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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)**

**2021 FINAL RESULTS ANNOUNCEMENT**

The board of directors (the “**Board**”) of China New Town Development Company Limited (the “**Company**”) announces the audited consolidated financial results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2021 (the “**Year**”) together with the comparative figures for the year ended 31 December 2020 as set out below:

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

*For the financial year ended 31 December 2021*

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

|  | <i>Notes</i> | <b>2021</b>             | 2020             |
|--|--------------|-------------------------|------------------|
| <b>Operating income</b>  |              | <u><b>367,776</b></u>   | <u>475,966</u>   |
| Revenue  | 5            | <b>273,038</b>          | 391,639          |
| Other income   | 6            | <b>94,738</b>           | 84,327           |
| <b>Operating expenses</b>                                      |              | <u><b>(218,562)</b></u> | <u>(676,575)</u> |
| Cost of sales  | 8            | <b>(63,399)</b>         | (40,865)         |
| Selling and administrative expenses                            | 8            | <b>(115,755)</b>        | (124,046)        |
| Finance costs  | 9            | <b>(50,961)</b>         | (112,665)        |
| Other expenses   | 7            | <b>(24,425)</b>         | (12,553)         |
| Reversal of impairment/(impairment losses) on financial assets |              | <u><b>35,978</b></u>    | <u>(386,446)</u> |

|   | <i>Notes</i> | <b>2021</b>           | 2020                    |
|---|--------------|-----------------------|-------------------------|
| <b>Operating profit/(loss)</b>  |              | <b>149,214</b>        | (200,609)               |
| Share of profits and losses of joint ventures and associates                                      |              | <u>(7,764)</u>        | <u>(6,458)</u>          |
| <b>Profit/(loss) before tax</b>   |              | <b>141,450</b>        | (207,067)               |
| Income tax  | 10           | <u>(10,500)</u>       | <u>(41,098)</u>         |
| <b>Profit/(loss) for the year</b>   |              | <b><u>130,950</u></b> | <b><u>(248,165)</u></b> |
| <b>Other comprehensive loss</b>   |              |                       |                         |
| <i>Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:</i> |              |                       |                         |
| Share of other comprehensive loss of associates   |              | <u>(3,823)</u>        | <u>(4,941)</u>          |
| <b>Other comprehensive loss for the year, net of tax</b>  |              | <b><u>(3,823)</u></b> | <b><u>(4,941)</u></b>   |
| <b>Total comprehensive income/(loss) for the year, net of tax</b>                                 |              | <b><u>127,127</u></b> | <b><u>(253,106)</u></b> |
| Profit/(loss) attributable to:  |              |                       |                         |
| Equity holders of the parent  |              | <b>108,583</b>        | (250,925)               |
| Non-controlling interests   |              | <u>22,367</u>         | <u>2,760</u>            |
|   |              | <b><u>130,950</u></b> | <b><u>(248,165)</u></b> |
| Total comprehensive income/(loss) attributable to:  |              |                       |                         |
| Equity holders of the parent  |              | <b>104,760</b>        | (255,866)               |
| Non-controlling interests   |              | <u>22,367</u>         | <u>2,760</u>            |
|   |              | <b><u>127,127</u></b> | <b><u>(253,106)</u></b> |
| Earnings/(loss) per share (RMB per share) attributable to ordinary equity holders of the parent:  |              |                       |                         |
| Basic and diluted   | 12           | <b><u>0.0112</u></b>  | <b><u>(0.0258)</u></b>  |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

(Amounts expressed in thousands of Renminbi unless otherwise stated)

|   | Notes | 2021             | 2020             |
|---|-------|------------------|------------------|
| <b>Assets</b>   |       |                  |                  |
| <b>Non-current assets</b>                             |       |                  |                  |
| Investment in joint ventures                          |       | 197,732          | 213,208          |
| Investment in associates                              |       | 148,145          | 138,746          |
| Debt instruments at amortised cost                    | 13    | 1,371,795        | 480,591          |
| Financial assets at fair value through profit or loss | 14    | 91,565           | 72,689           |
| Investment property                                   | 15    | 1,475,487        | 1,472,051        |
| Property, plant and equipment                         | 16    | 10,259           | 11,832           |
| Deferred tax assets                                   | 10    | 11,410           | —                |
| Right-of-use assets                                   | 17    | 17,985           | 30,910           |
| Other assets  |       | 4,455            | 10,356           |
| <b>Total non-current assets</b>                       |       | <b>3,328,833</b> | <b>2,430,383</b> |
| <b>Current assets</b>                                 |       |                  |                  |
| Land development for sale                             | 18    | 887,401          | 886,299          |
| Prepayments   |       | 1,581            | 1,672            |
| Other receivables                                     | 19    | 615,938          | 663,537          |
| Trade receivables                                     | 20    | 58,371           | 563,954          |
| Debt instruments at amortised cost                    | 13    | 224,495          | 953,430          |
| Other assets  |       | 14,548           | 12,503           |
| Financial assets at fair value through profit or loss | 14    | 1,160,866        | 1,044,251        |
| Cash and bank balances                                | 21    | 386,003          | 855,234          |
| <b>Total current assets</b>                           |       | <b>3,349,203</b> | <b>4,980,880</b> |
| <b>Total assets</b>                                   |       | <b>6,678,036</b> | <b>7,411,263</b> |

|  | <i>Notes</i> | <b>2021</b>             | 2020             |
|--|--------------|-------------------------|------------------|
| <b>Equity and liabilities</b>                              |              |                         |                  |
| <b>Equity</b>  |              |                         |                  |
| <b>Attributable to:</b>                                    |              |                         |                  |
| Equity holders of the parent:                              |              |                         |                  |
| Share capital  |              | <b>4,070,201</b>        | 4,070,201        |
| Accumulated losses   |              | <b>(621,336)</b>        | (729,919)        |
| Foreign currency translation reserve                       |              | <b>(7,664)</b>          | (3,841)          |
| Other reserves   |              | <b>607,839</b>          | 607,839          |
|  |              | <u><b>4,049,040</b></u> | <u>3,944,280</u> |
| Non-controlling interests                                  |              | <b>465,479</b>          | 443,112          |
|  |              | <u><b>4,514,519</b></u> | <u>4,387,392</u> |
| <b>Non-current liabilities</b>                             |              |                         |                  |
| Interest-bearing bank borrowings                           | 22           | <b>686,380</b>          | 705,380          |
| Other liabilities  |              | <b>6,361</b>            | 6,515            |
| Lease liabilities  | 23           | —                       | 11,993           |
| Deferred tax liabilities                                   | 10           | <b>104,134</b>          | 93,195           |
|  |              | <u><b>796,875</b></u>   | <u>817,083</u>   |
| <b>Current liabilities</b>                                 |              |                         |                  |
| Interest-bearing bank borrowings                           | 22           | <b>311,529</b>          | 1,018,684        |
| Trade payables   | 24           | <b>117,171</b>          | 197,276          |
| Other payables and accruals                                | 25           | <b>448,323</b>          | 459,605          |
| Advance from customers                                     |              | <b>11,223</b>           | 16,447           |
| Current income tax liabilities                             |              | <b>70,352</b>           | 70,522           |
| Lease liabilities  | 23           | <b>12,138</b>           | 12,856           |
| Contract liabilities                                       | 27           | <b>395,906</b>          | 424,947          |
| Financial liabilities at fair value through profit or loss | 26           | —                       | 6,451            |
|  |              | <u><b>1,366,642</b></u> | <u>2,206,788</u> |
| <b>Total current liabilities</b>                           |              | <u><b>1,366,642</b></u> | <u>2,206,788</u> |
| <b>Total liabilities</b>                                   |              | <u><b>2,163,517</b></u> | <u>3,023,871</u> |
| <b>Total equity and liabilities</b>                        |              | <u><b>6,678,036</b></u> | <u>7,411,263</u> |
| <b>Net current assets</b>                                  |              | <u><b>1,982,561</b></u> | <u>2,774,092</u> |
| <b>Total assets less current liabilities</b>               |              | <u><b>5,311,394</b></u> | <u>5,204,475</u> |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2021

(Amounts expressed in thousands of Renminbi unless otherwise stated)

|                                   | Attributable to equity holders of the parent |                |                                      |                    |           | Non-controlling interests | Total equity |
|-----------------------------------|--|----------------|--------------------------------------|--------------------|-----------|---------------------------|--------------|
|                                   | Share capital                                | Other reserves | Foreign currency translation reserve | Accumulated losses | Total     |                           |              |
| As at 1 January 2020              | 4,070,201                                    | 607,839        | 1,100                                | (440,034)          | 4,239,106 | 440,352                   | 4,679,458    |
| (Loss)/profit for the year        | —  | —              | —                                    | (250,925)          | (250,925) | 2,760                     | (248,165)    |
| Other comprehensive loss          | —  | —              | (4,941)                              | —                  | (4,941)   | —                         | (4,941)      |
| Total comprehensive (loss)/income | —  | —              | (4,941)                              | (250,925)          | (255,866) | 2,760                     | (253,106)    |
| 2019 final dividends              | —  | —              | —                                    | (38,960)           | (38,960)  | —                         | (38,960)     |
| As at 31 December 2020            | 4,070,201                                    | 607,839        | (3,841)                              | (729,919)          | 3,944,280 | 443,112                   | 4,387,392    |
| Profit for the year               | —  | —              | —                                    | 108,583            | 108,583   | 22,367                    | 130,950      |
| Other comprehensive loss          | —  | —              | (3,823)                              | —                  | (3,823)   | —                         | (3,823)      |
| Total comprehensive (loss)/income | —  | —              | (3,823)                              | 108,583            | 104,760   | 22,367                    | 127,127      |
| As at 31 December 2021            | 4,070,201                                    | 607,839        | (7,664)                              | (621,336)          | 4,049,040 | 465,479                   | 4,514,519    |

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

(Amounts expressed in thousands of Renminbi unless otherwise stated)

|  | Notes     | 2021            | 2020      |
|--|-----------|-----------------|-----------|
| <b>Cash flow from operating activities</b>   |           |                 |           |
| Profit/(loss) before tax   |           | <b>141,450</b>  | (207,067) |
| Adjustments for:   |           |                 |           |
| (Reversal of impairment)/impairment losses on financial assets                             |           | <b>(35,978)</b> | 386,446   |
| Depreciation of property, plant and equipment  | 8         | <b>1,668</b>    | 1,714     |
| Depreciation of right-of-use assets  | 8         | <b>12,925</b>   | 13,196    |
| Amortisation of intangible assets  |           | <b>341</b>      | 341       |
| Net fair value gain on investment property   | 6         | <b>(9,794)</b>  | (13,885)  |
| Net gain on financial instruments at fair value through profit or loss                     | 6         | <b>(44,566)</b> | (46,588)  |
| Share of profits and losses of joint ventures and associates                               |           | <b>7,764</b>    | 6,458     |
| Interest from debt instruments at amortised cost and dividend income from other investment | 5(b)/5(c) | <b>(91,552)</b> | (229,577) |
| Interest income from bank deposits   | 6         | <b>(9,182)</b>  | (2,689)   |
| Interest expense on lease liabilities  | 23        | <b>493</b>      | 886       |
| Interest expense on bank and other borrowings  | 9         | <b>50,468</b>   | 112,665   |
| Foreign exchange loss/(gain)   | 7         | <b>4,724</b>    | (6,765)   |
|  |           | <b>28,761</b>   | 15,135    |
| Increase in land development for sale  |           | <b>(1,102)</b>  | (1,479)   |
| Decrease in prepayments  |           | <b>91</b>       | 1,102     |
| Decrease in other receivables and other assets   |           | <b>2,952</b>    | 20,131    |
| Decrease/(increase) in trade receivables   |           | <b>515,787</b>  | (13,105)  |
| (Decrease)/increase in advances from customers   |           | <b>(5,224)</b>  | 1,009     |
| Decrease in contract liabilities   |           | <b>(29,041)</b> | (11,605)  |
| Decrease in trade and other payables   |           | <b>(78,375)</b> | (11,561)  |
|  |           | <b>433,849</b>  | (373)     |
| Income tax paid  |           | <b>(11,140)</b> | (12,627)  |
| <b>Net cash inflow/(outflow) from operating activities</b>                                 |           | <b>422,709</b>  | (13,000)  |

|   | <i>Notes</i> | <b>2021</b>           | 2020                  |
|---|--------------|-----------------------|-----------------------|
| <b>Cash flows from investing activities</b>                                       |              |                       |                       |
| Purchases/construction of property, plant and equipment                           |              | (172)                 | (340)                 |
| Proceeds from disposal of property, plant and equipment                           |              | 25                    | 39                    |
| Investments in joint ventures and associates                                      |              | (10,550)              | (102,847)             |
| Capital expenditure on an investment property                                     |              | (6,229)               | (58,595)              |
| Investments in debt instruments at amortised cost                                 |              | (1,116,766)           | (246,500)             |
| Proceeds from recovery of debt instruments at amortised cost                      |              | 1,021,109             | 1,647,998             |
| Interest received from debt instruments at amortised cost                         |              | 95,840                | 222,203               |
| Investments in financial assets at fair value through profit or loss              |              | (1,131,863)           | (299,000)             |
| Proceeds from redemption of financial assets at fair value through profit or loss |              | 974,575               | 474,950               |
| Interest received from bank deposits  |              | 9,182                 | 2,689                 |
| Investment income from financial assets at fair value through profit or loss      |              | 58,688                | 28,235                |
|   |              | <u>(106,161)</u>      | <u>1,668,832</u>      |
| <b>Net cash (outflow)/inflow from investing activities</b>                        |              |                       |                       |
| <b>Cash flows from financing activities</b>                                       |              |                       |                       |
| Payment for revolving loan facility fee   |              | —                     | (5,896)               |
| Proceeds from bank borrowings   |              | 245,510               | —                     |
| Repayment of bank borrowings  |              | (971,429)             | (874,427)             |
| Payment of lease liabilities  | 23           | (13,204)              | (16,294)              |
| Dividends paid  |              | (14)                  | (37,684)              |
| Interest paid   |              | (46,576)              | (108,158)             |
|   |              | <u>(785,713)</u>      | <u>(1,042,459)</u>    |
| <b>Net cash outflow from financing activities</b>                                 |              |                       |                       |
| Net (decrease)/increase in cash and cash equivalents                              |              | (469,165)             | 613,373               |
| Effect of exchange rate changes on cash and cash equivalents                      |              | (66)                  | (28,056)              |
| Cash and cash equivalents at beginning of year                                    |              | <u>855,234</u>        | <u>269,917</u>        |
| <b>Cash and cash equivalents at end of year</b>                                   |              | <u><b>386,003</b></u> | <u><b>855,234</b></u> |

## NOTES

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

### 1. CORPORATE INFORMATION

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

The Group is a new town developer in Mainland China and has been engaged in the investment and operation of new type of urbanization and primary land development in the People’s Republic of China (the “PRC”) since 2002. Since 2014, 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, the Group introduces brands of urbanization to the region in the field of people’s livelihood improvement at the same time, such as tourism, healthcare, etc.

The Company was a then 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 China Development Bank Capital Corporation Limited (“**CDB Capital**”), became the largest and controlling 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.

As at 1 January 2020 and 31 December 2020, CDBIH was the Company’s immediate holding company, and CDB Capital was the ultimate holding company. 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 agreed to transfer 2,917,000,000 shares of the Company held by it (the “**Share Transfer**”) to Xitong International, which represented approximately 29.99% of the issued shares of the Company. On 28 September 2021, the closing of the share transfer under the Share Transfer Agreement was completed. Upon the completion of the Share Transfer, Xitong International holds 2,917,000,000 shares of the Company (representing approximately 29.99% of the issued shares of the Company); and CDBIH holds 2,430,921,071 shares of the Company (representing approximately 24.99% of the issued shares of the Company).



## 2. BASIS OF PREPARATION

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

The consolidated financial statements have been prepared on a historical cost basis, except for investment property, 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 consolidated financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand (‘000) except when otherwise indicated.

### (a) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 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 are attributed to the equity holders of the parent/Company and to the non-controlling interests, even if it results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

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

**(b) Operating cycle**

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

**3. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES**

**Amended standards**

The Group applied for the first-time two amendments, which are effective for annual periods beginning on or after 1 January 2021 (unless otherwise stated). Except for Amendments to IFRS 16 (issued in March 2021), the Group has not early adopted any other new and revised standards that have been issued but are not yet effective.

***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 risk-free interest rate (RFR). The amendments include the following practical expedients:

- 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 a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designed as a risk component.

These amendments had no impact on the consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

### ***Covid-19-Related Rent Concessions beyond 30 June 2021, Amendment to IFRS 16***

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions — Amendment to IFRS 16 Leases. The amendment provides relief to lessees from applying IFRS 16 guidance on lease modification accounting for 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 if certain conditions for applying the practical expedient are met. 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 was not a lease modification.

The amendment was intended to be applied for rent concession up to 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment is effective retrospectively for annual reporting periods beginning on or after 1 April 2021.

However, the Group has not received Covid-19-related rent concessions, but plans to apply the practical expedient if it becomes applicable within the allowed period of application.

#### **4. OPERATING SEGMENT INFORMATION**

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

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

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

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

An analysis by operating segment is as follows:

| <i>RMB'000</i>  | Year ended 31 December 2021 |                          |                  |                |                                 | Total            |
|---|-----------------------------|--------------------------|------------------|----------------|---------------------------------|------------------|
|   | Land development            | Urbanization development | Property leasing | Others         | Reconciliation and eliminations |                  |
| <b>Segment results</b>  |                             |                          |                  |                |                                 |                  |
| External sales  | 27,215                      | 91,552                   | 154,271          | —              | —                               | 273,038          |
| Intersegment sales  | —                           | —                        | —                | —              | —                               | —                |
| Total segment sales   | <u>27,215</u>               | <u>91,552</u>            | <u>154,271</u>   | <u>—</u>       | <u>—</u>                        | <u>273,038</u>   |
| <b>Results</b>  |                             |                          |                  |                |                                 |                  |
| Depreciation  | (1,276)                     | (11,167)                 | (278)            | (1,872)        | —                               | (14,593)         |
| Share of (losses)/gains of joint ventures and associates  | (2,687)                     | —                        | (7,749)          | 2,672          | —                               | (7,764)          |
| Fair value gain on investment property  | —                           | —                        | 9,794            | —              | —                               | 9,794            |
| Fair value (loss)/gain on financial assets and liabilities at fair value through profit or loss | —                           | (19,923)                 | —                | 4,578          | —                               | (15,345)         |
| <b>Segment profit/(loss)</b>  | <u>2,189</u>                | <u>77,198</u>            | <u>115,375</u>   | <u>(2,351)</u> | <u>(50,961)<sup>1</sup></u>     | <u>141,450</u>   |
| <b>Segment assets</b>   | <u>1,159,271</u>            | <u>3,373,214</u>         | <u>1,679,854</u> | <u>454,287</u> | <u>11,410<sup>2</sup></u>       | <u>6,678,036</u> |
| <b>Segment liabilities</b>  | <u>595,891</u>              | <u>43,398</u>            | <u>157,060</u>   | <u>194,773</u> | <u>1,172,395<sup>3</sup></u>    | <u>2,163,517</u> |
| <b>Other disclosures</b>  |                             |                          |                  |                |                                 |                  |
| Investments in joint ventures and associates  | <u>98,245</u>               | <u>—</u>                 | <u>99,487</u>    | <u>148,145</u> | <u>—</u>                        | <u>345,877</u>   |
| Capital expenditure <sup>4</sup>  | <u>—</u>                    | <u>172</u>               | <u>(6,358)</u>   | <u>—</u>       | <u>—</u>                        | <u>(6,186)</u>   |
| Interest income   | <u>2</u>                    | <u>94,192</u>            | <u>245</u>       | <u>6,295</u>   | <u>—</u>                        | <u>100,734</u>   |

<sup>1</sup> Profit/(loss) for each operating segment does not include finance costs of RMB50,961 thousand.

<sup>2</sup> Assets in segments do not include deferred tax assets of RMB11,410 thousand as these assets are managed on a group basis.

<sup>3</sup> Liabilities in segments do not include current income tax liabilities of RMB70,352 thousand, interest-bearing bank borrowings of RMB997,909 thousand, and deferred tax liabilities of RMB104,134 thousand as these liabilities are managed on a group basis.

<sup>4</sup> Capital expenditure consists of additions of property, plant and equipment of RMB172 thousand and cost adjustment of investment property of RMB6,358 thousand.

RMB'000

Year ended 31 December 2020

|   | Land<br>development | Urbanization<br>development | Property<br>leasing | Others         | Reconciliation<br>and<br>eliminations | Total            |
|---|---------------------|-----------------------------|---------------------|----------------|---------------------------------------|------------------|
| <b>Segment results</b>  |                     |                             |                     |                |                                       |                  |
| External sales  | 11,873              | 229,577                     | 150,189             | —              | —                                     | 391,639          |
| Intersegment sales  | —                   | —                           | —                   | —              | —                                     | —                |
| Total segment sales   | 11,873              | 229,577                     | 150,189             | —              | —                                     | 391,639          |
| <b>Results</b>  |                     |                             |                     |                |                                       |                  |
| Depreciation  | (1,018)             | (11,417)                    | (331)               | (2,144)        | —                                     | (14,910)         |
| Share of (losses)/gains of joint ventures and associates                                    | (4,654)             | (704)                       | 1,309               | (2,409)        | —                                     | (6,458)          |
| Fair value gain on investment property  | —                   | —                           | 13,885              | —              | —                                     | 13,885           |
| Fair value gain on financial assets and liabilities at<br>fair value through profit or loss | —                   | 19,954                      | —                   | —              | —                                     | 19,954           |
| <b>Segment (loss)/profit</b>  | <b>(16,088)</b>     | <b>(644,400)</b>            | <b>111,506</b>      | <b>454,580</b> | <b>(112,665)<sup>1</sup></b>          | <b>(207,067)</b> |
| <b>Segment assets</b>   | <b>1,669,687</b>    | <b>3,725,576</b>            | <b>1,644,940</b>    | <b>371,060</b> | <b>—</b>                              | <b>7,411,263</b> |
| <b>Segment liabilities</b>  | <b>704,143</b>      | <b>66,354</b>               | <b>180,591</b>      | <b>185,002</b> | <b>1,887,781<sup>2</sup></b>          | <b>3,023,871</b> |
| <b>Other disclosures</b>  |                     |                             |                     |                |                                       |                  |
| Investments in joint ventures and associates  | 100,931             | 5,040                       | 107,237             | 138,746        | —                                     | 351,954          |
| Capital expenditure <sup>3</sup>  | 232                 | 64                          | 10,481              | —              | —                                     | 10,777           |
| Interest income   | 2                   | 217,751                     | 118                 | 14,395         | —                                     | 232,266          |

<sup>1</sup> Profit/(loss) for each operating segment does not include finance costs of RMB112,665 thousand.

<sup>2</sup> 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 these liabilities are managed on a group basis.

<sup>3</sup> Capital expenditure consists of additions of property, plant and equipment of RMB340 thousand and investment property of RMB10,437 thousand.

## 5. REVENUE

| <i>RMB'000</i>                                   | <i>Notes</i> | 2021                  | 2020                  |
|--|--------------|-----------------------|-----------------------|
| Land development                                 | (a)          | 27,215                | 11,873                |
| Property management                              | (a)          | <u>34,638</u>         | <u>31,277</u>         |
| <b>Revenue from contracts with customers</b>     | (a)          | <u>61,853</u>         | <u>43,150</u>         |
| Rental income                                    |              | 119,633               | 118,912               |
| Interest from debt instruments at amortised cost | (b)          | 85,113                | 220,444               |
| Others   | (c)          | <u>6,439</u>          | <u>9,133</u>          |
| <b>Revenue from other sources</b>                |              | <u>211,185</u>        | <u>348,489</u>        |
| <b>Total revenue</b>                             |              | <u><u>273,038</u></u> | <u><u>391,639</u></u> |

### (a) Revenue from contracts with customers

#### *Disaggregated revenue information*

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

| <i>RMB'000</i>                                     | Year ended 31 December 2021 |                     |               |
|--|-----------------------------|---------------------|---------------|
|  | Land development            | Property management | Total         |
| <b>Segments</b>                                    |                             |                     |               |
| <b>Type of goods or service</b>                    |                             |                     |               |
| Land development                                   | 27,215                      | —                   | 27,215        |
| Property management                                | <u>—</u>                    | <u>34,638</u>       | <u>34,638</u> |
| <b>Total revenue from contracts with customers</b> | <u>27,215</u>               | <u>34,638</u>       | <u>61,853</u> |
| <b>Timing of revenue recognition</b>               |                             |                     |               |
| Service rendered over time                         | <u>27,215</u>               | <u>34,638</u>       | <u>61,853</u> |

| <i>RMB'000</i>                                     | Year ended 31 December 2020 |                     |               |
|--|-----------------------------|---------------------|---------------|
|  | Land development            | Property management | Total         |
| <b>Segments</b>                                    |                             |                     |               |
| <b>Type of goods or service</b>                    |                             |                     |               |
| Land development                                   | 11,873                      | —                   | 11,873        |
| Property management                                | —                           | 31,277              | 31,277        |
| <b>Total revenue from contracts with customers</b> | <b>11,873</b>               | <b>31,277</b>       | <b>43,150</b> |
| <b>Timing of revenue recognition</b>               |                             |                     |               |
| Service rendered over time                         | 11,873                      | 31,277              | 43,150        |

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

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

SGLD is given the right to carry out construction and preparation works in respect of land infrastructure and ancillary public facilities (owned by the local governments) in Luodian New Town.

On 29 December 2018, SGLD and the local government entered into a new cooperative agreement to change the cooperation model after extensive negotiations, in response to the relatively material changes of the policies since expiration of the original agreement. Based on the new cooperative agreement, SGLD would continue to cooperate with the local government for the primary development of land in the Eastern Zone of the Luodian New Town, which is now targeted for completion by August 2023. However, instead of being entitled to a portion of the sales proceeds of the land as compensation under the previous arrangement, the local government will compensate SGLD a total consideration of RMB1,523 million for the costs incurred for the Eastern Zone (RMB1,152 million) and remaining construction of ancillary public facilities to be completed by SGLD at the Western Zone (RMB371 million). The Group has received RMB1,523 million from the local government by 31 December 2021.

Revenue of RMB27.22 million (2020: RMB11.87 million) was recognised in respect of construction of the ancillary public facilities with the fulfilment of the performance obligation in 2021, of which RMB27.22 million (2020: RMB11.87 million) was released from contract liabilities.

The amount of transaction prices allocated to the remaining performance obligations expected to be recognised as revenue within two years as at 31 December 2021 (2020: three years) is RMB272 million (2020: RMB299 million).

### *Property management services*

The performance obligation is satisfied over time as property management services are rendered and short-term advances are normally required before rendering the services. Property management service contracts are billed based on the time incurred. The amount of revenue recognised in the current year period that was included in the contract liability at the beginning of 2021 was RMB4,664 thousand (2020: RMB4,396 thousand).

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

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

| <b><i>RMB'000</i></b>  | <b>2021</b>   | <b>2020</b>    |
|--|---------------|----------------|
| <b>Interest income</b>   |               |                |
| Taizhou Tongtai Intelligent Manufacturing Industrial Park Project  | <b>2,370</b>  | 32,245         |
| Chengdu Jintang Huaizhou New City Yunding Ranch Cultural Tourism Project   | <b>19,821</b> | 27,685         |
| The First Phase Construction Project of High-tech Science and Technology Innovation Park in Yangzhong City, Jiangsu Province | <b>17,385</b> | 21,206         |
| Lianyungang Liandao Cultural Tourism Project   | <b>16,260</b> | 2,183          |
| Gaoyou PPP Project   | <b>4,364</b>  | 14,380         |
| Suqian Yanghe Bio-tech Industrial Park Project   | <b>10,867</b> | 11,289         |
| Qinhuangdao Project  | —             | 4,442          |
| Jiangsu Taizhou New Energy Industrial Park Project   | —             | 12,984         |
| Jiangsu Lianyungang Haizhou Bay Tourism Town Project   | —             | 22,441         |
| Jiangsu Huai'an Huaiyin District Urban Renewal Project   | —             | 24,298         |
| Shandong Qingzhou MI River Comprehensive Control Project   | —             | 10,448         |
| Yangzhou Gaoyou National Agricultural Science and Technology Park Project  | —             | 14,589         |
| Jiangsu Xuzhou Peixian County Industrial Concentration Area Construction Project   | —             | 3,070          |
| Lianyungang Haohai R&D Centre Project  | —             | 2,307          |
| Taizhou Jingjiang Huaxin Science and Technology Innovation Park Standard Plant Construction Project                          | <b>2,943</b>  | —              |
| Chengdu Jintang Huaizhou New City General Aviation Industrial Park Project   | <b>1,643</b>  | —              |
| Yangzhong Changwang Operation Area Logistics Park Construction Project   | <b>590</b>    | —              |
| Yangzhou Jiangdu People's Hospital New Project   | <b>154</b>    | —              |
| Others   | <b>8,716</b>  | 16,877         |
|  | <b>85,113</b> | <b>220,444</b> |



(c) The detailed information of other investment is as follows:

|   | 2021          | 2020          |
|---|---------------|---------------|
| CDB (Beijing) — BOCOMM New-Type Urbanization<br>Development Fund (the “Urbanization Fund”)                        | <u>6,439</u>  | <u>9,133</u>  |
| <b>6. OTHER INCOME</b>  |               |               |
| <i>RMB'000</i>  | 2021          | 2020          |
| Interest income from bank deposits  | 9,182         | 2,689         |
| Net fair value gain on financial instruments at fair value<br>through profit or loss mandatorily measured as such | —             | 19,954        |
| Investment income from financial instruments at fair value<br>through profit or loss mandatorily measured as such | 59,911        | 26,634        |
| Fair value gain on investment property  | 9,794         | 13,885        |
| Foreign exchange gain, net  | —             | 6,765         |
| Others  | <u>15,851</u> | <u>14,400</u> |
|   | <u>94,738</u> | <u>84,327</u> |
| <b>7. OTHER EXPENSES</b>  |               |               |
| <i>RMB'000</i>  | 2021          | 2020          |
| Bank charges  | 46            | 453           |
| Net fair value loss on financial instruments at fair value<br>through profit or loss                              | 15,345        | —             |
| Foreign exchange loss, net  | 4,724         | —             |
| Loss on disposal of property, plant and equipment   | 52            | —             |
| Others  | <u>4,258</u>  | <u>12,100</u> |
|   | <u>24,425</u> | <u>12,553</u> |

## 8. EXPENSES BY NATURE

| <i>RMB'000</i>   | 2021           | 2020           |
|--|----------------|----------------|
| Cost of land development                                 | 27,633         | 11,818         |
| Depreciation of property, plant and equipment            | 1,668          | 1,714          |
| Depreciation of right-of-use assets                      | 12,925         | 13,196         |
| Audit fees and non-audit fees                            | 3,342          | 5,945          |
| <i>Audit fees</i>  |                |                |
| — Auditor of the Company                                 | 2,500          | 4,500          |
| — Other auditors   | 832            | 1,200          |
| <i>Non-audit fees</i>                                    |                |                |
| — Auditor of the Company                                 | —              | —              |
| — Other auditors   | 10             | 245            |
| Employee benefits  | 51,333         | 52,721         |
| Utility expenses   | 11,443         | 8,340          |
| Advertising  | 6,681          | 3,923          |
| Rental expenses  | 1,608          | 1,274          |
| Property management service expenses                     | 24,963         | 21,566         |
| Intermediary and professional service charges            | 9,888          | 9,316          |
| Other expenses   | 27,670         | 35,098         |
|  | <u>179,154</u> | <u>164,911</u> |
| Total cost of sales, selling and administrative expenses |                |                |

## 9. FINANCE COSTS

| <i>RMB'000</i>                        | 2021          | 2020           |
|---------------------------------------|---------------|----------------|
| Interest on bank and other borrowings | 50,468        | 112,665        |
| Interest on lease liabilities         | 493           | —              |
|                                       | <u>50,961</u> | <u>112,665</u> |

No borrowing cost has been capitalised for the year ended 31 December 2021 (2020: Nil).

## 10. INCOME TAX AND DEFERRED TAX

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

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

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong (“HK”) during the year (2020: Nil).

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 profit or loss.

The major components of income tax are as follows:

| <i><b>RMB'000</b></i>                           | <b>2021</b>   | <b>2020</b> |
|---|---------------|-------------|
| Income tax charge/(credit):                     |               |             |
| Current income tax                              | <b>5,159</b>  | (5,873)     |
| Deferred tax                                    | <b>(471)</b>  | 27,317      |
| Withholding tax                                 | <b>5,812</b>  | 19,654      |
|   | <hr/>         | <hr/>       |
| Income tax charge as reported in profit or loss | <b>10,500</b> | 41,098      |
|   | <hr/> <hr/>   | <hr/> <hr/> |

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

### Year ended 31 December 2021

| <i>RMB'000</i>   | HK and BVI   |              | Mainland China |             | Total          |             |
|--|--------------|--------------|----------------|-------------|----------------|-------------|
| Profit before tax  | <u>9,000</u> |              | <u>132,450</u> |             | <u>141,450</u> |             |
| Tax at the statutory tax rate  | 2,250        | 25.0%        | 33,113         | 25.0%       | 35,363         | 25.0%       |
| Effect of subsidiaries applying the non-statutory tax rate                               | 6,870        | 76.3%        | —              | —           | 6,870          | 4.8%        |
| Income not subject to tax  | (13,207)     | (146.7%)     | —              | —           | (13,207)       | (9.3%)      |
| Profit and losses attributable to joint ventures and associates                          | 566          | 6.3%         | 1,084          | 0.8%        | 1,650          | 1.2%        |
| Non-deductible expenses for tax purposes   | 3,521        | 39.1%        | 325            | 0.2%        | 3,846          | 2.7%        |
| Adjustments in respect of current tax of previous periods                                | —            | —            | 1,989          | 1.5%        | 1,989          | 1.4%        |
| Utilisation/adjustment of previously unrecognised tax losses                             | —            | —            | (39,391)       | (29.7%)     | (39,391)       | (27.8%)     |
| Unrecognised tax losses and deductible temporary differences                             | —            | —            | 7,568          | 5.7%        | 7,568          | 5.3%        |
| Effect of withholding tax*   | <u>5,812</u> | <u>64.6%</u> | <u>—</u>       | <u>—</u>    | <u>5,812</u>   | <u>4.1%</u> |
| Income tax as reported in the statement of profit or loss and other comprehensive income | <u>5,812</u> | <u>64.6%</u> | <u>4,688</u>   | <u>3.5%</u> | <u>10,500</u>  | <u>7.4%</u> |

\* In 2021, the HK and BVI companies received interest and dividend income from subsidiaries established in Mainland China amounted to RMB52,391 thousand (2020: RMB176,836 thousand), after the deduction of the withholding tax of RMB5,812 thousand (2020: RMB19,654 thousand).

### Year ended 31 December 2020

| <i>RMB'000</i>   | HK and BVI       |                | Mainland China  |                | Total            |                |
|--|------------------|----------------|-----------------|----------------|------------------|----------------|
| Profit before tax  | <u>(163,653)</u> |                | <u>(43,414)</u> |                | <u>(202,067)</u> |                |
| Tax at the statutory tax rate  | (40,913)         | 25.0%          | (10,854)        | 25.0%          | (51,767)         | 25.0%          |
| Effect of subsidiaries applying the non-statutory tax rate                               | 16,391           | (10.0%)        | —               | —              | 16,391           | (7.9%)         |
| Income not subject to tax  | (2,194)          | 1.3%           | (6,993)         | 16.1%          | (9,187)          | 4.4%           |
| Profit and losses attributable to joint ventures and associates                          | (175)            | 0.1%           | 1,879           | (4.3%)         | 1,704            | (0.8%)         |
| Non-deductible expenses for tax purposes   | 26,891           | (16.4%)        | 5,520           | (12.7%)        | 32,411           | (15.7%)        |
| Adjustments in respect of current tax of previous periods                                | —                | —              | 5,677           | (13.1%)        | 5,677            | (2.7%)         |
| Utilisation/adjustment of previously unrecognised tax losses                             | —                | —              | (10,818)        | 24.9%          | (10,818)         | 5.2%           |
| Unrecognised tax losses and deductible temporary differences                             | —                | —              | 37,033          | (85.3%)        | 37,033           | (17.9%)        |
| Effect of withholding tax*   | <u>19,654</u>    | <u>(12.0%)</u> | <u>—</u>        | <u>—</u>       | <u>19,654</u>    | <u>(9.4%)</u>  |
| Income tax as reported in the statement of profit or loss and other comprehensive income | <u>19,654</u>    | <u>(12.0%)</u> | <u>21,444</u>   | <u>(49.4%)</u> | <u>41,098</u>    | <u>(19.8%)</u> |

Deferred income tax relates to the following:

| <i>RMB'000</i>  | Consolidated statement of<br>financial position |                 | Consolidated profit or loss |                 |
|---|---|-----------------|-----------------------------|-----------------|
|   | 2021  | 2020            | 2021                        | 2020            |
| <b>Deferred tax assets/(liabilities)</b>  |   |                 |                             |                 |
| Fair value change and depreciation of investment property   | (66,458)  | (61,438)        | (5,020)                     | (7,754)         |
| Fair value change of financial instruments at fair value through profit or loss                             | (3,734)   | (9,963)         | 6,229                       | (10,090)        |
| Accrued expenses  | 1,942   | 2,097           | (155)                       | (3,755)         |
| Taxable timing difference for interest accrued  | (17,502)  | (15,125)        | (2,377)                     | (15,125)        |
| Provision for expected credit losses (“ECLs”)   | 2,868   | 5,469           | (2,601)                     | 2,491           |
| Effect of withholding tax at 10% on the distributable profits of the Group’s subsidiaries in Mainland China | (21,151)  | (21,151)        | —                           | —               |
| Loss available for offsetting against future taxable income   | 11,311  | 6,916           | 4,395                       | 6,916           |
| <b>Net deferred tax liabilities</b>   | <b>(92,724)</b>                                 | <b>(93,195)</b> |                             |                 |
| <b>Deferred income tax credit/(charge)</b>  |   |                 | <b>471</b>                  | <b>(27,317)</b> |

Deferred tax movements:

|  | 2021             | 2020            |
|--|------------------|-----------------|
| <b>As of 1 January</b>                           | <b>(93,195)</b>  | <b>(65,878)</b> |
| Deferred tax income recognised in profit or loss | 471              | (27,317)        |
| <b>As at 31 December</b>                         | <b>(92,724)</b>  | <b>(93,195)</b> |
| <b>Deferred tax assets</b>                       | <b>11,410</b>    | <b>—</b>        |
| <b>Deferred tax liabilities</b>                  | <b>(104,134)</b> | <b>(93,195)</b> |

As at 31 December 2021, the unrecognized deductible temporary differences amounting to RMB67,128 thousand (2020: RMB107,121 thousand) and the unrecognized accumulated tax losses amounting to RMB156,427 thousand (2020: RMB224,045 thousand) mainly arose from those subsidiaries that have been loss-making for years. Included in unrecognized tax losses, which will be offset against future taxable profits, RMB156,427 thousand (2020: RMB224,045 thousand) will expire in one to five years. The Group estimated that there was no taxable income to utilise these tax losses and deductible temporary differences and there are no other tax planning opportunities or other evidence of recoverability in the near future.

## 11. DIVIDENDS

No final dividend to the shareholders of the Company (the “Shareholders”) has been proposed by the Board in respect of the year ended 31 December 2021 (2020: Nil).

## 12. EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings/(loss) per share amounts is based on the profit/(loss) attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 9,726,246,417 (2020: 9,726,246,417) in issue during the year ended 31 December 2021.

The following reflects the earnings/(loss) and share data used in the basic and diluted earnings/(loss) per share calculations:

| <i>RMB'000</i>  | 2021                 | 2020                 |
|---|----------------------|----------------------|
| Profit/(loss) attributable to ordinary equity holders of the parent for basic and diluted earnings/(loss) per share | <u>108,583</u>       | <u>(250,925)</u>     |
| Weighted average number of ordinary shares used to calculate basic and diluted earnings/(loss) per share            | <u>9,726,246,417</u> | <u>9,726,246,417</u> |
| Basic and diluted earnings/(loss) per share ( <i>RMB</i> )  | <u>0.0112</u>        | <u>(0.0258)</u>      |

The Group had no potential dilutive ordinary shares in issue during the years ended 31 December 2021 and 2020.

### 13. DEBT INSTRUMENTS AT AMORTISED COST

| <i>RMB'000</i>   | 2021                    | 2020                    |
|--|-------------------------|-------------------------|
| Investments in debt instruments related to:  |                         |                         |
| Nanchang Science and Technology Park Project of Chinese Academy of Sciences  | 400,000                 | 400,000                 |
| Taizhou Jingjiang Huaxin Science and Technology Innovation Park Standard Plant Construction Project                          | 318,667                 | —                       |
| Chengdu Jintang Huaizhou New City General Aviation Industrial Park Project   | 300,000                 | —                       |
| Yangzhong Changwang Operation Area Logistics Park Construction Project   | 251,000                 | —                       |
| Yangzhou Jiangdu People's Hospital New Project   | 246,470                 | —                       |
| Lianyungang Liandao Cultural Tourism Project   | 200,000                 | 200,000                 |
| Suqian Yanghe Bio-tech Industrial Park Project   | 107,000                 | 107,000                 |
| Taizhou Tongtai Intelligent Manufacturing Industrial Park Project  | —                       | 291,533                 |
| 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                 |
| Gaoyou PPP Project   | —                       | 136,300                 |
| Qinghuangdao Project   | —                       | 20,000                  |
| Others   | 150,500                 | 276,909                 |
|  | <u>1,973,637</u>        | <u>1,883,742</u>        |
| Accrued interest   | 23,363                  | 27,651                  |
|  | <u>1,997,000</u>        | <u>1,911,393</u>        |
| Less: allowance for ECLs   | (400,710)               | (477,372)               |
|  | <u><u>1,596,290</u></u> | <u><u>1,434,021</u></u> |
| Amounts due in the next 12 months classified as current assets   | <u><u>224,495</u></u>   | <u><u>953,430</u></u>   |
| Amounts classified as non-current assets   | <u><u>1,371,795</u></u> | <u><u>480,591</u></u>   |

As at 31 December 2021, the Group was entitled to fixed returns ranging from 5.70% to 15.00% (2020: 5.70% to 15.00%) per annum before tax for debt instruments at amortised cost.

Movements of ECL allowance during the years ended 31 December 2021 and 2020 are as follows:

| <b>RMB'000</b>   | <b>2021</b>     | <b>2020</b>    |
|--|-----------------|----------------|
| At beginning of year   | <b>477,372</b>  | 153,693        |
| Credit loss/(reversal of credit loss) recognised in profit or loss | <b>(71,529)</b> | 323,679        |
| Write-off  | <b>(5,133)</b>  | —              |
| At end of year   | <b>400,710</b>  | <b>477,372</b> |

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

|                             | <b>12-month<br/>ECLs<br/>Stage 1</b> | <b>Lifetime ECLs<br/>Stage 2</b> | <b>Stage 3</b>   | <b>Total</b>       |
|-----------------------------|--------------------------------------|----------------------------------|------------------|--------------------|
| Gross carrying amount as at |                                      |                                  |                  |                    |
| 1 January 2021              | <b>1,375,260</b>                     | —                                | <b>536,133</b>   | <b>1,911,393</b>   |
| New debt instruments        | <b>1,116,766</b>                     | —                                | —                | <b>1,116,766</b>   |
| Recovery                    | <b>(923,760)</b>                     | —                                | <b>(125,000)</b> | <b>(1,048,760)</b> |
| Write-off                   | —                                    | —                                | <b>(5,133)</b>   | <b>(5,133)</b>     |
| Accrued interest            | <b>23,363</b>                        | —                                | —                | <b>23,363</b>      |
| Foreign currency exchange   | <b>(629)</b>                         | —                                | —                | <b>(629)</b>       |
| At 31 December 2021         | <b>1,591,000</b>                     | —                                | <b>406,000</b>   | <b>1,997,000</b>   |

|                             | <b>12-month<br/>ECLs<br/>Stage 1</b> | <b>Lifetime ECLs<br/>Stage 2</b> | <b>Stage 3</b> | <b>Total</b>     |
|-----------------------------|--------------------------------------|----------------------------------|----------------|------------------|
| Gross carrying amount as at |                                      |                                  |                |                  |
| 1 January 2020              | 2,869,258                            | —                                | 450,000        | 3,319,258        |
| New debt instruments        | 246,500                              | —                                | —              | 246,500          |
| Recovery                    | (1,634,477)                          | —                                | (34,000)       | (1,668,477)      |
| Transfer to Stage 3         | (120,133)                            | —                                | 120,133        | —                |
| Accrued interest            | 27,651                               | —                                | —              | 27,651           |
| Foreign currency exchange   | (13,539)                             | —                                | —              | (13,539)         |
| At 31 December 2020         | <b>1,375,260</b>                     | —                                | <b>536,133</b> | <b>1,911,393</b> |

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



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

|                                    | <b>12-month<br/>ECLs<br/>Stage 1</b> | <b>Lifetime ECLs<br/>Stage 2                      Stage 3</b> |                | <b>Total</b>   |
|------------------------------------|--------------------------------------|---|----------------|----------------|
| ECL allowance as at 1 January 2021 | 27,505                               | —   | 449,867        | 477,372        |
| Provision and remeasurement        | 6,880                                | —   | —              | 6,880          |
| Reversal                           | (18,475)                             | —   | (59,934)       | (78,409)       |
| Write-off                          | —                                    | —   | (5,133)        | (5,133)        |
|                                    | <u>15,910</u>                        | <u>—</u>  | <u>384,800</u> | <u>400,710</u> |
| At 31 December 2021                | <u>15,910</u>                        | <u>—</u>  | <u>384,800</u> | <u>400,710</u> |
|                                    | 12-month<br>ECLs<br>Stage 1          | Lifetime ECLs<br>Stage 2                      Stage 3         |                | Total          |
| ECL allowance as at 1 January 2020 | 28,693                               | —   | 125,000        | 153,693        |
| Provision and remeasurement        | 16,193                               | —   | 323,666        | 339,859        |
| Reversal                           | (16,180)                             | —   | —              | (16,180)       |
| Transfer to Stage 3                | (1,201)                              | —   | 1,201          | —              |
|                                    | <u>27,505</u>                        | <u>—</u>  | <u>449,867</u> | <u>477,372</u> |
| At 31 December 2020                | <u>27,505</u>                        | <u>—</u>  | <u>449,867</u> | <u>477,372</u> |

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

| <i>RMB'000</i>             | <i>Notes</i> | 2021             | 2020             |
|----------------------------|--------------|------------------|------------------|
| Funds                      | (a)          | 12,221           | 20,275           |
| Wealth management products | (b)          | 1,160,866        | 1,044,251        |
| Equity instruments         | (c)          | 79,313           | 52,414           |
| Derivatives                | (d)          | 31               | —                |
|                            |              | <u>1,252,431</u> | <u>1,116,940</u> |
| Current portion            |              | <u>1,160,866</u> | <u>1,044,251</u> |
| Non-current portion        |              | <u>91,565</u>    | <u>72,689</u>    |

#### *Notes:*

- (a) In June 2015, Beijing Xincheng Kaiyuan Asset Management Co., Ltd (“**Xincheng Kaiyuan**”) invested in the junior-tranche of the Urbanization Fund and the investment was partly redeemed in 2021. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.
- (b) In 2021, the Group invested in wealth management products issued by Shanghai Pudong Development Bank (“**SPDB**”), China Construction Bank and Industrial and Commercial Bank of China as part of cash management for the short term. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.
- (c) In July 2015, Guoxi Nanjing Investment Development Co., Ltd. entered into an agreement to purchase a 13.89% unlisted equity interest in Jiangsu Hong-tu Software Venture Capital Investment Ltd (“**Jiangsu Hongruan**”). In December 2021, China New Town Holding Company Limited (“**CNT Holding**”) entered into an agreement to purchase 500 Class B unlisted shares of XN Crane International Limited (“**XN Crane**”). These equity investments were designated as financial assets at fair value through profit or loss.
- (d) At 31 December 2021, CNT Holding held one cross currency swap contract with China Construction Bank (Asia) Corporation Limited (“**CCB (Asia)**”). The contract was not designated in hedge relationships, but were, nevertheless, intended to reduce the level of foreign currency exchange risks for the investments and borrowings denominated in foreign currencies.

#### 15. INVESTMENT PROPERTY

| <i>RMB'000</i>                             | 2021             | 2020             |
|--|------------------|------------------|
| At beginning of year                       | 1,472,051        | 1,447,729        |
| Subsequent expenditure and cost adjustment | (6,358)          | 10,437           |
| Gain from increase in fair value           | 9,794            | 13,885           |
| At end of year                             | <u>1,475,487</u> | <u>1,472,051</u> |

## 16. PROPERTY, PLANT AND EQUIPMENT

| <i>RMB'000</i>                  | Buildings     | Furniture,<br>Fixtures and<br>equipment | Motor vehicles | Total         |
|---------------------------------|---------------|---|----------------|---------------|
| <b>Original cost</b>            |               |   |                |               |
| At 1 January 2020               | 19,261        | 11,156                                  | 4,761          | 35,178        |
| Additions                       | —             | 340                                     | —              | 340           |
| Disposals                       | —             | (466)                                   | —              | (466)         |
| At 31 December 2020             | 19,261        | 11,030                                  | 4,761          | 35,052        |
| Additions                       | 108           | 64                                      | —              | 172           |
| Disposals                       | —             | (871)                                   | —              | (871)         |
| <b>At 31 December 2021</b>      | <b>19,369</b> | <b>10,223</b>                           | <b>4,761</b>   | <b>34,353</b> |
| <b>Accumulated depreciation</b> |               |   |                |               |
| At 1 January 2020               | 8,463         | 9,069                                   | 4,401          | 21,933        |
| Provided during the year        | 707           | 866                                     | 141            | 1,714         |
| Disposals                       | —             | (427)                                   | —              | (427)         |
| At 31 December 2020             | 9,170         | 9,508                                   | 4,542          | 23,220        |
| Provided during the year        | 875           | 668                                     | 125            | 1,668         |
| Disposals                       | —             | (794)                                   | —              | (794)         |
| <b>At 31 December 2021</b>      | <b>10,045</b> | <b>9,382</b>                            | <b>4,667</b>   | <b>24,094</b> |
| <b>Net carrying amount</b>      |               |   |                |               |
| At 1 January 2020               | 10,798        | 2,087                                   | 360            | 13,245        |
| At 31 December 2020             | 10,091        | 1,522                                   | 219            | 11,832        |
| <b>At 31 December 2021</b>      | <b>9,324</b>  | <b>841</b>                              | <b>94</b>      | <b>10,259</b> |

## 17. RIGHT-OF-USE ASSETS

| <i>RMB'000</i>       | Buildings       | Motor vehicles | Land         | Total           |
|----------------------|-----------------|----------------|--------------|-----------------|
| At 1 January 2020    | 14,157          | 932            | 2,081        | 17,170          |
| Additions            | 26,936          | —              | —            | 26,936          |
| Depreciation expense | <u>(12,446)</u> | <u>(593)</u>   | <u>(157)</u> | <u>(13,196)</u> |
| At 31 December 2020  | 28,647          | 339            | 1,924        | 30,910          |
| Depreciation expense | <u>(12,428)</u> | <u>(339)</u>   | <u>(158)</u> | <u>(12,925)</u> |
| At 31 December 2021  | <u>16,219</u>   | <u>—</u>       | <u>1,766</u> | <u>17,985</u>   |

## 18. LAND DEVELOPMENT FOR SALE

| <i>RMB'000</i>                        | 2021           | 2020           |
|---------------------------------------|----------------|----------------|
| The Mainland China — Shenyang Lixiang | <u>887,401</u> | <u>886,299</u> |

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

## 19. OTHER RECEIVABLES

| <i>RMB'000</i>                                | <i>Notes</i> | 2021             | 2020            |
|---|--------------|------------------|-----------------|
| Balances due from Wuxi Project                |              | 20,977           | 20,977          |
| Due from SREI, the then parent of the Company | (i)          | 140,146          | 140,146         |
| Balances due from entities disposed of        |              | 24,384           | 24,384          |
| Due from joint ventures                       | (ii)         | 481,967          | 485,928         |
| Due from associates                           |              | 2,402            | 1,815           |
| Others  |              | 57,747           | 61,689          |
|   |              | <u>727,623</u>   | <u>734,939</u>  |
| Less: allowance for ECLs                      |              | <u>(111,685)</u> | <u>(71,402)</u> |
| Other receivables, net                        |              | <u>615,938</u>   | <u>663,537</u>  |

The Group has assessed the ECLs based on its historical credit loss experience, adjusted for forward-looking factors to the debtors and the economic environment. The loss rate of Stage 1 and Stage 2 was estimated to be 1% (2020: 2%), and the loss rate of Stage 3 was estimated to be ranging from 30% to 100% (2020: ranging from 45% to 100%). The movements in allowance of impairment are as follows:

|  | 2021           | 2020          |
|--|----------------|---------------|
| At beginning of year                     | 71,402         | 25,034        |
| Credit loss recognised in profit or loss | 45,755         | 46,368        |
| Write-off                                | <u>(5,472)</u> | <u>—</u>      |
| At end of year                           | <u>111,685</u> | <u>71,402</u> |

### *Notes:*

- (i) The balances due from SREI are in relation to the Disposal Assets in 2017, after a series of settlements made between the Company and SREI.
- (ii) The balances due from joint ventures are shareholder's loans lent to Nanjing Guofa Real Estate Co., Ltd. and Beijing Guowan Real Estate Co., Ltd. to facilitate their daily operations, which are unsecured and interest-free and should be repayable on demand.

## 20. TRADE RECEIVABLES

| <i>RMB'000</i>                             | 2021          | 2020           |
|--|---------------|----------------|
| Receivables from land development for sale | 47,218        | 564,898        |
| Others                                     | 15,512        | 13,619         |
|  | <u>62,730</u> | <u>578,517</u> |
| Less: allowance for ECLs                   | (4,359)       | (14,563)       |
| Trade receivables, net                     | <u>58,371</u> | <u>563,954</u> |

The above balances are unsecured and interest-free. The fair values of the trade receivables as at the end of each reporting period approximate to their carrying amounts. No trade receivables were written off in 2021. (2020: RMB9,871 thousand).

The Group applies a simplified approach in calculating ECLs for trade receivables. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has assessed the ECLs based on its historical credit loss experience, adjusted for forward-looking factors to the debtors and the economic environment. The loss rate was estimated to be ranging from 1% to 100% (2020: ranging from 2% to 100%). The movements in allowance of impairment are as follows:

| <i>RMB'000</i>   | 2021         | 2020          |
|--|--------------|---------------|
| At beginning of year   | 14,563       | 8,035         |
| Credit loss/(reversal of credit loss) recognised in profit or loss | (10,204)     | 16,399        |
| Write-off  | —            | (9,871)       |
| At end of year   | <u>4,359</u> | <u>14,563</u> |

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

| <i>RMB'000</i>     | 2021          | 2020           |
|--------------------|---------------|----------------|
| Within 6 months    | 12,289        | 10,324         |
| 6 months to 1 year | 4,729         | 4,900          |
| 1 year to 2 years  | 4,729         | 4,931          |
| 2 years to 3 years | 4,729         | 512,226        |
| Over 3 years       | 31,895        | 31,573         |
|                    | <u>58,371</u> | <u>563,954</u> |

## 21. CASH AND BANK BALANCES

| <i>RMB'000</i> | 2021           | 2020           |
|----------------|----------------|----------------|
| Cash at banks  | <u>386,003</u> | <u>855,234</u> |

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

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

### RMB equivalent of the following currencies:

| <i>RMB'000</i> | 2021           | 2020           |
|----------------|----------------|----------------|
| RMB            | 384,802        | 431,730        |
| HKD            | 914            | 258,015        |
| USD            | <u>287</u>     | <u>165,489</u> |
|                | <u>386,003</u> | <u>855,234</u> |

## 22. INTEREST-BEARING BANK BORROWINGS

Details of interest-bearing bank borrowings are as follows:

| <i>RMB'000</i>              | 2021           | 2020             |
|-----------------------------|----------------|------------------|
| Bank borrowings — secured   | 752,399        | 766,418          |
| Bank borrowings — unsecured | <u>245,510</u> | <u>957,646</u>   |
|                             | <u>997,909</u> | <u>1,724,064</u> |

The interest-bearing bank borrowings are repayable as follows:

| <i>RMB'000</i>        | 2021           | 2020             |
|-----------------------|----------------|------------------|
| Within 6 months       | 33,559         | 988,684          |
| 6 months to 9 months  | 32,500         | 30,000           |
| 9 months to 12 months | <u>245,470</u> | <u>—</u>         |
| Current               | <u>311,529</u> | <u>1,018,684</u> |
| 1 year to 2 years     | 82,000         | 65,000           |
| 2 years to 5 years    | 314,000        | 270,000          |
| Over 5 years          | <u>290,380</u> | <u>370,380</u>   |
| Non-current           | <u>686,380</u> | <u>705,380</u>   |
|                       | <u>997,909</u> | <u>1,724,064</u> |

The Group's interest-bearing bank borrowings bore interest at EURIBOR plus 1.95% and 4.44% per annum for the year ended 31 December 2021 (2020: at LIBOR plus 2.2%, HIBOR plus 2.2% and 4.90% per annum).

#### Bank borrowings — secured

As at 31 December 2021, bank borrowings of RMB752,399 thousand (2020: RMB766,418 thousand) were secured by the investment property, whose carrying amount as at 31 December 2021 was RMB1.475 billion (2020: RMB1.472 billion).

### 23. LEASE LIABILITIES

| <i>RMB'000</i>    | 2021          | 2020          |
|-------------------|---------------|---------------|
| At 1 January      | 24,849        | 13,315        |
| Additions         | —             | 26,942        |
| Interest expense  | 493           | 886           |
| Payments          | (13,204)      | (16,294)      |
|                   | <u>12,138</u> | <u>24,849</u> |
| As at 31 December | <u>12,138</u> | <u>24,849</u> |
| Current           | 12,138        | 12,856        |
| Non-current       | —             | 11,993        |

### 24. TRADE PAYABLES

| <i>RMB'000</i>                        | 2021           | 2020           |
|---------------------------------------|----------------|----------------|
| Payable for land development for sale | <u>117,171</u> | <u>197,276</u> |

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

| <i>RMB'000</i> | 2021           | 2020           |
|----------------|----------------|----------------|
| Within 1 year  | 15,725         | —              |
| 1 to 2 years   | —              | 2,856          |
| Over 2 years   | <u>101,446</u> | <u>194,420</u> |
|                | <u>117,171</u> | <u>197,276</u> |

Trade payables are non-interest-bearing.



## 25. OTHER PAYABLES AND ACCRUALS

| <i>RMB'000</i>  | 2021           | 2020           |
|---|----------------|----------------|
| Payroll and welfare   | 17,435         | 16,537         |
| Other taxes payable   | 22,285         | 21,651         |
| Amounts due to related parties  | 171            | 4,973          |
| Payable for Intermediary and professional service charges   | 12,972         | 10,972         |
| Payable for Wuxi Project  | 42,250         | 42,250         |
| Other borrowings from Huzhou Tongchuang Jintai Huizhong Enterprise Management Partnership (Limited Partnership) (“Tongchuang LP”) | 123,501        | 116,615        |
| Dividend payables   | 93             | 538            |
| Payable for investment property   | 98,134         | 110,721        |
| Others  | 131,482        | 135,348        |
|   | <u>448,323</u> | <u>459,605</u> |

Terms and conditions of the above liabilities are as follows:

- Payroll and welfare are normally settled within the next month.
- Other borrowings from Tongchuang LP are bearing interest of 7% per annum and are repayable on demand.
- Other payables, tax payables and accruals are non-interest-bearing and are normally settled when they are due or within one year.

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

| <i>RMB'000</i> | 2021     | 2020         |
|----------------|----------|--------------|
| — Derivatives  | <u>—</u> | <u>6,451</u> |
|                | <u>—</u> | <u>6,451</u> |

As at 31 December 2020, CNT Holding held one foreign exchange forward contract 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.

## 27. CONTRACT LIABILITIES

| <i>RMB'000</i>                     | 2021           | 2020           |
|------------------------------------|----------------|----------------|
| Contract liabilities arising from: |                |                |
| Land development                   | 393,067        | 420,283        |
| Property management                | 2,839          | 4,664          |
|                                    | <u>395,906</u> | <u>424,947</u> |

As at 31 December 2021, 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.

## 28. FAIR VALUE AND FAIR VALUE HIERARCHY

### Fair values of financial assets and liabilities

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

The Group's financial assets mainly include debt instruments at amortised cost, cash and bank balances, financial assets at fair value through profit or loss, trade receivables and other receivables. The Group's financial liabilities mainly include interest-bearing bank and other 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 and liabilities measured at fair value as at 31 December 2021:

|  | Date of valuation | Total     | Fair value measurement using              |   |   |
|--|-------------------|-----------|---|---|---|
|  |                   |           | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| Assets/liabilities measured at fair value:                               |                   |           |   |   |   |
| Financial assets at fair value through profit or loss ( <i>Note 14</i> ) | 31 December 2021  | 1,252,431 | —   | 1,173,118                               | 79,313                                    |
| Investment property ( <i>Note 15</i> )                                   | 31 December 2021  | 1,475,487 | —   | —                                       | 1,475,487                                 |

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

### 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                                    |
| Investment property ( <i>Note 15</i> )  | 31 December 2020  | 1,472,051 | —   | —                                       | 1,472,051                                 |
| Financial liabilities at fair value through profit or loss ( <i>Note 26</i> ) | 31 December 2020  | 6,451     | —   | 6,451                                   | —   |

There were no transfers of fair value measurement between Level 1 and Level 2, and no transfers into or out of Level 3 during the year ended 31 December 2020.

## Assets and liabilities in Level 2

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

Level 2 financial assets at fair value through profit or loss comprise an unlisted fund and wealth management products. For the unlisted fund, fair value was determined using RMB loan interest rate for over 5 years, RMB risk free rate and bond default probability that are observable market inputs. For wealth management products, fair value was determined by the quoted price of the net asset value by financial institutions as at the end of the reporting period.

Level 2 financial liabilities at fair value through profit or loss comprise a foreign exchange forward contract, whose fair value was determined using the forward exchange rate and HKD risk-free rate that are observable market inputs.

## Assets and liabilities in Level 3

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy as at 31 December 2021 and 2020 are shown below:

|                               | Valuation technique          | Significant unobservable inputs                         | 31 December 2021 | 31 December 2020 |
|-------------------------------|------------------------------|---|------------------|------------------|
| Office                        | Income approach              | Discount rate   | 7.5%             | 7.5%             |
|                               |                              | Estimated rental value (per square metre and per month) | 83               | 83               |
|                               |                              | Rent growth (per annum)                                 | 2%               | 2%               |
|                               |                              | Long term vacancy rate                                  | 15%              | 15%              |
| Retail                        | Income approach              | Discount rate   | 7.5%             | 7.5%             |
|                               |                              | Estimated rental value (per square metre and per month) | 182              | 180              |
|                               |                              | Rent growth (per annum)                                 | 2%               | 2%               |
|                               |                              | Long term vacancy rate                                  | 20%              | 20%              |
| Car park                      | Income approach              | Discount rate   | 7.5%             | 7.5%             |
|                               |                              | Estimated rental value (per square metre and per month) | 407              | 360              |
|                               |                              | Rent growth (per annum)                                 | 2%               | 2%               |
| Non-listed equity investments | Discounted cashflow approach | Discount rate   | 7.0%             | 7.0%             |
|                               | Market valuation approach    | Discounts for lack of marketability                     | 30%              | 30%              |

Sensitivity analysis of the significant unobservable inputs to fair value:

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

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

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

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

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

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

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

|   | Year ended<br>31 December<br>2021 | Year ended<br>31 December<br>2020 |
|---|-----------------------------------|-----------------------------------|
| At beginning of year                              | 52,414                            | 42,784                            |
| Total gains/(losses) recognised in profit or loss | (4,964)                           | 9,630                             |
| Purchases   | 31,863                            | —                                 |
|   | <u>79,313</u>                     | <u>52,414</u>                     |

## 29. CONTINGENT LIABILITIES

The Company is currently a defendant in an arbitration brought by SREI alleging that the Company over-received by an amount of RMB372,988,860 (the “**Disputed Amount**”), but the Company has not yet returned such Disputed Amount to SREI. The Disputed Amount relates to certain consideration and payments of the Disposal Assets. On top of the Disputed Amount, SREI also alleged that the total consideration should have been adjusted downwards by RMB17.2 million in accordance with the terms of the Disposal Master Agreement, and accordingly the Company should pay an additional RMB17.2 million to SREI. It was alleged by SREI that the Company intentionally apportioned an unreasonable consideration to certain Disposal Assets in a disposal to a third party, thereby circumventing the excess provision. Accordingly, the Company shall pay damages (which actual amount shall be subject to assessment) in respect of the difference between a fair consideration for the said Disposal Assets and the aforesaid consideration apportioned by the Company (“**Excess Consideration Damages**”). So, SREI claimed the remedies of (i) compensation from the Company of RMB390,188,860 or such other amount to be assessed; (ii) the Excess Consideration Damages, which actual amount shall be subject to assessment; (iii) interests; (iv) further and other relief; and (v) costs.

In addition to the arbitration brought by SREI, SGLD is currently a defendant in an arbitration brought by Shenyang Meteorite Park Tourism Development Co., Ltd., Shanghai CNTD Management Consulting Co., Ltd. (“**Shanghai Management**”) is currently a defendant in the lawsuits brought by Shanghai Hengchang Trading Co., Ltd. and Shanghai Yuanyi Industrial Co., Ltd., which were alleged for the over-received amount of RMB9,950 thousand, RMB14,400 thousand and RMB1,000 thousand, respectively, in relation to certain consideration and payments of the Disposal Assets.

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

## 30. SUBSEQUENT EVENT

Nil.

## MANAGEMENT DISCUSSION AND ANALYSIS

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

### *Operating Results*

#### *Revenue*

Our results from operation mainly include land development, urbanization development and property leasing. During the year ended 31 December 2021 (the “**Year 2021**”), the Group recorded revenue of RMB273 million, decreased by 30%, as compared to that of the year ended 31 December 2020 (the “**Year 2020**”). In 2021, the Group recorded revenue of RMB27,215 thousand from land development, increased by 129% as compared to that of last year, mainly because the actual progress of the project is faster than that of the same period last year, thus the land development revenue and cost carried forward increased accordingly. Under the influence of the Group’s reform and transformation, revenue from urbanization development decreased by 60% to RMB91,552 thousand. For Year 2021, the revenue related to investment property of RMB154 million was recorded, including rental income from property leasing of RMB120 million and property management fee of RMB34,638 thousand, representing an increase of 3% as compared with that of Year 2020.

#### *Other income*

For Year 2021, other income amounted to RMB94,738 thousand, increased by 12%, as compared to that of Year 2020. It was mainly because the interest income from bank deposits increased by RMB6,493 thousand as compared to that of the same period of Year 2020, investment income from financial instruments at fair value through profit or loss increased by RMB33,277 thousand as compared to that of Year 2020, net fair value gain on financial instruments at fair value through profit or loss decreased by RMB19,954 thousand as compared to that of Year 2020 and fair value gain on investment property decreased by RMB4,091 thousand as compared to that of Year 2020. Besides, net foreign exchange gain in Year 2021 decreased by RMB6,765 thousand as compared to that of Year 2020.

### *Cost of sales*

For Year 2021, cost of sales of RMB63,399 thousand was recorded, including cost of land development of RMB27,634 thousand and cost of property management service of RMB24,963 thousand. The cost of sales was increased by 55% as compared to that of Year 2020, mainly due to an increase in cost of land development by 134% in Year 2021 as a result of the faster actual progress of the project as compared to that of the same period last year, thus the revenue from land development and cost carried forward increased accordingly. Cost of property management service and other property operations increased 23%, which was due to an increase in asset operation management services expenditure.

### *Other expenses*

For Year 2021, other expenses was RMB24,425 thousand, increased by 95% as compared to that of the same period of Year 2020, mainly due to net fair value loss on financial instruments at fair value through profit or loss of RMB15,345 thousand and net foreign exchange loss of RMB4,724 thousand were recognised in Year 2021, respectively.

### *Reversal of impairment losses/(impairment losses) on financial assets*

For Year 2021, reversal of impairment losses on financial assets of RMB35,978 thousand was recorded. It was mainly due to the collection of receivables of RMB523 million from land development for sale from SGLD and collection of certain impaired urbanization development projects amount to RMB125 million, which resulted in a reversal of impairment loss of RMB76 million. It was also offsetted by additional provision of debt instruments, additional provisions for impairment of the amount due from SREI of RMB38,900 thousand and the additional provisions for impairment losses of the balances due from Wuxi Project of RMB6,757 thousand. For Year 2020, impairment losses on financial assets of RMB386,446 thousand was recorded.

### *Finance costs*

For Year 2021, net finance costs of RMB50,961 thousand was recorded, decreased by RMB61,704 thousand as compared to that of Year 2020, mainly due to the decrease of average balance of bank borrowings in Year 2021. It is mainly due to the repayment of HKD754 million and USD49,490 thousand to CCB (Asia) and the repayment of loan of RMB14,000 thousand to Bank of China in Year 2021. No interest capitalization was accrued for Year 2021.

### *Share of profits and losses from joint ventures and associates*

For Year 2021, the Group's share of net losses from joint ventures and associates was RMB7,764 thousand, among which the share of gain of RMB1,635 thousand from Kaiyuan Education Fund GP Holdings Limited (“**Kaiyuan Education**”), and share of gain of RMB1,037 thousand from Kaiyuan Education Fund LP (“**Kaiyuan Fund**”); most of the other joint ventures and associates are under construction stages with no significant income generated.

### *Taxation*

For Year 2021, the Group recorded a current income tax of RMB10,500 thousand, such income tax was mainly attributable to (i) current income tax of RMB5,159 thousand; (ii) deferred tax credit of RMB471 thousand; and (iii) withholding tax of RMB5,812 thousand.

### *Financial Position*

#### *Investment in joint ventures*

The balances as at 31 December 2021 decreased by RMB15,476 thousand as compared with the balances as at the end of 2020, mainly due to share of losses of RMB10,436 thousand from joint ventures. In addition, RMB5 million was received from the capital reduction and withdrawal from Zhongke Guoyin (Wuxi) Enterprise Management Co., Ltd., our joint venture.

#### *Investment in associates*

The balance as at 31 December 2021 increased by RMB9,399 thousand as compared with the balances as at the end of 2020, mainly because New Town Education Co., Ltd., a wholly-owned subsidiary of the Company, made new contributions of USD1,627 thousand to Kaiyuan Fund (equivalent to RMB10,550 thousand) during the Year 2021, share of gain of RMB2,672 thousand and share of other comprehensive loss of RMB3,823 thousand due to foreign currency translation.



### *Debt instruments at amortised cost (non-current assets)*

The balances of debt instruments at amortised cost (non-current assets) for Year 2021 amounted to RMB1,372 million, an increase of RMB891 million as compared with the balance as at the end of 2020. Such increase was mainly due to (i) Lianyungang Liandao Cultural Tourism Project of RMB200 million (non-current assets) was reclassified to current assets, and Suqian Yanghe Bio-tech Industrial Park Project of RMB107 million (current assets) was reclassified to non-current assets due to the extended cooperation duration; (ii) new investment made to Taizhou Jingjiang Huaxin Science and Technology Innovation Park Standard Plant Construction Project of RMB319 million, Chengdu Jintang Huaizhou New City General Aviation Industrial Park Project of RMB300 million, Yangzhong Changwang Operation Area Logistics Park Construction Project of RMB251 million and Yangzhou Jiangdu People's Hospital New Project of RMB246 million; (iii) early withdrawal from Gaoyou PPP Project to recover RMB136 million.

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

The balance as at 31 December 2021 amounted to RMB91,565 thousand, increased by RMB18,876 thousand as compared to the balance as at the end of Year 2020. It was mainly due to the investment of USD5,000 thousand (equivalent to RMB31,863 thousand) in the new XN Crane at the end of 2021; the recovery of investment principal of the Urbanization Development Fund of RMB7,575 thousand, a fair value loss of RMB479 thousand, and a fair value loss of RMB4,964 thousand of Jiangsu Hongruan.

### *Investment property*

The balance as at 31 December 2021 was RMB1,475 million, increased by RMB3,436 thousand as compared to the balance as at the end of Year 2020. This was due to the adjustment of the cost of the investment properties of RMB6,358 thousand and the appreciation of fair value of RMB9,794 thousand in Year 2021. As of 31 December 2021, the investment properties of Wuhan Chuguang Industry New Development Co., Ltd. (“**Wuhan Chuguang**”) have been completed.

### *Right-of-use assets*

The balance as at 31 December 2021 decreased by RMB12,925 thousand as compared to the balance as at the end of Year 2020, which was mainly due to the depreciation of right-of-use assets of RMB12,925 thousand in 2021.

### *Other receivables*

The balance as at 31 December 2021 decreased by RMB47,599 thousand (see Note 19) as compared with the balance as at the end of Year 2020. This was mainly due to the additional provision of ECLs of RMB40,283 thousand in Year 2021.

For Year 2021, an additional provision of ECLs of RMB38,900 thousand was made for the receivables of SREI, and an additional provision of ECLs of RMB6,757 thousand was made for the current receivables from the Wuxi Project.

### *Trade receivables*

The balance as at 31 December 2021 decreased by RMB506 million (see Note 20) as compared to the balance as at the end of Year 2020, which was mainly due to the recovery of the receivables of RMB523 million from land development for sale from SGLD with a net reversal for ECLs of RMB10,454 thousand; the increase of RMB5,000 thousand from construction management fee, increase in rent receivables and property management fees of Wuhan Chuguang of RMB1,893 thousand.

### *Debt instruments at amortised cost (current assets)*

The balance as at 31 December 2021 was RMB224 million, decreased by RMB729 million as compared to the balance as at the end the Year 2020. This was mainly due to the collection of the debt instruments on expiration of RMB890 million, with the reversal of ECLs of RMB80,262 thousand, the classification of Lianyungang Liandao Cultural Tourism Project from non-current assets to current assets of RMB200 million, the classification of Suqian Yanghe Bio-tech Industrial Park Project to non-current assets of RMB107 million due to the extension of cooperation.

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

The balance as at 31 December 2021 of RMB1,161 million was mainly comprised of the wealth management products issued by SPDB, China Construction Bank and Industrial and Commercial Bank of China (see Note 14).

### *Other current assets*

The balance as at 31 December 2021 of RMB14,548 thousand was mainly comprise of value-added tax to be deducted in Mainland China.

### *Interest-bearing bank borrowings*

The balance as at 31 December 2021 decreased by RMB726 million as compared with the balance as at the end of 2020. This was mainly due to a repayment of HKD754 million and USD49,490 thousand to CCB (Asia), a repayment of RMB14 million to Bank of China, and an additional short-term borrowings of EUR34 million in Year 2021. The borrowings were denominated in RMB and EUR. Details of the bank interest rates are set out in Note 22.

### *Trade payables*

The balance as at 31 December 2021 decreased by RMB80 million as compared with the balance as at the end of 2020, which was mainly due to the payment of approximately RMB91 million in respect of the expenditure of construction of SGLD, and the construction payable of RMB15 million in accordance with the progress of performance.

### *Other payables and accruals*

The balance as at 31 December 2021 decreased by RMB11,282 thousand as compared with the balance as at the end of 2020, which was mainly due to the payment of RMB12 million in respect of the expenditure of office building of Wuhan Chuguang.

### *Financial liabilities at fair value through profit or loss*

There were no financial liabilities at fair value through profit or loss of the Group as at 31 December 2021. The balance as at 31 December 2020 amount to RMB6,451 thousand. This was due to a foreign exchange forward contract CNT Holding signed with Bank of East Asia (see Note 26).

### *Cash and bank balances*

Overall, cash and cash equivalents for the Year 2021 decreased by RMB469 million as compared with the balance as at the end of Year 2020, with a total balance of RMB386 million as at 31 December 2021, which were mainly denominated in RMB and HKD, mainly due to net cash inflow from operating activities of RMB423 million, net cash outflow from investing activities of RMB106 million, and net cash outflow from financing activities of RMB786 million during the Year 2021.

Gearing ratio (defined as net debt/the sum of shareholders equity and net debt) as at 31 December 2021 was 14.0%, which decreased as compared with 18.3% as at 31 December 2020. This was mainly due to the Group repaid a number of bank loans during the Year 2021 as a result that the ending bank loan balance decreased compared with the end of Year 2020.

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

In 2021, China's economy developed steadily amid internal and external crisis and challenges. Due to the impact of the COVID-19 pandemic and flood and others, China was facing triple pressures of demand contraction, supply shock and weakening expectations. Due to unstable foreign political and economic environments and significantly increased uncertainties, the recovery of global economy was sluggish. Against this background, China's economy has represented strong resilience and development momentum. In 2021, the gross domestic product ("GDP") grew by 8.1% year-on-year, exceeding RMB100 trillion for the second consecutive year, and the proportion to that of the world further increased. The per capita GDP exceeded USD10,000 for the third consecutive year, which has already surpassed the world average.

The year 2021 is also an important year for the Group's reform and transformation. Confronted with the complex and evolving economic condition at home and abroad, with the support of the Shareholders, Xitong International and CDBIH, and in line with the resources and advantages of the substantial shareholders, the Group has clarified its business development strategy, and actively expanded investments in industrial segments that are in line with the development prospects of the new economy, such as the health industry, strategic emerging industries, and information technology application innovation, and developed new business tracks and set major business directions. Meanwhile, the Group accelerated the divestiture of certain existing inefficient assets and stabilized the fixed income investment portfolio.

In the second half of 2021, the Group actively explored fixed-income investments and completed investment in a number of projects. The balance of the fixed-income investment portfolio returned to RMB1.4 billion at the end of the Year. Meanwhile, it completed investment in projects in some new economic industries such as medical beauty and autonomous driving, and reserved a number of high-quality projects in new economic industries such as information technology and big health.

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

Looking forward to the year 2022, the Group will continue to seek investment opportunities steadily amid challenges, conduct business transformation in light of national guidelines and policies, be market-oriented and make every effort to expand business into new economic areas such as health industry, strategic emerging industry, and information technology application innovation industry. Meanwhile, it will maintain the operation of high-quality assets and discontinue existing inefficient assets, to steadily promote high-quality development of the Company and create value for Shareholders in a long-term and sustainable manner.

#### **APPRECIATION STATEMENT**

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

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

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

#### **CORPORATE GOVERNANCE**

During the Year, the Company has complied with, where applicable, the principles and code provisions set out in Part 2 of 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 F.2.2 of the CG Code that the chairman of the Board (the “**Chairman**”) should attend the annual general meeting. However, Mr. Zuo Kun, the Chairman who resigned on 18 October 2021, 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

## **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 of the Company (the “**Directors**”). Specific enquiries had been made by the Company to all Directors who have confirmed that they had complied with the required standard as set out in the Model Code throughout the Year.

## **EMPLOYEE AND REMUNERATION POLICY**

As at 31 December 2021, there were 93 (2020: 101) employees in the Group. During the Year, the total staff cost including Directors’ remuneration amounted to approximately RMB51.33 million (2020: RMB52.72 million). Staff remuneration packages are determined in consideration of market conditions and the performance of the individuals concerned, and are subject to review from time to time. The Group also provides other staff benefits including medical insurance, and grants discretionary incentive bonuses to eligible staffs based on their performance and contributions to the Group. The Group also provide and arrange on-the-job training for the employees.

## **FINAL DIVIDEND**

No final dividend to the Shareholders has been proposed by the Board in respect of the Year (2020: Nil).

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from 21 June 2022 (Tuesday) to 24 June 2022 (Friday) (both days inclusive), during which period no transfer of Shares will be registered, for ascertaining Shareholders’ entitlement to attend the forthcoming annual general meeting of the Company to be held on 24 June 2022 (Friday) (the “**2022 AGM**”). In order to qualify for attending and voting at the 2022 AGM, the non-registered Shareholders must lodge all duly completed transfer forms accompanied by the relevant share certificates with the Company’s Hong Kong branch share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration no later than 4:30 p.m. on 20 June 2022 (Monday).

## AUDIT COMMITTEE

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

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

## PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

The final results announcement of the Company is published on the respective websites of the Company ([www.china-newtown.com](http://www.china-newtown.com)), and the HKEx ([www.hkexnews.hk](http://www.hkexnews.hk)). The 2021 annual report of the Company containing all information required by the Listing Rules will be despatched to the Shareholders and made available on the above websites in due course.

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

Hong Kong, 8 March 2022

*As at the date of this announcement, the executive Directors, namely Mr. Liu Heqiang (Chief Executive Officer), Mr. Hu Zhiwei, Ms. Yang Meiyu and Mr. Shi Janson Bing; the non-executive Directors, namely Mr. Liu Yuhai (Chairman), Mr. Li Yao Min (Vice Chairman), Mr. Wang Hongxu 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. Lo Wai Hung.*