570)	(382)
Other comprehensive loss for the period, net of tax		(1,570)	(382)
Total comprehensive income for the period, net of tax		125,143	34,560
Profit attributable to:			
Equity holders of the parent		114,557	34,924
Non-controlling interests		12,156	18
		126,713	34,942
Total comprehensive income attributable to:			
Equity holders of the parent		112,987	34,542
Non-controlling interests		12,156	18
		125,143	34,560
Earnings per share (RMB per share) attributable to ordinary equity holders of the parent:			
Basic and diluted, profit for the period	12	0.0118	0.0036

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

(Amounts expressed in thousands of RMB unless otherwise stated)

		Group	
		30 June	31 December
		2021	2020
	<i>Notes</i>	(Unaudited)	(Audited)
Assets			
Non-current assets			
Investments in associates		143,124	138,746
Investments in joint ventures		211,630	213,208
Debt instruments at amortised cost	13	349,674	480,591
Financial assets at fair value through profit or loss	14	68,773	72,689
Investment property	15	1,472,051	1,472,051
Property, plant and equipment		11,025	11,832
Right-of-use assets	16	24,499	30,910
Other assets		6,053	10,356
		<hr/>	<hr/>
Total non-current assets		2,286,829	2,430,383
		<hr/>	<hr/>
Current assets			
Land development for sale	17	886,979	886,299
Prepayments		1,681	1,672
Other assets		12,899	12,503
Other receivables	18	658,877	663,537
Trade receivables	19	52,830	563,954
Debt instruments at amortised cost	13	600,598	953,430
Financial assets at fair value through profit or loss	14	1,340,839	1,044,251
Cash and bank balances	20	594,413	855,234
		<hr/>	<hr/>
Total current assets		4,149,116	4,980,880
		<hr/>	<hr/>
Total assets		6,435,945	7,411,263
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		Group	
		30 June	31 December
		2021	2020
	<i>Notes</i>	(Unaudited)	(Audited)
Equity and liabilities			
Equity			
Attributable to:			
Equity holders of the parent:			
Share capital		4,070,201	4,070,201
Other reserves		607,839	607,839
Other comprehensive loss		(5,411)	(3,841)
Accumulated losses		<u>(615,362)</u>	<u>(729,919)</u>
		4,057,267	3,944,280
Non-controlling interests		<u>455,268</u>	<u>443,112</u>
Total equity		<u>4,512,535</u>	<u>4,387,392</u>
Non-current liabilities			
Interest-bearing bank borrowings	21	718,880	705,380
Deferred tax liabilities		95,433	93,195
Lease liabilities	22	5,955	11,993
Other liabilities		<u>6,438</u>	<u>6,515</u>
Total non-current liabilities		<u>826,706</u>	<u>817,083</u>
Current liabilities			
Interest-bearing bank borrowings	21	40,435	1,018,684
Trade payables	23	210,653	307,997
Other payables and accruals	24	333,187	348,346
Advance from customers		12,630	16,447
Dividend payables		518	538
Current income tax liabilities		70,522	70,522
Financial liabilities at fair value through profit or loss	25	—	6,451
Lease liabilities	22	12,563	12,856
Contract liabilities	26	<u>416,196</u>	<u>424,947</u>
Total current liabilities		<u>1,096,704</u>	<u>2,206,788</u>
Total liabilities		<u>1,923,410</u>	<u>3,023,871</u>

	Group	
	30 June	31 December
	2021	2020
	<i>Notes</i> (Unaudited)	(Audited)
Total equity and liabilities	<u>6,435,945</u>	<u>7,411,263</u>
Net current assets	<u>3,052,412</u>	<u>2,774,092</u>
Total assets less current liabilities	<u>5,339,241</u>	<u>5,204,475</u>

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

(Amounts expressed in thousands of RMB unless otherwise stated)

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Profit before tax	138,034	56,046
Adjustments for:		
(Reversal)/accrual of impairment losses on financial assets	(63,899)	38,695
Depreciation of property, plant and equipment	881	963
Depreciation of right-of-use assets	6,411	6,584
Interest from debt instruments at amortised cost and others	(53,721)	(149,383)
Net gain on financial instruments at fair value through profit or loss	(19,719)	(29,677)
Amortisation of intangible assets	171	170
Disposal gain of property, plant and equipment	—	(9)
Share of (gains)/losses from joint ventures and associates	(4,371)	9,834
Interest from bank deposits	(3,940)	(1,475)
Interest expense on lease liabilities	293	524
Interest expense on bank and other borrowings	28,771	65,427
Foreign exchange loss	5,155	11,106
	<hr/>	<hr/>
Operating profit before working capital changes	34,066	8,805
Increase in land development for sale	(680)	(732)
Increase in prepayments	(9)	(1,715)
Decrease/(increase) in other receivables and other assets	4,728	(3,053)
Decrease/(increase) in trade receivables	521,780	(4,809)
Decrease in advances from customers	(3,817)	(5,608)
Decrease in trade and other payables	(114,892)	(13,164)
Decrease in contract liabilities	(8,751)	(2,463)
	<hr/>	<hr/>
	432,425	(22,739)
Income tax paid	(6,422)	(21,949)
Net cash inflow/(outflow) from operating activities	426,003	(44,688)

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
Cash flows from investing activities		
Purchases/construction of property, plant and equipment	(81)	(107)
Proceeds from disposal of property, plant and equipment	7	47
Capital expenditure on investment property	(9,165)	(13,715)
Investments in financial assets at fair value through profit or loss	(315,000)	(16,151)
Dividends received from financial assets at fair value through profit or loss	4,768	7,750
Gain from financial assets at fair value through profit or loss	35,595	15,800
Interest received from bank deposits	3,940	1,475
Proceeds from recovery of debt instruments at amortised cost	532,834	556,191
Interest received from debt instruments at amortised cost	58,551	145,650
Investments in joint ventures and associates	—	(24,104)
	<u>311,449</u>	<u>672,836</u>
Net cash inflow from investing activities		
Cash flows from financing activities		
Payment for revolving loan facility fee	—	(5,896)
Repayment of bank borrowings	(964,753)	(596,257)
Interest paid	(25,003)	(63,364)
Dividends paid	(14)	—
Payment of lease liabilities	(6,624)	(9,407)
	<u>(996,394)</u>	<u>(674,924)</u>
Net cash outflow from financing activities		
Net decrease in cash and cash equivalents	(258,942)	(46,776)
Effect of exchange rate changes on cash and cash equivalents	(1,879)	742
Cash and cash equivalents at beginning of period	<u>855,234</u>	<u>269,917</u>
Cash and cash equivalents at end of period	<u>594,413</u>	<u>223,883</u>

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

(Amounts expressed in thousands of RMB unless otherwise stated)

Six months ended 30 June 2021

	Attributable to equity holders of the parent					Non-controlling interests	Total equity
	Share capital	Other reserves	Foreign currency translation reserve	Accumulated losses	Total		
As at 31 December 2020	<u>4,070,201</u>	<u>607,839</u>	<u>(3,841)</u>	<u>(729,919)</u>	<u>3,944,280</u>	<u>443,112</u>	<u>4,387,392</u>
Profit for the period	—	—	—	114,557	114,557	12,156	126,713
Other comprehensive loss	—	—	(1,570)	—	(1,570)	—	(1,570)
Total comprehensive (loss)/income	—	—	(1,570)	114,557	112,987	12,156	125,143
As at 30 June 2021	<u>4,070,201</u>	<u>607,839</u>	<u>(5,411)</u>	<u>(615,362)</u>	<u>4,057,267</u>	<u>455,268</u>	<u>4,512,535</u>

Six months ended 30 June 2020

	Attributable to equity holders of the parent					Non-controlling interests	Total equity
	Share capital	Other reserves	Foreign currency translation reserve	Accumulated losses	Total		
As at 31 December 2019	<u>4,070,201</u>	<u>607,839</u>	<u>1,100</u>	<u>(440,034)</u>	<u>4,239,106</u>	<u>440,352</u>	<u>4,679,458</u>
Profit for the period	—	—	—	34,924	34,924	18	34,942
Other comprehensive loss	—	—	(382)	—	(382)	—	(382)
Total comprehensive (loss)/income	—	—	(382)	34,924	34,542	18	34,560
Dividends	—	—	—	(38,960)	(38,960)	—	(38,960)
As at 30 June 2020	<u>4,070,201</u>	<u>607,839</u>	<u>718</u>	<u>(444,070)</u>	<u>4,234,688</u>	<u>440,370</u>	<u>4,675,058</u>

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

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

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

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

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

On 11 June 2021, CDBIH signed a share transfer agreement in respect of approximately 29.99% shares of the Company (the “**Share Transfer Agreement**”) with Wuxi Communications Industry Group Co., Ltd. (“**Wuxi Communications**”) and Xitong International Holdings (HK) Limited (“**Xitong International**”), a wholly-owned subsidiary of Wuxi Communications, pursuant to which, CDBIH has agreed to transfer 2,917,000,000 shares of the Company held by it (the “**Transfer Shares**”) to Xitong International, representing approximately 29.99% of the number of the issued shares of the Company (the “**Share Transfer**”). Upon the Share Transfer, Xitong International as the transferee will become the largest shareholder of the Company. The Share Transfer is subject to the approval of relevant State-owned Assets Supervision Authorities to be obtained by Wuxi Communications in respect of its execution of the Share Transfer Agreement, performance of its obligations under such agreement and completion of the transactions thereunder (including but not limited to the transfer of the Transfer Shares and full payment of the consideration), and the completion of governmental procedures from the Ministry of Commerce of the PRC, the National Development and Reform Commission of the PRC and the State Administration of Foreign Exchange of the PRC (or the foregoing local branches) required to be obtained by Wuxi Communications in respect of its overseas direct investment as an enterprise from the PRC. The aforesaid is still subject to some uncertainties.

2. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements of the Group for the Reporting Period (the “**Financial Statements**”) have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”) as issued by the International Accounting Standards Board (the “**IASB**”).

The Financial Statements have been prepared under the historical cost convention, 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 RMB and all values are rounded to the nearest thousand (’000) except when otherwise indicated.

(a) Basis of consolidation

The Financial Statements include the unaudited interim financial statement of the Company and its subsidiaries as at 30 June 2021. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

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

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

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

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

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 into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

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

(b) Operating cycle

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

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Financial Statements were prepared in accordance with IAS 34 Interim Financial Reporting. The Group has prepared the Financial Statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The Financial Statements do not include all the information and disclosures required in the annual financial statements, and shall be read together with the Group's annual financial statements as at 31 December 2020.

The accounting policies adopted in the preparation of the Financial Statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply by the Group for the first time in 2021, but do not have a material impact on the Financial Statements.

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

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

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

The amendments are effective for annual periods beginning on or after 1 January 2021. Early application is permitted. The Group adopted the amendments from its effective date. The amendments had no significant impact on the Financial Statements.

Covid-19-Related Rent Concessions beyond 30 June 2021 — Amendments to IFRS 16

In March 2021, the International Accounting Standards Board amended the conditions of the practical expedient in IFRS 16 that provides relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the covid-19 pandemic.

As a practical expedient, a lessee may elect not to assess whether a covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

Following the amendment, the practical expedient now applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

The amendments are effective for annual periods beginning on or after 1 April 2021. The Group adopted the amendments on 1 April 2021. The amendments had no significant impact on the Financial Statements.

4. OPERATING SEGMENT INFORMATION

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

- Land development segment, which provides land infrastructure development, construction of ancillary public facilities;
- Urbanization development segment, which is responsible for investments in new town projects;
- Property leasing segment, which provides property leasing services of investment property; and
- Others segment, which includes the provision of other services.

Management monitors the operating results of the Group's business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to the operating segments.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the prevailing market prices.

The land development revenue were 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 six months ended 30 June 2021 and 2020, respectively.

	For the six months ended 30 June 2021 (Unaudited)					Total
	Land development	Urbanization development	Property leasing	Others	Adjustments and eliminations	
Segment results						
External sales	8,035	53,721	80,384	—	—	142,140
Intersegment sales	—	—	—	—	—	—
Total segment sales	<u>8,035</u>	<u>53,721</u>	<u>80,384</u>	<u>—</u>	<u>—</u>	<u>142,140</u>
Segment profit	<u>8,188</u>	<u>93,466</u>	<u>62,968</u>	<u>2,183</u>	—	<u>166,805</u>
Finance costs					(28,771) ¹	(28,771)
Profit before income tax						<u>138,034</u>

¹ Profit for each operating segment of continuing operations does not include finance costs of RMB28,771 thousand.

	For the six months ended 30 June 2020 (Unaudited)					Total
	Land development	Urbanization development	Property leasing	Others	Adjustments and eliminations	
Segment results						
External sales	1,392	149,383	57,824	—	—	208,599
Intersegment sales	—	—	—	—	—	—
Total segment sales	<u>1,392</u>	<u>149,383</u>	<u>57,824</u>	<u>—</u>	<u>—</u>	<u>208,599</u>
Segment (loss)/profit	<u>(1,497)</u>	<u>1,863</u>	<u>39,473</u>	<u>81,634</u>	—	<u>121,473</u>
Finance costs					(65,427) ¹	(65,427)
Profit before income tax						<u>56,046</u>

¹ Profit for each operating segment of continuing operations does not include finance costs of RMB65,427 thousand.

The following table presents assets and liabilities information for the Group's operating segments as at 30 June 2021 and 31 December 2020, respectively:

	Land development	Urbanization development	Property Leasing	Others	Adjustments and eliminations	Total
Assets						
30 June 2021 (Unaudited)	<u>1,158,525</u>	<u>2,982,231</u>	<u>1,669,552</u>	<u>625,637</u>	<u>–</u>	<u>6,435,945</u>
31 December 2020 (Audited)	<u>1,669,687</u>	<u>3,725,576</u>	<u>1,644,940</u>	<u>371,060</u>	<u>–</u>	<u>7,411,263</u>
Liabilities						
30 June 2021 (Unaudited)	<u>604,595</u>	<u>43,034</u>	<u>166,660</u>	<u>183,851</u>	<u>925,270¹</u>	<u>1,923,410</u>
31 December 2020 (Audited)	<u>704,143</u>	<u>66,354</u>	<u>180,591</u>	<u>185,002</u>	<u>1,887,781¹</u>	<u>3,023,871</u>

¹ Liabilities in segments do not include current income tax liabilities of RMB70,522 thousand, interest-bearing bank borrowings of RMB759,315 thousand, and deferred tax liabilities of RMB95,433 thousand as at 30 June 2021 as these liabilities are managed on a group basis.

Liabilities in segments do not include current income tax liabilities of RMB70,522 thousand, interest-bearing bank borrowings of RMB1,724,064 thousand, and deferred tax liabilities of RMB93,195 thousand as at 31 December 2020 as these liabilities are managed on a group basis.

5. REVENUE

<i>RMB'000</i>	Notes	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Land development	(a)	<u>8,035</u>	1,392
Property management	(a)	<u>18,007</u>	13,434
Revenue from contracts with customers	(a)	<u>26,042</u>	14,826
Rental income		<u>62,377</u>	44,390
Interest from debt instruments at amortised cost	(b)	<u>48,953</u>	141,633
Others	(c)	<u>4,768</u>	7,750
Revenue from other sources		<u>116,098</u>	193,773
Total revenue		<u>142,140</u>	208,599

(a) Revenue from contracts with customers

Disaggregated revenue information

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

<i>RMB'000</i>	Six months ended 30 June 2021 (Unaudited)		
	Land development	Property leasing	Total
Segments			
Type of goods or service			
Land development	8,035	—	8,035
Property management	—	18,007	18,007
Total revenue from contracts with customers	8,035	18,007	26,042
Timing of revenue recognition			
Services tendered over time	8,035	18,007	26,042

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

<i>RMB'000</i>	Six months ended 30 June 2020 (Unaudited)		
	Land development	Property leasing	Total
Segments			
Type of goods or service			
Land development	1,392	—	1,392
Property management	—	13,434	13,434
Total revenue from contracts with customers	1,392	13,434	14,826
Timing of revenue recognition			
Services tendered over time	1,392	13,434	14,826

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

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

<i>RMB'000</i>	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Chengdu Jintang Huaizhou New City Yunding Ranch Cultural Tourism Project	13,691	13,842
The First Phase Construction Project of High-tech Science and Technology Innovation Park in Yangzhong City, Jiangsu Province	10,487	10,603
Lianyungang Liandao Cultural Tourism Project	8,063	—
Suqian Yanghe Bio-tech Industrial Park Project	5,583	5,429
Gaoyou PPP Project	4,364	7,099
Taizhou Tongtai Intelligent Manufacturing Industrial Park Project	2,291	16,123
Jiangsu Lianyungang Haizhou Bay Tourism Town Project	—	17,824
Jiangsu Huai'an Huaiyin District Urban Renewal Project	—	17,424
Jiangsu Taizhou New Energy Industrial Park Project	—	13,823
Shandong Qingzhou MI River Comprehensive Control Project	—	11,038
Yangzhou Gaoyou National Agricultural Science and Technology Park Project	—	8,017
Jiangsu Xuzhou Peixian County Industrial Concentration Area Construction Project	—	2,910
Lianyungang Haohai R&D Centre Project	—	2,385
Others	4,474	15,116
	<u>48,953</u>	<u>141,633</u>

(c) The detailed information of others is as follows

<i>RMB'000</i>	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
CDB (Beijing) — BOCOMM New-Type Urbanization Development Fund (the “Urbanization Fund”)	4,768	7,750

6. OTHER INCOME

<i>RMB'000</i>	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Interest income from bank deposits	3,940	1,475
Net fair value (loss)/gain on financial instruments at fair value through profit or loss	(15,876)	14,889
Investment income from financial instruments at fair value through profit or loss	35,595	14,788
Reversal of credit loss expenses	63,899	—
Others	8,361	6,317
	<u>95,919</u>	<u>37,469</u>

7. EXPENSES BY NATURE

<i>RMB'000</i>	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Cost of land development	8,035	1,392
Depreciation of property, plant and equipment	881	963
Depreciation of right-of-use assets	6,411	6,584
Employee benefits	18,138	22,050
Utility expenses	4,623	2,393
Advertising	1,283	1,525
Rental expenses	736	918
Property management service expenses	10,479	6,733
Intermediary and professional service charges	2,049	2,335
Other tax and surcharges	5,383	6,104
Other expenses	7,768	13,352
	<u>65,786</u>	<u>64,349</u>
Total cost of sales, selling and administrative expenses	<u>65,786</u>	<u>64,349</u>

8. FINANCE COSTS

<i>RMB'000</i>	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Interest on bank and other borrowings	28,478	64,903
Interest on lease liabilities	293	524
Less: Interest capitalised	—	—
	<u>28,771</u>	<u>65,427</u>

No borrowing costs during the first half of 2021 and the first half of 2020 was capitalised.

9. OTHER EXPENSES

<i>RMB'000</i>	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Foreign exchange loss, net	5,155	11,106
Bank charges	1,206	564
Credit loss expenses	—	38,695
Others	3,478	47
	<u>9,839</u>	<u>50,412</u>

10. 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 BVI.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the Reporting 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 (2020: 25%).

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 the Mainland China and the jurisdiction of the foreign investors. The Group is therefore liable for withholding taxes on dividends distributed and remitted out of the 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 the 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 therefore has recognized such withholding tax as a tax expense in the statement of profit or loss and other comprehensive income.

The major components of income tax are as follows:

<i>RMB'000</i>	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Income tax charge:		
Current income tax	6,422	—
Deferred tax	2,238	5,694
Withholding tax	2,661	15,410
	<u>11,321</u>	<u>21,104</u>
Income tax charge as reported in profit or loss	<u>11,321</u>	<u>21,104</u>

11. DIVIDENDS

The Board has resolved not to declare the payment of any interim dividend in respect of the Reporting Period (2020 : Nil).

12. EARNINGS PER SHARE

The calculation of the basic earnings per share amount is based on the profit attributable to ordinary equity holders of the parent for the periods ended 30 June 2021 and 2020.

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

RMB'000	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Profit attributable to ordinary equity holders of the parent for basic and diluted earnings per share	<u>114,557</u>	<u>34,924</u>
Weighted average number of ordinary shares used to calculate the basic and diluted earnings per share	<u>9,726,246,417</u>	<u>9,726,246,417</u>
Basic and diluted earnings per share (RMB)	<u>0.0118</u>	<u>0.0036</u>

There were no transactions involving ordinary shares or potential ordinary shares during the period ended 30 June 2021.

13. DEBT INSTRUMENTS AT AMORTISED COST

RMB'000	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Nanchang Science and Technology Park Project of Chinese Academy of Sciences	400,000	400,000
Chengdu Jintang Huaizhou New City Yunding Ranch Cultural Tourism Project	251,000	251,000
The First Phase Construction Project of High-tech Science and Technology Innovation Park in Yangzhong City, Jiangsu Province	201,000	201,000
Lianyungang Liandao Cultural Tourism Project	200,000	200,000
Suqian Yanghe Bio-tech Industrial Park Project	107,000	107,000
Qinghuangdao Project	20,000	20,000
Taizhou Tongtai Intelligent Manufacturing Industrial Park Project	—	291,533
Gaoyou PPP Project	—	136,300
Others	<u>166,775</u>	<u>276,909</u>
	1,345,775	1,883,742
Accrued interest	<u>18,053</u>	<u>27,651</u>
	1,363,828	1,911,393
Less: allowance for expected credit losses (“ECLs”)	<u>(413,556)</u>	<u>(477,372)</u>
	<u>950,272</u>	<u>1,434,021</u>
Amounts due in the next 12 months classified as current assets	<u>600,598</u>	<u>953,430</u>
Amounts classified as non-current assets	<u>349,674</u>	<u>480,591</u>

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

<i>RMB'000</i>	30 June 2021 (Unaudited)	31 December 2020 (Audited)
— Funds	16,359	20,275
— Wealth management products	1,340,839	1,044,251
— Equity instruments	52,414	52,414
	<u>1,409,612</u>	<u>1,116,940</u>

15. INVESTMENT PROPERTY

<i>RMB'000</i>	30 June 2021 (Unaudited)	31 December 2020 (Audited)
At beginning of Reporting Period/year	1,472,051	1,447,729
Subsequent expenditure	—	10,437
Gain from increase in fair value	—	13,885
	<u>1,472,051</u>	<u>1,472,051</u>

16. RIGHT-OF-USE ASSETS

<i>RMB'000</i>	Building	Motor vehicles	Land	Total
Original cost				
As at 1 January 2020	23,903	1,425	2,238	27,566
Additions	26,936	—	—	26,936
	<u>50,839</u>	<u>1,425</u>	<u>2,238</u>	<u>54,502</u>
As at 31 December 2020	50,839	1,425	2,238	54,502
Additions	—	—	—	—
	<u>50,839</u>	<u>1,425</u>	<u>2,238</u>	<u>54,502</u>
As at 30 June 2021	50,839	1,425	2,238	54,502
Accumulated depreciation				
As at 1 January 2020	9,746	493	157	10,396
Provided during the year	12,446	593	157	13,196
	<u>22,192</u>	<u>1,086</u>	<u>314</u>	<u>23,592</u>
As at 31 December 2020	22,192	1,086	314	23,592
Provided during the Reporting Period	6,121	211	79	6,411
	<u>28,313</u>	<u>1,297</u>	<u>393</u>	<u>30,003</u>
As at 30 June 2021	28,313	1,297	393	30,003
Net carrying amount				
As at 1 January 2020	14,157	932	2,081	17,170
	<u>28,647</u>	<u>339</u>	<u>1,924</u>	<u>30,910</u>
As at 31 December 2020	28,647	339	1,924	30,910
	<u>22,526</u>	<u>128</u>	<u>1,845</u>	<u>24,499</u>
As at 30 June 2021	22,526	128	1,845	24,499

17. LAND DEVELOPMENT FOR SALE

<i>RMB'000</i>	30 June 2021 (Unaudited)	31 December 2020 (Audited)
At lower of cost and net realisable value: Mainland China — Shenyang Lixiang New Town Modern Agriculture Co., Ltd.	886,979	886,299

18. OTHER RECEIVABLES

<i>RMB'000</i>	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Balances due from Wuxi Project	20,977	20,977
Interest receivables from debt instruments at amortised cost	18,132	18,132
Due from SREI	140,146	140,146
Balances due from entities disposed of	24,384	24,384
Due from joint ventures and associates	488,161	487,743
Others	38,447	43,557
	730,247	734,939
Less: allowance for ECLs	(71,370)	(71,402)
Other receivables, net	658,877	663,537

19. TRADE RECEIVABLES

<i>RMB'000</i>	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Receivables from land development for sale	44,718	564,898
Others	12,019	13,619
	56,737	578,517
Less: allowance for ECLs	(3,907)	(14,563)
Trade receivables, net	52,830	563,954

An ageing analysis of the carrying amount of the trade receivables are as follows:

<i>RMB'000</i>	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Within 6 months	4,002	15,224
6 months to 1 year	12,355	4,900
1 year to 2 years	4,900	31
2 years to 3 years	—	512,226
Over 3 years	31,573	31,573
	<u>52,830</u>	<u>563,954</u>

20. CASH AND BANK BALANCES

<i>RMB'000</i>	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Cash at banks	<u>594,413</u>	<u>855,234</u>
Cash and cash equivalents	594,413	855,234
Restricted bank deposits	<u>—</u>	<u>—</u>
	<u>594,413</u>	<u>855,234</u>

RMB equivalent of the following currencies:

<i>RMB'000</i>	30 June 2021 (Unaudited)	31 December 2020 (Audited)
RMB	561,680	431,730
HKD	4,381	258,015
USD	<u>28,352</u>	<u>165,489</u>
	<u>594,413</u>	<u>855,234</u>

21. INTEREST-BEARING BANK BORROWINGS

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

<i>RMB'000</i>	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Bank borrowings — secured	758,380	765,380
Bank borrowings — unsecured	—	957,646
	<u>758,380</u>	<u>1,723,026</u>
Accrued interest	935	1,038
	<u>759,315</u>	<u>1,724,064</u>

The interest-bearing bank borrowings are repayable as follows:

<i>RMB'000</i>	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Within 6 months	7,935	988,684
6 months to 9 months	32,500	30,000
9 months to 12 months	—	—
1 year to 2 years	73,500	65,000
2 years to 5 years	297,500	270,000
Over 5 years	347,880	370,380
	<u>759,315</u>	<u>1,724,064</u>

The Group's interest-bearing bank borrowings bore interest at 4.44% per annum for the Reporting Period (2020: at LIBOR plus 2.2%, HIBOR plus 2.2% and 4.90% per annum).

Bank borrowings — secured

As at 30 June 2021, bank borrowing of RMB759,315 thousand (31 December 2020: RMB766,420 thousand) was secured by the investment property, whose carrying amount at 30 June 2021 was RMB1.472 billion.

22. LEASE LIABILITIES

<i>RMB'000</i>	30 June 2021 (Unaudited)	31 December 2020 (Audited)
At beginning of Reporting Period/year	24,849	13,315
Additions	—	26,942
Interest expense	293	886
Payments	<u>(6,624)</u>	<u>(16,294)</u>
At end of Reporting Period/year	<u>18,518</u>	<u>24,849</u>
Amounts due in the next 12 months classified as current liabilities	12,563	12,856
Amounts classified as non-current liabilities	<u>5,955</u>	<u>11,993</u>

23. TRADE PAYABLES

<i>RMB'000</i>	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Payable for land development for sale	109,097	197,276
Payable for investment property	<u>101,556</u>	<u>110,721</u>
	<u>210,653</u>	<u>307,997</u>

Trade payables are non-interest-bearing.

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

<i>RMB'000</i>	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Within 1 year	5,137	8,282
1 year to 2 years	3,701	3,148
Over 2 years	<u>201,815</u>	<u>296,567</u>
	<u>210,653</u>	<u>307,997</u>

24. OTHER PAYABLES AND ACCRUALS

<i>RMB'000</i>	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Payroll and welfare	2,734	16,537
Other taxes payable	23,713	21,651
Amounts due to related parties	4,973	4,973
Payable for intermediary and professional service charges	5,167	10,972
Payable for Wuxi Project	42,250	42,250
Other borrowings from Huzhou Tongchuang Jintai Huzhong Enterprise Management Partnership (Limited Partnership) (“Tongchuang LP”)	120,029	116,615
Others	134,321	135,348
	<u>333,187</u>	<u>348,346</u>

25. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

<i>RMB'000</i>	30 June 2021 (Unaudited)	31 December 2020 (Audited)
— Derivatives	—	6,451
	<u>—</u>	<u>6,451</u>

As at 30 June 2021, no derivatives was held (2020 : one foreign exchange forward contract with Bank of East Asia was held). The contract was not designed 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.

26. CONTRACT LIABILITIES

<i>RMB'000</i>	<i>Note</i>	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Contract liabilities arising from:			
Land development	(i)	412,248	420,283
Property management		3,948	4,664
		<u>416,196</u>	<u>424,947</u>

Note :

- (i) As at 30 June 2021 and 31 December 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. The amounts received or receivable are non-refundable unless the Group fails to complete the development work. The contract liabilities are classified as current liabilities as the remaining development work is expected to be provided within the normal operating cycle.

27. FAIR VALUE AND FAIR VALUE HIERARCHY

Fair values of financial assets and liabilities

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

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

Fair value hierarchy

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

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

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

Quantitative disclosures of assets measured at fair value as at 30 June 2021:

	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Financial assets at fair value through profit or loss (Note 14)	30 June 2021	1,409,612	—	1,357,198	52,414
Investment property (Note 15)	30 June 2021	1,472,051	—	—	1,472,051

There were no transfers of fair value measurement between Level 1 and Level 2 during the Reporting Period.

Quantitative disclosures of assets and liabilities measured at fair value as at 31 December 2020:

	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets/liabilities measured at fair value:					
Financial assets at fair value through profit or loss (<i>Note 14</i>)	31 December 2020	1,116,940	—	1,064,526	52,414
<i>Investment property</i> (<i>Note 15</i>)	31 December 2020	1,472,051	—	—	1,472,051
Financial liabilities at fair value through profit or loss (<i>Note 25</i>)	31 December 2020	6,451	—	6,451	—

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

28. FINANCIAL REVIEW/ABSTRACTS

a) Fair review of development of business of the Group during the Reporting Period and of its financial position at the end of the Reporting Period:

Operating Results

Revenue

Our results from operating mainly include land development, urbanization development and property leasing. In the first half of 2021, the Group recorded revenue of RMB142 million, a decrease of 32% as compared with the same period of 2020.

In the first half of 2021, revenue of land development of RMB8.04 million was recorded, increased by 477% as compared with the same period of last year, mainly because the actual progress of the project during this Reporting Period is higher than that of the same period last year, thus the land development revenue and cost are increased accordingly. For the Reporting Period, the revenue from (i) property leasing increased by 41% to RMB62.38 million as compared with the same period of 2020; and (ii) property management increased by 34% to RMB18.01 million as compared with the same period of 2020, mainly because the occupancy rate of investment property in Wuhan Chuguang Industry New Development Co., Ltd. (“**Wuhan Chuguang**”) increased as compared with the same period of last year. Under the influence of the Group’s reform and transformation, revenue from urbanization development and others decreased by 64% to RMB53.72 million.

Other income

In the first half of 2021, other income increased by 156% as compared with the same period of 2020, increased by RMB58.45 million, mainly due to the reversal of ECLs of RMB63.9 million in the Reporting Period mostly relating to Changchun Project, the net fair value (loss)/gain on financial instruments at fair value through profit or loss decreased by RMB30.77 million as compared with the same period of last year, investment income from financial assets at fair value through profit or loss increased by RMB20.81 million as compared with the same period of last year.

Cost of sales, and selling and administrative expenses

In the first half of 2021, the cost and expense increased by RMB1.44 million as compared with the same period of 2020, which was mainly due to the increase of RMB3.75 million in property management service expenses, the increase of RMB2.23 million in utility expenses. Under the influence of the Group's reform and transformation, selling and administrative expenses were strictly controlled, in which employee benefits decreased by RMB3.91 million and intermediary and professional service charges decreased by RMB0.29 million.

Other expenses

In the first half of 2021, other expenses decreased by 80% as compared with the same period of 2020, which was mainly due to net accrual of RMB38.69 million of credit loss expenses for the period ended 30 June 2020 while net reversal of credit loss expenses recorded in other income in the Reporting Period, and the foreign exchange loss decreased by RMB5.95 million.

Finance costs

In the first half of 2021, finance costs decreased by 56% as compared with the same period of 2020, which was mainly because the balance of interest-bearing bank and other borrowings as at 30 June 2021 decreased by RMB13.35 million as compared with that of 30 June 2020. The interest from interest-bearing bank and other borrowings in the first half of 2021 decreased by RMB36.66 million compared with the same period of 2020.

Share of gains of joint ventures and associates

In the first half of 2021, the Group recorded share of gains of RMB4.37 million from its joint ventures and associates, which was increased by 144% as compared with that of the same period of 2020, mainly due to the profit of the associates of China Development Bank Education Co., Ltd.

Taxation

In the first half of 2021, the Group recorded income tax of RMB11.32 million with a decrease of 46% as compared with the same period of 2020, mainly due to the maturity of debt instruments at amortised cost held by overseas entities, resulting in a decrease in the corresponding interest income and a significant decrease in withholding tax.

Profit after tax

As analyzed above, profit after tax was RMB126.71 million in the first half of 2021.

Financial Position

Investment in associates

As at 30 June 2021, investment in associates increased by RMB4.38 million as compared with that of 31 December 2020, which was mainly due to shares of gains of RMB5.95 million and other comprehensive loss of RMB1.57 million from associates.

Investment in joint ventures

The balances as at 30 June 2021 decreased by RMB1.58 million as compared with that of 31 December 2020, which was mainly due to share of losses of RMB1.58 million from joint ventures.

Debt instruments at amortised cost (non-current assets)

As at 30 June 2021, debt instruments at amortised cost (non-current assets) decreased by RMB131 million as compared with that of 31 December 2020, which was mainly due to recovery of Gaoyou PPP Project, receiving the principal of RMB136 million and related investment gains, and the reversal of the allowance for ECLs amounted to RMB2.73 million.

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

As at 30 June 2021, the financial assets at fair value through profit or loss decreased by RMB3.92 million as compared with that of 31 December 2020, which was mainly due to the redemption of the Urbanization Fund of RMB3 million, the fair value loss of the Urbanization Fund of RMB0.92 million.

Right-of-use assets

As at 30 June 2021, the right-of-use assets decreased by RMB6.41 million as compared with that of 31 December 2020, which was mainly due to the fact that there is no new rental of office buildings, etc. in the first half of 2021, and depreciation of RMB6.41 million in the first half of 2021.

Other receivables

As at 30 June 2021, other receivables decreased by RMB4.66 million as compared with that of 31 December 2020, which was mainly due to that the settlement of Changchun Project together with the principal recorded in debt instruments at amortised cost.

Trade receivables

As at 30 June 2021, trade receivables decreased by RMB511 million as compared with that of 31 December 2020, which was mainly due to the collecting of the receivables of RMB523 million from land development for sale from Shanghai Golden Luodian Development Co., Ltd. (“SGLD”), the increase of RMB2.5 million from construction management fee, and a net reversal for the allowance of ECLs of RMB10.66 million.

Debt instruments at amortised cost (current assets)

As at 30 June 2021, debt instruments at amortised cost (current assets) decreased by RMB353 million as compared with that of 31 December 2020, which was mainly due to the recovery of Jiangsu Tongtai Intelligent Manufacturing Industrial Park Project, with the principal of RMB292 million and related investment gains, Changchun Project with the principal of RMB105 million received, accrued interest decreased by RMB5 million, and a net reversal of the allowance of ECLs amounted to RMB51 million.

Interest-bearing bank borrowings

As at 30 June 2021, the bank borrowings decreased by RMB965 million as compared with that of 31 December 2020, which was mainly due to the repayment of the loan of HKD754 million and USD49.49 million to China Construction Bank (Asia), and the repayment of the loan of RMB7 million to Bank of China.

Trade payables

As at 30 June 2021, the trade payables decreased by RMB97.34 million as compared with that of 31 December 2020, which was mainly due to the payment of RMB88.18 million in respect of land development cost of SGLD, and RMB9.16 million in respect of the expenditure of office building of Wuhan Chuguang.

Lease liabilities

As at 30 June 2021, lease liabilities decreased by RMB6.33 million as compared with that of 31 December 2020. This is mainly due to the payments of lease liabilities of RMB6.62 million.

Other payables and accruals

As at 30 June 2021, other payables and accruals decreased by RMB15.16 million as compared with that of 31 December 2020, which was mainly due to the decrease of payroll and welfare by RMB13.8 million, the decrease of payable for intermediary and professional service charges by RMB5.81 million, the increase of interest payable by RMB3.41 million on the shareholder loan of Tongchuang LP, and an increase of other taxes payable by RMB2.06 million.

Contract liabilities

As at 30 June 2021, contract liabilities decreased by RMB8.75 million as compared with that of 31 December 2020, which was mainly due to the improvement of the construction progress of the ancillary public facilities by RMB8.03 million by SGLD during the Reporting Period; and property management services rendered by RMB0.72 million by Wuhan Chuguang during the Reporting Period.

Cash and bank balances

As at 30 June 2021, cash and bank balances decreased by RMB260.82 million as compared with that of 31 December 2020, which was mainly due to net cash inflow from operating activities of RMB426 million, net cash inflow from investing activities of RMB311.45 million, net cash outflow from financing activities of RMB996.39 million, and effect of exchange rate changes on cash and cash equivalents of RMB1.88 million.

The gearing ratio (defined as net debt/the sum of shareholders equity and net debt) as at 30 June 2021 was 5%, representing a sharp decrease as compared with 18% as at 31 December 2020, which was mainly due to the repayment of the bank borrowings of RMB965 million in the first half of 2021.

On 21 January 2021, CDB New Town (Beijing) Asset Management Company Limited (“**CDB New Town**”, now known as Beijing Xincheng Kaiyuan Asset Management Company Limited), an indirect wholly-owned subsidiary of the Company, and Jiangsu Provincial Construction Group Co., Ltd. (“**JPC**”) entered into a guarantee with Agricultural Bank of China Limited (the “**Bank**”), pursuant to which CDB New Town and JPC agreed to guarantee the punctual due payment of a loan facility up to RMB500,000,000 granted by the Bank to Nanjing Guoying Zhongxi Development Company Limited. Please refer to the Company’s announcements dated 21 January 2021 and 27 January 2021 for further details.

Business prospects and outlook

In the first half of 2021, the PRC economy maintained the momentum of stable recovery and stable start-up. All economic indicators improved while maintaining stability, macroeconomic indicators recovered at a steady pace, consumption potentials were released gradually, and the compound growth rate of investments continued to pick up. In the first half of 2021, the gross domestic product was RMB53,216.7 billion, representing a year-on-year increase of 12.7%. In particular, the gross domestic product of the primary, secondary and tertiary industries recorded a year-on-year increase of 7.8%, 14.8% and 11.8%, respectively. Meanwhile, as affected by the lingering severe and complex epidemic situation globally, the growing uncertainties in the external environment and the imbalanced and underdeveloped economy in the PRC, we still faced pressures in striking a balance between stable growth and risk prevention.

Confronted with the complex and changing situation, the Group strictly controlled the project investment risks, stabilized the investments in the field of people’s livelihood improvement in the PRC, and maintained the income from fixed income investments. As of 30 June 2021, after deducting the impairment provision of potential high-risk projects, the Group had a portfolio of RMB790 million fixed income investments in aggregate. Excluding potential high-risk projects, the portfolio has secured a total contractually guaranteed annual return before tax of approximately RMB80 million, representing a corresponding average annualized pre-tax return on investment of about 10%.

Last year, Wuhan suffered from a serious epidemic. In this regard, the Group adopted strict and scientific management methods to ensure the normal operation of Optical Valley New Development International Center (光谷新發展國際中心) in Wuhan and ensure the normal management and comprehensive operation of such project to the greatest extent. In 2021, by taking upgrade of tenants as an opportunity, Wuhan Optical Valley actively adjusted the tenant structures of office buildings and commercial shops, improved the quality of the existing tenants and increased the project income. In the first half of the year, the occupancy rate of office buildings maintained stable at above 95%, and that of commercial shops recovered to about 80%.

In terms of the education segment, the Group steadily promoted the construction of the school project, and actively expanded the potential quality education project to realize the linkage and complementation of the businesses within the Group. Meanwhile, various policies in relation to education industry have been issued in China, including the *Implementation Rules for the Law for Promoting Private Education* (《中國民辦教育促進法實施細則》) and the *Implementation Opinions on Regulating the Development of Private Compulsory Education* (《關於規範民辦義務教育發展的實施意見》), which has repositioned the education ecology and direction for China while combined with top-level design of national industries and population policies. The Group has also attached great importance to, and conducted in-depth research and discussion on it. Based on this, the Group will conduct the design and operation of education products in a more cautious manner in the future and seek for investment and development opportunities.

Looking ahead, the Group will continue to put its resource advantages and extensive experience in urbanization into full play. Under the leadership of the Company's management team, it will integrate its advantages and unite with sincerity, aiming at building itself into a leading investment and operation platform in the field of people's livelihood improvement in China, and creating long-term value for the shareholders.

b) Details of important events affecting the Group which have occurred since the end of the Reporting Period:

Nil

c) An indication of likely future developments in the business of the Group for the fiscal year:

In the second half of the year, the Group will continue to stabilize its fixed-income investment portfolio, and actively recover its potential high-risk project investments to achieve a stable cash return. Meanwhile, the Group will continue to implement the pipelines in the quality downstream industry, such as education and tourism, in the field of people's livelihood improvement, so as to generate operating income from the downstream business to replenish its income from fixed investments in order to create a greater value for the shareholders.

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

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

30. MOVEMENTS IN SECURITIES

There was no movement in securities of the Company during the first half of 2021. At the end of the Reporting Period, the total number of the Company's issued shares was 9,726,246,417.

31. CORPORATE GOVERNANCE

During the Reporting Period, the Company has complied with the code provisions set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities on the HKEx (the “**Listing Rules**”), except for code provision E.1.2 of the CG Code that the chairman of the Board (the “**Chairman**”) should attend the annual general meeting. The Chairman, Mr. Zuo Kun, was unable to attend the annual general meeting of the Company held on 25 June 2021 (the “**2021 AGM**”) due to other business engagements. In the absence of the Chairman, Mr. Liu Heqiang, an executive Director and the chief executive officer of the Company, took the chair of the 2021 AGM in accordance with the articles of association of the Company to ensure effective communication with its shareholders.

32. EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2021, there were 98 (2020: 101) employees in the Group. Staff remuneration packages are determined in consideration of the market conditions and the performance of the individuals concerned, and are subject to review from time to time. The Group also provides other staff benefits including medical insurance, and grants discretionary incentive bonuses to eligible staff based on their performance and contributions to the Group. The Group also provides and arranges on-the-job training for the employees.

33. DIRECTORS’ COMPLIANCE WITH THE CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

34. AUDIT COMMITTEE

The audit committee of the Board (the “**Audit Committee**”) has reviewed the accounting principles and standards adopted by the Group, and has discussed and reviewed the internal control and reporting matters. The Financial Statements have been reviewed by the Audit Committee.

APPRECIATION STATEMENT

It is the Board's privilege to express our gratitude to our strategic investors and shareholders for their trust and support and to offer our heartfelt thanks to all Directors, executives and staff members in the Group for their team spirit and loyalty.

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

Hong Kong, 6 August 2021

As at the date of this announcement, the executive Directors, namely Mr. Liu Heqiang (Chief Executive Officer), Ms. Yang Meiyu 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.