



China New Town Development Company Limited
中國新城鎮發展有限公司

Stock Code: 1278

INTERIM REPORT

2023

乘風破浪
勇毅前行

推進城鎮化投資建設



Contents

2	Corporate Information	11	Interim Condensed Consolidated Statement of Cash Flows
4	Project List	13	Interim Condensed Consolidated Statement of Changes in Equity
5	Group Financial Highlights	14	Notes to Interim Condensed Consolidated Financial Statements
6	Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	42	Management Discussion and Analysis
8	Interim Condensed Consolidated Statement of Financial Position	51	Supplementary Information

Corporate Information

As at 14 September 2023

BOARD OF DIRECTORS

Executive Directors

Mr. Hu Zhiwei (*President*)
Ms. Yang Meiyu (*Chief Executive Officer*)
Mr. Shi Janson Bing
Mr. Liu Fangqing

Non-executive Directors

Mr. Liu Yuhai (*Chairman*)
Mr. Li Yao Min (*Vice Chairman*)
Mr. Wang Hongxu
Mr. Feng Xiaoliang

Independent Non-executive Directors

Mr. Henry Tan Song Kok
(*Lead Independent Non-executive Director*)
Mr. Kong Siu Chee
Mr. Zhang Hao
Mr. Lo Wai Hung

AUDIT COMMITTEE

Mr. Henry Tan Song Kok (*Chairman*)
Mr. Zhang Hao
Mr. Lo Wai Hung

NOMINATION COMMITTEE

Mr. Lo Wai Hung (*Chairman*)
Mr. Henry Tan Song Kok
Mr. Kong Siu Chee

REMUNERATION COMMITTEE

Mr. Kong Siu Chee (*Chairman*)
Mr. Henry Tan Song Kok
Mr. Lo Wai Hung

COMPANY SECRETARY

Ms. Cheng Lucy

BUSINESS ADDRESS

Suite 6508, Central Plaza
18 Harbour Road
Wanchai, Hong Kong
Telephone: (852) 3643 0200
Facsimile: (852) 3144 9663
Website: www.china-newtown.com

REGISTERED OFFICE

2/F, Palm Grove House
P.O. Box 3340
Road Town, Tortola
British Virgin Islands

BVI PRINCIPAL SHARE REGISTRAR

Tricor Services (BVI) Limited
P.O. Box 3340
Road Town, Tortola
British Virgin Islands

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road, Hong Kong

LEGAL ADVISORS

HAIWEN & PARTNERS LLP
Winston & Strawn LLP
Zhonglun W&D Law Firm
Zhong Lun Law Firm

INDEPENDENT AUDITOR

Ernst & Young
(Public Interest Entity Auditor registered in
accordance with the Financial Reporting
Council Ordinance)
27/F, One Taikoo Place, 979 King's Road
Quarry Bay, Hong Kong
Auditor's Date of Appointment:
20 November 2007
Partner-in-charge: Mr. Benny Bing Yin Cheung
since 11 August 2020

STOCK EXCHANGE LISTED

The Stock Exchange of Hong Kong Limited
Stock Name: ChinaNewTown
Stock Code: 1278
Board Lot: 2,500 shares

PRINCIPAL BANKERS

China CITIC Bank International Limited
Agricultural Bank of China Limited
China Minsheng Banking Corporation
Limited
China Construction Bank (Asia) Corporation
Limited
Shanghai Pudong Development Bank Co.,
Ltd.
Bank of Communications Co., Ltd.

Project List

Shanghai Luodian New Town Project (72.63% — owned)

- Total site area of 6.80 square kilometres.
- Located at Baoshan District, connected to downtown Shanghai by metroline #7 (with two stops at Luodian), around 30 minutes drive to downtown Shanghai.
- At the end of 2018, the Group signed a new cooperation agreement with the Baoshan District Government of Shanghai in respect to a new follow-up cooperation model.
- In February 2021, Plot H-06 in the eastern part of Luodian has successfully closed. In June 2021, we collected the collection of construction rebate.

Optical Valley New Development International Center Project in Wuhan (66.4% — owned)

- The total floor area of the project is 172,496 square metres (“sq.m.”), of which 116,978 sq.m. are above-ground building area.
- Wuhan Optical Valley High-tech Development Zone is a nationwide renowned optoelectronic and semi-conductor industry base, which aligns with the strategic direction of the Company of developing integrated circuit industry property.
- The project company overcame the negative impact of the previous pandemic and education policy of “double reduce” on tenants, and operated steadily and kept stability in office building and retail occupancy.

Beijing Junzhuang Project in Mentougou District

- The Mentougou District is located in the western part of Beijing. The mountains in the district are connected to Xiangshan (香山), a renowned national tourism destination, comprising an integral part of the Western Beijing ecological conservation area. Located in the northeast of Mentougou and western part of Xiangshan Mountain, Junzhuang Town has formed the industrial pattern of “one town and four villages”.
- The Group and Beijing Vanke Enterprises Co. Ltd. have jointly established a project company (we are entitled to a 50% equity interest), which will be granted an exclusive right to develop and operate the Eastern Zone of the project. In addition, using a model known as the “Village-Corporate Collaboration” with the co-ops, the project company shall also develop and operate the construction land collectively owned (集體建設用地) by the relevant village community economic cooperatives.
- Due to the relatively slow progress of planning approvals for the project, the Company is considering the project optimisation program.

Group Financial Highlights

Six months ended
30 June 2023
(Unaudited)

Operating income (RMB'000)	213,725
Operating expenses (RMB'000)	(137,215)
Profit for the period (RMB'000)	58,535
Basic earnings per share (RMB)	0.0054

INTERIM RESULTS

The board of directors (the “**Board**”) of China New Town Development Company Limited (the “**Company**”) is pleased to announce the unaudited interim condensed consolidated financial statements of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2023 (the “**Reporting Period**”) together with relevant comparative figures of the previous corresponding period in 2022. The unaudited interim condensed consolidated financial statements for the Reporting Period have been reviewed by the audit committee of the Board (the “**Audit Committee**”).

Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2023

(Amount expressed in thousands of Renminbi ("RMB") unless otherwise stated)

	Notes	Six months ended 30 June	
		2023 (Unaudited)	2022 Restated* (Unaudited)
Operating income		213,725	207,652
Revenue	5	158,042	156,057
Other income	6	55,683	51,595
Operating expenses		(137,215)	(105,096)
Cost of sales	7	(19,713)	(24,355)
Selling and administrative expenses	7	(44,092)	(46,365)
Finance costs	8	(34,975)	(21,284)
Other expenses	9	(21,478)	(10,944)
Impairment losses on financial assets		(16,957)	(2,148)
Operating profit		76,510	102,556
Share of losses from joint ventures and associates		(5,289)	(2,722)
Profit before tax		71,221	99,834
Income tax	10	(12,686)	(20,375)
Profit for the period		58,535	79,459
Other comprehensive income			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Share of other comprehensive income of associates		6,178	8,412
Other comprehensive income for the period, net of tax		6,178	8,412
Total comprehensive income for the period, net of tax		64,713	87,871

Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2023
(Amount expressed in thousands of Renminbi ("RMB") unless otherwise stated)

	Notes	Six months ended 30 June	
		2023 (Unaudited)	2022 Restated* (Unaudited)
Profit attributable to:			
Equity holders of the parent		52,308	76,557
Non-controlling interests		6,227	2,902
		<u>58,535</u>	<u>79,459</u>
Total comprehensive income attributable to:			
Equity holders of the parent		58,486	84,969
Non-controlling interests		6,227	2,902
		<u>64,713</u>	<u>87,871</u>
Earnings per share (RMB per share) attributable to ordinary equity holders of the parent:			
Basic and diluted, profit for the period	12	<u>0.0054</u>	0.0079

* The unaudited interim financial statements as of 30 June 2022 and for the six months period then ended have been restated as result of that the discontinued operations cease to be classified as held for sale and to meet the disclosure requirement of adoption of amendments to International Accounting Standards ("IAS") 12.

Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2023

(Amounts expressed in thousands of RMB unless otherwise stated)

	Notes	Group	
		30 June 2023 (Unaudited)	31 December 2022 Restated* (Audited)
Assets			
Non-current assets			
Investments in joint ventures		233,950	238,810
Investments in associates		175,162	169,413
Debt instruments at amortised cost	13	1,455,765	715,172
Financial assets at fair value through profit or loss	14	187,320	162,438
Investment property	15	1,485,700	1,485,700
Property, plant and equipment		8,948	9,175
Deferred tax assets		5,002	712
Right-of-use assets	16	29,057	11,681
Other assets		1,823	1,981
Total non-current assets		3,582,727	2,795,082
Current assets			
Land development for sale	17	780,350	779,714
Prepayments		1,310	1,719
Other receivables	18	624,129	604,870
Trade receivables	19	43,670	45,526
Debt instruments at amortised cost	13	1,334,791	947,053
Other assets		8,834	9,693
Financial assets at fair value through profit or loss	14	21,111	895,643
Cash and bank balances	20	1,751,648	504,252
Total current assets		4,565,843	3,788,470
Total assets		8,148,570	6,583,552

Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2023

(Amounts expressed in thousands of RMB unless otherwise stated)

	Notes	Group	
		30 June 2023 (Unaudited)	31 December 2022 Restated* (Audited)
Equity and liabilities			
Equity			
Equity holders of the parent:			
Share capital		4,070,201	4,070,201
Accumulated losses		(567,312)	(619,620)
Foreign currency translation reserve		13,464	7,286
Other reserves		607,839	607,839
		4,124,192	4,065,706
Non-controlling interests		476,458	470,231
Total equity		4,600,650	4,535,937
Non-current liabilities			
Interest-bearing loans and borrowings	21	2,200,969	738,223
Other liabilities		6,284	6,207
Deferred tax liabilities		131,593	128,515
Total non-current liabilities		2,338,846	872,945

Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2023

(Amounts expressed in thousands of RMB unless otherwise stated)

	Notes	Group	
		30 June 2023 (Unaudited)	31 December 2022 Restated* (Audited)
Current liabilities			
Interest-bearing loans and borrowings	21	420,259	381,924
Trade payables	22	110,673	108,525
Other payables and accruals	23	204,674	227,986
Advance from customers		26,485	19,848
Current income tax liabilities		40,326	40,072
Contract liabilities	24	382,839	396,315
Financial liabilities at fair value through profit or loss	25	23,818	—
Total current liabilities		1,209,074	1,174,670
Total liabilities		3,547,920	2,047,615
Total equity and liabilities		8,148,570	6,583,552
Net current assets		3,356,769	2,613,800
Total assets less current liabilities		6,939,496	5,408,882

* The unaudited interim financial statements as of 30 June 2022 and for the six months period then ended have been restated as result of that the discontinued operations cease to be classified as held for sale and to meet the disclosure requirement of adoption of amendments to IAS 12.

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023
(Amounts expressed in thousands of RMB unless otherwise stated)

	Six months ended 30 June	
	2023	2022
	(Unaudited)	Restated* (Unaudited)
Cash flows from operating activities		
Profit before tax	71,221	99,834
Adjustments for:		
Impairment losses on financial assets	16,957	2,148
Depreciation of property, plant and equipment	596	809
Depreciation of right-of-use assets	6,164	6,245
Interest from debt instruments at amortised cost and others	(78,458)	(74,119)
Net loss/(gain) on financial instruments at fair value through profit or loss	7,142	(41,276)
Amortisation of intangible assets	219	171
Gain on fair value change of investment property	(1,456)	(246)
Share of losses from joint ventures and associates	5,289	2,722
Interest income from bank deposits	(11,466)	(1,652)
Interest expense on lease liabilities	277	202
Interest expense on bank and other borrowings	34,698	21,082
Foreign exchange (gain)/loss	(19,821)	10,893
Operating profit before working capital changes	31,362	26,813
Increase in land development for sale	(636)	(733)
Decrease/(increase) in prepayments	408	(376)
(Increase)/decrease in other receivables and other assets	(24,101)	7,554
Decrease in trade receivables	1,937	872
Increase in advances from customers	6,637	6,149
Decrease in contract liabilities	(13,476)	(53)
Decrease in trade and other payables	(10,689)	(29,171)
Cash generated from operating activities	(8,558)	11,055
Income tax paid	(13,645)	(43,016)
Net cash outflow from operating activities	(22,203)	(31,961)

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

(Amounts expressed in thousands of RMB unless otherwise stated)

	Six months ended 30 June	
	2023	2022
	(Unaudited)	Restated* (Unaudited)
Cash flows from investing activities		
Purchases/construction of property, plant and equipment	(368)	(202)
Capital expenditure on investment property	(7,941)	(81,229)
Investments in debt instruments at amortised cost	(1,601,000)	(352,500)
Proceeds from recovery of debt instruments at amortised cost	500,000	52,600
Interest received from debt instruments at amortised cost	75,156	64,079
Investments in financial assets at fair value through profit or loss	(25,721)	(1,157,406)
Proceeds from redemption in financial assets at fair value through profit or loss	878,910	1,448,734
Interest received from bank deposits	11,466	1,653
Dividends received from financial assets at fair value through profit or loss	—	5,991
Gain from financial assets at fair value through profit or loss	13,137	27,274
Net cash (outflow)/inflow from investing activities	(156,361)	8,994
Cash flows from financing activities		
Proceeds from loans and borrowings	1,503,957	47,088
Repayment of loans and borrowings	(51,000)	(33,519)
Payment of lease liabilities	(5,625)	(6,409)
Interest paid	(21,463)	(21,013)
Net cash inflow/(outflow) from financing activities	1,425,869	(13,853)
Net increase/(decrease) in cash and cash equivalents	1,247,305	(36,820)
Effect of exchange rate changes on cash and cash equivalents	91	509
Cash and cash equivalents at beginning of period	504,252	386,003
Cash and cash equivalents at end of period	1,751,648	349,692

* The unaudited interim financial statements as of 30 June 2022 and for the six months period then ended have been restated as result of that the discontinued operations cease to be classified as held for sale and to meet the disclosure requirement of adoption of amendments to IAS 12.

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023
(Amounts expressed in thousands of RMB unless otherwise stated)

Six months ended 30 June 2023 (Unaudited)

	Attributable to equity holders of the parent							
	Share capital	Other reserves	Foreign currency		Accumulated losses	Total	Non-controlling interests	Total Equity
			translation reserve	reserve				
As at 31 December 2022 (audited)	4,070,201	607,839	7,286	(618,634)	4,066,692	470,231	4,536,923	
Effect of adoption of amendments to IAS 12	—	—	—	(986)	(986)	—	(986)	
As at 1 January 2023	4,070,201	607,839	7,286	(619,620)	4,065,706	470,231	4,535,937	
Profit for the period	—	—	—	52,308	52,308	6,227	58,535	
Other comprehensive income	—	—	6,178	—	6,178	—	6,178	
Total comprehensive income	—	—	6,178	52,308	58,486	6,227	64,713	
As at 30 June 2023	4,070,201	607,839	13,464	(567,312)	4,124,192	476,458	4,600,650	

Six months ended 30 June 2022 (Restated) (Unaudited)

	Attributable to equity holders of the parent							
	Share capital	Other reserves	Foreign currency		Accumulated losses	Total	Non-controlling interests	Total Equity
			translation reserve	reserve				
As at 31 December 2021 (audited)	4,070,201	607,839	(7,664)	(621,336)	4,049,040	465,479	4,514,519	
Effect of adoption of amendments to IAS 12	—	—	—	(1,002)	(1,002)	—	(1,002)	
As at 1 January 2022	4,070,201	607,839	(7,664)	(622,338)	4,048,038	465,479	4,513,517	
Profit for the period	—	—	—	76,557	76,557	2,902	79,459	
Other comprehensive income	—	—	8,412	—	8,412	—	8,412	
Total comprehensive income	—	—	8,412	76,557	84,969	2,902	87,871	
As at 30 June 2022	4,070,201	607,839	748	(545,781)	4,133,007	468,381	4,601,388	

Notes to Interim Condensed Consolidated Financial Statements

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

1. CORPORATE INFORMATION

The Company was incorporated on 4 January 2006 in the British Virgin Islands (the “BVI”). After a series of reorganisations, on 14 November 2007, the Company was listed on the Main Board of the Singapore Exchange Securities Trading Limited (the “SGX-ST”). On 22 October 2010, the Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (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 Group has further optimised its business model in line with the development trend of new urbanization in China. With the business model 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, it has expanded equity investment business in such new economic areas as big health industry, strategic emerging industry, infotech application innovation industry based on market demands.

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.

Notes to Interim Condensed Consolidated Financial Statements

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

On 11 June 2021, CDBIH signed a share transfer agreement in respect of approximately 29.99% shares of the Company with Wuxi Communications Industry Group Co., Ltd. (“**Wuxi Communications**”) and Xitong International Holdings (HK) Limited (“**Xitong International**”), a wholly-owned subsidiary of Wuxi Communications, pursuant to which, CDBIH has agreed to transfer 2,917,000,000 shares of the Company held by it to Xitong International, which represented approximately 29.99% of the number of the issued shares of the Company (the “**Share Transfer**”). Upon the completion of the Share Transfer on 28 September 2021, Xitong International holds 2,917,000,000 shares (29.99%) of the Company as the largest shareholder; and CDBIH holds 2,430,921,071 shares (24.99%) of the Company as the second largest shareholder.

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements of the Group for the six months ended 30 June 2023 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2022.

The interim condensed consolidated financial statements are presented in RMB and all values are rounded to the nearest thousand (‘000) except when otherwise indicated.

(a) Basis of consolidation

The interim condensed consolidated financial statements include the financial statements of the Company and its subsidiaries for the Reporting Period. 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

Notes to Interim Condensed Consolidated Financial Statements

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

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 interim condensed 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 of the Group and to the non-controlling interests, even if it results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

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

Notes to Interim Condensed Consolidated Financial Statements

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

(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 International Financial Reporting Standards ("IFRSs").

3. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply by the Group for the first time in 2023, but do not have a material impact on the Group's interim condensed consolidated financial statements.

IFRS 17 and amendments to IFRS 17 — Insurance Contracts

In May 2017, the International Accounting Standards Board (the "IASB") issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts that was issued in 2005. In June 2020, the IASB issued amendments to IFRS 17. These amendments included changing the effective date to 2023. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and reinsurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

Notes to Interim Condensed Consolidated Financial Statements

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

Since the Group has not issued any insurance contracts, this standard is not applicable to the Group.

Disclosure of Accounting Policies — Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments had no impact on the Group’s interim condensed consolidated financial statements, but are expected to affect the accounting policy disclosures in the Group’s annual consolidated financial statements.

Definition of Accounting Estimates — Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a new definition of ‘accounting estimates’. The amendments clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group’s policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction — Amendments to IAS 12

Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The Group has applied the amendments on temporary differences related to leases as at 1 January 2022, with any cumulative effect recognised as an adjustment to the balance of retained profits or other component of equity as appropriate at that date. In addition, the Group has applied the amendments prospectively to transactions other than leases that occurred on or after 1 January 2022, if any.

Notes to Interim Condensed Consolidated Financial Statements

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

Prior to the initial application of these amendments, the Group applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. Upon initial application of these amendments, the Group recognised (i) a deferred tax asset for all deductible temporary differences associated with lease liabilities (provided that sufficient taxable profit is available), and (ii) a deferred tax liability for all taxable temporary differences associated with right-of-use assets as at 1 January 2022.

Impact on the interim condensed consolidated statement of financial position:

	Note	Increase/(decrease)		As at 1 January 2022
		As at 30 June 2023	As at 31 December 2022	
Liabilities				
Deferred tax liabilities	(i)	800	986	1,002
Total non-current liabilities		800	986	1,002
Total liabilities		800	986	1,002
Equity				
Accumulated losses		(800)	(986)	(1,002)
Equity holders of the parent		(800)	(986)	(1,002)
Total equity		(800)	(986)	(1,002)

Note (i): The deferred tax asset and the deferred tax liability arising from lease contracts of the same subsidiary have been offset in the statement of financial position for presentation purposes.

Notes to Interim Condensed Consolidated Financial Statements

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

Impact on the interim condensed consolidated statement of profit or loss:

	Increase/(decrease) For the six months ended 30 June	
	2023	2022
Income tax	(186)	(723)
Profit for the period	186	723
Profit attributable to:		
Equity holders of the parent	186	723
Total comprehensive income attributable to:		
Equity holders of the parent	186	723

International Tax Reform — Pillar Two Model Rules- Amendments to IAS 12

In May 2023, the IASB issued amendments to IAS 12, which introduce a mandatory exception in IAS 12 from recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments clarify that IAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development, including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.

The amendments had no impact on the Group's interim condensed consolidated financial statements.

Notes to Interim Condensed Consolidated Financial Statements

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

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, and 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 interim condensed 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.

Notes to Interim Condensed Consolidated Financial Statements

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

The following tables present sales and profit information for the Group's operating segments for the six months ended 30 June 2023 and 2022, respectively:

<i>RMB'000</i>	For the six months ended 30 June 2023 (Unaudited)					Total
	Land development	Urbanization development	Property leasing	Others	Adjustments and eliminations	
Segment results						
External sales	13,374	78,458	66,210	—	—	158,042
Intersegment sales	—	—	—	—	—	—
Total segment sales	13,374	78,458	66,210	—	—	158,042
Segment (loss)/profit	3,861	57,446	47,309	(2,420)	—	106,196
Finance costs					(34,975) ¹	(34,975)
Profit before income tax						71,221

¹ Profit for each operating segment of continuing operations does not include finance costs of RMB34,975 thousand.

<i>RMB'000</i>	For the six months ended 30 June 2022 (Unaudited)					Total
	Land development	Urbanization development	Property leasing	Others	Adjustments and eliminations	
Segment results						
External sales	2,147	74,119	79,791	—	—	156,057
Intersegment sales	—	—	—	—	—	—
Total segment sales	2,147	74,119	79,791	—	—	156,057
Segment (loss)/profit	(35,617)	105,253	57,720	(6,238)	—	121,118
Finance costs					(21,284) ¹	(21,284)
Profit before income tax						99,834

¹ Profit for each operating segment of continuing operations does not include finance costs of RMB21,284 thousand.

Notes to Interim Condensed Consolidated Financial Statements

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

The following table presents assets and liabilities information for the Group's operating segments as at 30 June 2023 and 31 December 2022, respectively:

	Land development	Urbanization development	Property leasing	Others	Adjustments and eliminations	Total
Assets						
30 June 2023 (Unaudited)	932,143	4,845,109	1,558,834	807,482	5,002 ¹	8,148,570
31 December 2022 (Audited)	1,015,661	3,401,437	1,729,137	436,605	712 ¹	6,583,552
Liabilities						
30 June 2023 (Unaudited)	569,199	34,423	86,546	64,605	2,793,147 ²	3,547,920
31 December 2022 (Audited)	581,562	17,545	86,211	73,563	1,288,734 ²	2,047,615

¹ Assets in segments do not include deferred tax assets of RMB5,002 thousand as at 30 June 2023 as these assets are managed on a group basis.

Assets in segments do not include deferred tax assets of RMB712 thousand as at 31 December 2022 as these assets are managed on a group basis.

² Liabilities in segments do not include current income tax liabilities of RMB40,326 thousand, interest-bearing loans and borrowings of RMB2,621,228 thousand, and deferred tax liabilities of RMB131,593 thousand as at 30 June 2023 as these liabilities are managed on a group basis.

Liabilities in segments do not include current income tax liabilities of RMB40,072 thousand, interest-bearing loans and borrowings of RMB1,120,147 thousand, and deferred tax liabilities of RMB128,515 thousand as at 31 December 2022 as these liabilities are managed on a group basis.

Notes to Interim Condensed Consolidated Financial Statements

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

5. REVENUE

<i>RMB'000</i>	Notes	Six months ended 30 June 2023 (Unaudited)	Six months ended 30 June 2022 (Unaudited)
Land development	(a)	13,374	2,147
Property management	(a)	17,012	18,062
Revenue from contracts with customers	(a)	30,386	20,209
Rental income		49,198	61,729
Interest from debt instruments at amortised cost	(b)	78,458	68,128
Others	(c)	—	5,991
Revenue from other sources		127,656	135,848
Total revenue		158,042	156,057

(a) Revenue from contracts with customers

Disaggregated revenue information

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

<i>RMB'000</i>	Six months ended 30 June 2023 (Unaudited)		
	Land development	Property leasing	Total
Segments			
Type of goods or service			
Land development	13,374	—	13,374
Property management	—	17,012	17,012
Total revenue from contracts with customers	13,374	17,012	30,386
Timing of revenue recognition			
Services rendered over time	13,374	17,012	30,386

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

Notes to Interim Condensed Consolidated Financial Statements

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

<i>RMB'000</i>	Six months ended 30 June 2022 (Unaudited)		
	Land development	Property leasing	Total
Segments			
Type of goods or service			
Land development	2,147	—	2,147
Property management	—	18,062	18,062
Total revenue from contracts with customers	2,147	18,062	20,209
Timing of revenue recognition			
Services rendered over time	2,147	18,062	20,209

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

Notes to Interim Condensed Consolidated Financial Statements

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

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

	Six months ended 30 June 2023 (Unaudited)	Six months ended 30 June 2022 (Unaudited)
<i>RMB'000</i>		
Chengdu Jintang Huaizhou New City General Aviation Industrial Park Project	13,642	13,648
Taizhou Jingjiang Huaxin Science and Technology Innovation Park Standard Plant Construction Project	12,094	12,094
Yangzhong Changwang Operation Area Logistics Park Construction Project	11,919	11,879
Yangzhou Jiangdu People's Hospital New Project	9,352	9,352
Hubei Daye Advanced Manufacturing Standard Plant Construction Project	8,585	4,010
Wuxi Guojin Commercial Factoring Fixed Income Project	7,293	—
Suqian Yanghe Bio-tech Industrial Park Project	5,024	5,024
Yancheng Sheyang Ruiyang Technology Fixed Income Project	4,488	—
Wuxi Liangxi District Food Science and Technology Innovation Center Project	1,435	—
Jiangyin Changjing Industrial Park Sewage- treatment Plant Project	814	—
Wuxi Xinwu District Canal Culture and Technology Industrial Park Construction Project	94	—
Wuxi Gaoxin District Industrial Park Project	79	—
Lianyungang Liandao Cultural Tourism Project	—	8,252
Others	3,639	3,869
	78,458	68,128

Notes to Interim Condensed Consolidated Financial Statements

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

(c) The detailed information of others is as follows:

<i>RMB'000</i>	Six months ended 30 June 2023 (Unaudited)	Six months ended 30 June 2022 (Unaudited)
CDB (Beijing) — BOCOMM New-Type Urbanization Development Fund	—	5,991

6. OTHER INCOME

<i>RMB'000</i>	Six months ended 30 June 2023 (Unaudited)	Six months ended 30 June 2022 (Unaudited)
Interest income from bank deposits	11,466	1,652
Net fair value gain on financial instruments at fair value through profit or loss	—	14,002
Investment income from financial instruments at fair value through profit or loss	13,137	27,274
Fair value gain on investment property	1,456	246
Foreign exchange gain, net	19,821	—
Others	9,803	8,421
	55,683	51,595

Notes to Interim Condensed Consolidated Financial Statements

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

7. EXPENSES BY NATURE

<i>RMB'000</i>	Six months ended	Six months ended
	30 June 2023	30 June 2022
	(Unaudited)	(Unaudited)
Cost of land development	3,896	8,111
Depreciation of property, plant and equipment	596	809
Depreciation of right-of-use assets	6,164	6,245
Employee benefits	20,968	23,319
Utility expenses	6,081	5,528
Advertising	373	460
Rental expenses	700	569
Property management service expenses	11,475	11,175
Other expenses	13,552	14,504
Total cost of sales, selling and administrative expenses	63,805	70,720

8. FINANCE COSTS

<i>RMB'000</i>	Six months ended	Six months ended
	30 June 2023	30 June 2022
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings	34,698	21,082
Interest on lease liabilities	277	202
	34,975	21,284

No borrowing cost during the first half of 2023 and the first half of 2022 was capitalised.

Notes to Interim Condensed Consolidated Financial Statements

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

9. OTHER EXPENSES

	Six months ended 30 June 2023 (Unaudited)	Six months ended 30 June 2022 (Unaudited)
<i>RMB'000</i>		
Foreign exchange loss, net	—	10,893
Bank charges	35	30
Net fair value loss on financial instruments at fair value through profit or loss	20,279	—
Others	1,164	21
	21,478	10,944

10. INCOME TAX

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

The Company is a tax-exempted company incorporated in the BVI.

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

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

Notes to Interim Condensed Consolidated Financial Statements

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

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

The major components of income tax are as follows:

<i>RMB'000</i>	Six months ended	Six months ended
	30 June 2023	30 June 2022
	(Unaudited)	(Unaudited)
Income tax charge:		
Current income tax	10,155	8,614
Deferred tax	(1,212)	8,178
Withholding tax	3,743	3,583
Income tax charge as reported in profit or loss	12,686	20,375

11. DIVIDENDS

No dividend was paid during the Reporting Period. The Board has declared an interim dividend of HKD0.0022 per ordinary share for the Reporting Period (2022: Nil). The Company expects the interim dividend to be paid to shareholders on Wednesday, 20 September 2023 (2022: Nil).

Notes to Interim Condensed Consolidated Financial Statements

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

12. EARNINGS PER SHARE

The calculation of the basic earnings per share amount is based on the profit attributable to ordinary equity holders of the parent for the Reporting Period.

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

<i>RMB'000</i>	Six months ended 30 June 2023 (Unaudited)	Six months ended 30 June 2022 (Unaudited)
Profit attributable to ordinary equity holders of the parent for basic and diluted earnings per share	52,308	76,557
Weighted average number of ordinary shares used to calculate the basic and diluted earnings per share	9,726,246,417	9,726,246,417
Basic and diluted earnings per share (<i>RMB</i>)	0.0054	0.0079

There were no transactions involving ordinary shares or potential ordinary shares during the Reporting Period.

Notes to Interim Condensed Consolidated Financial Statements

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

13. DEBT INSTRUMENTS AT AMORTISED COST

<i>RMB'000</i>	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Nanchang Science and Technology Park Project of Chinese Academy of Sciences	400,000	400,000
Chengdu Jintang Huaizhou New City General Aviation Industrial Park Project	300,000	300,000
Suqian Yanghe Bio-tech Industrial Park Project	107,000	107,000
Taizhou Jingjiang Huaxin Science and Technology Innovation Park Standard Plant Construction Project	347,592	327,608
Yangzhong Changwang Operation Area Logistics Park Construction Project	251,000	251,000
Yangzhou Jiangdu People's Hospital New Project	268,821	253,379
Hubei Daye Advanced Manufacturing Standard Plant Construction Project	200,000	200,000
Yancheng Sheyang Ruiyang Technology Fixed Income Project	—	100,000
Jiangyin Changjing Industrial Park Sewage-treatment Plant Project	150,000	—
Wuxi Liangxi District Food Science and Technology Innovation Center Project	351,000	—
Wuxi Gaoxin District Industrial Park Project	500,000	—
Wuxi Xinwu District Canal Culture and Technology Industrial Park Construction Project	200,000	—
Others	90,000	90,000
	3,165,413	2,028,987
Accrued interest	33,128	29,826
	3,198,541	2,058,813
Less: allowance for expected credit losses ("ECLs")	(407,985)	(396,588)
	2,790,556	1,662,225
Amounts due in the next 12 months classified as current assets	1,334,791	947,053
Amounts classified as non-current assets	1,455,765	715,172

Notes to Interim Condensed Consolidated Financial Statements

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

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

<i>RMB'000</i>	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Funds	2,093	2,757
Wealth management products	19,018	890,691
Equity instruments	187,320	162,438
Derivatives	—	2,195
	208,431	1,058,081

15. INVESTMENT PROPERTY

<i>RMB'000</i>	30 June 2023 (Unaudited)	31 December 2022 (Audited)
At beginning of Reporting Period/year	1,485,700	1,475,487
Subsequent expenditure and cost adjustment	(1,456)	(2,106)
Gain from increase in fair value	1,456	12,319
At end of Reporting Period/year	1,485,700	1,485,700

16. RIGHT-OF-USE ASSETS

<i>RMB'000</i>	Building	Motor vehicles	Land	Total
As at 1 January 2022	16,219	—	1,766	17,985
Additions	5,583	657	—	6,240
Depreciation expense	(12,221)	(166)	(157)	(12,544)
As at 31 December 2022	9,581	491	1,609	11,681
Additions	23,540	—	—	23,540
Depreciation expense	(5,974)	(111)	(79)	(6,164)
As at 30 June 2023	27,147	380	1,530	29,057

Notes to Interim Condensed Consolidated Financial Statements

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

17. LAND DEVELOPMENT FOR SALE

<i>RMB'000</i>	30 June 2023 (Unaudited)	31 December 2022 (Audited)
The Mainland China – Shenyang Lixiang New Town Modern Agriculture Co., Ltd.	780,350	779,714

18. OTHER RECEIVABLES

<i>RMB'000</i>	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Balances due from Wuxi Project	20,977	20,977
Due from SREI	140,146	140,146
Balances due from entities disposed of	24,384	24,384
Due from joint ventures	486,124	485,848
Due from associates	3,779	3,353
Others	80,595	56,397
	756,005	731,105
Less: allowance for ECLs	(131,876)	(126,235)
Other receivables, net	624,129	604,870

19. TRADE RECEIVABLES

<i>RMB'000</i>	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Receivables from land development for sale	47,218	47,218
Others	15,416	17,353
	62,634	64,571
Less: allowance for ECLs	(18,964)	(19,045)
Trade receivables, net	43,670	45,526

Notes to Interim Condensed Consolidated Financial Statements

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

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

<i>RMB'000</i>	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Within 6 months	11,774	13,631
6 months to 1 year	—	—
1 year to 2 years	—	—
2 years to 3 years	—	—
Over 3 years	31,896	31,895
	43,670	45,526

20. CASH AND BANK BALANCES

<i>RMB'000</i>	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Cash at banks	1,751,648	504,252

RMB equivalent of the following currencies:

<i>RMB'000</i>	30 June 2023 (Unaudited)	31 December 2022 (Audited)
RMB	1,748,999	490,953
HKD	1,290	4,821
USD	1,188	3,822
EUR	171	4,656
	1,751,648	504,252

Notes to Interim Condensed Consolidated Financial Statements

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

21. INTEREST-BEARING LOANS AND BORROWINGS

Details of interest-bearing loans and borrowings are as follows:

<i>RMB'000</i>	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Current interest-bearing loans and borrowings		
Lease liabilities	10,517	2,699
Bank loans — secured	88,769	82,900
Bank loans — unsecured	310,505	296,325
Guaranteed bonds	10,468	—
	420,259	381,924
Non-current interest-bearing loans and borrowings		
Lease liabilities	13,830	3,457
Bank loans — secured	557,380	604,380
Guaranteed bonds	1,495,958	—
Other borrowings from Huzhou Tongchuang Jintai Huizhong Enterprise Management Partnership (Limited Partnership) (“Tongchuang LP”)	133,801	130,386
	2,200,969	738,223
	2,621,228	1,120,147

Notes to Interim Condensed Consolidated Financial Statements

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

The interest-bearing loans and borrowings are repayable as follows:

<i>RMB'000</i>	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Within 6 months	349,263	339,423
6 months to 9 months	47,614	41,748
9 months to 12 months	23,382	753
Current interest-bearing loans and borrowings	420,259	381,924
1 year to 2 years	247,131	97,457
2 years to 5 years	1,799,958	440,386
Over 5 years	153,880	200,380
Non-current interest-bearing loans and borrowings	2,200,969	738,223
	2,621,228	1,120,147

The Group's interest-bearing loans and borrowings bore interest at EURIBOR plus 1.95%, Sofr plus 1.95%, 4.29%, 4.05%, 4.09% and 7% per annum for the Reporting Period (31 December 2022: at EURIBOR plus 1.95%, LIBOR plus 1.95%, 4.2%, 4.44% and 7% per annum).

Bank loans — secured

As at 30 June 2023, bank borrowings of RMB646,149 thousand (31 December 2022: RMB687,280 thousand) were secured by the investment property, whose carrying amount at 30 June 2023 was RMB1.486 billion (31 December 2022: RMB1.486 billion).

Guaranteed bonds

As at 20 April 2023, CNTD Success Company Limited (“Success”), a wholly-owned subsidiary of the Company, completed the issuance of RMB1,500 million of guaranteed bonds with a maturity date of 27 April 2026. The net proceeds (net of underwriting commissions and some other expenses) amounted to RMB1,496 million, which will be used for project construction and supplement of the Company's working capital in accordance with applicable laws and regulations. The guaranteed bonds bear interest at coupon rate of 3.98% and are guaranteed by Wuxi Communications.

Notes to Interim Condensed Consolidated Financial Statements

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

22. TRADE PAYABLES

<i>RMB'000</i>	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Payable for land development for sale	110,673	108,525

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

<i>RMB'000</i>	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Within 1 year	3,018	1,505
1 year to 2 years	6,625	5,991
Over 2 years	101,030	101,029
	110,673	108,525

Trade payables are non-interest-bearing.

23. OTHER PAYABLES AND ACCRUALS

<i>RMB'000</i>	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Payroll and Welfare	2,631	12,249
Other taxes payable	16,415	14,893
Amounts due to related parties	4,427	4,497
Payable for Intermediary and professional service charges	5,618	13,724
Payable for Wuxi Project	42,250	42,250
Dividend payables	104	101
Payable for investment property	9,397	14,486
Deposits	38,241	37,848
Others	85,591	87,938
	204,674	227,986

Notes to Interim Condensed Consolidated Financial Statements

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

24. CONTRACT LIABILITIES

<i>RMB'000</i>	Note	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Contract liabilities arising from:			
Land development	(i)	377,014	390,388
Property management		5,825	5,927
		382,839	396,315

Note:

- (i) As at 30 June 2023 and 31 December 2022, the contract liabilities arising from land development for sale represented the amounts received or receivable from the land authorities or local governments to fulfil the performance obligations of land development services. 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.

25. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

<i>RMB'000</i>	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Derivatives	23,818	—

26. CONTINGENT LIABILITIES

Shanghai CNTD Management Consulting Company Limited (“**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 RMB14,400 thousand and RMB1,000 thousand, respectively, in relation to certain consideration and payments of the Disposal Assets.

The directors of the Company (the “**Directors**”), based on the advice from the Group’s legal counsel, believe that 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.

Notes to Interim Condensed Consolidated Financial Statements

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

27. FAIR VALUE AND FAIR VALUE HIERARCHY

Fair values of financial assets and liabilities

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

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

Notes to Interim Condensed Consolidated Financial Statements

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

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 30 June 2023:

	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 (Note 14)	30 June 2023	208,431	—	70,056	138,375
Investment property (Note 15)	30 June 2023	1,485,700	—	—	1,485,700
Financial liabilities at fair value through profit or loss (Note 25)	30 June 2023	23,818	—	23,818	—

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

Quantitative disclosures of assets and liabilities measured at fair value as at 31 December 2022:

	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 (Note 14)	31 December 2022	1,058,081	—	937,775	120,306
Investment property (Note 15)	31 December 2022	1,485,700	—	—	1,485,700

There were no transfers of fair value measurement between Level 1 and Level 2 during the year ended 31 December 2022.

Management Discussion and Analysis

FINANCIAL REVIEW/ABSTRACTS

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

Operating Results

Revenue

Our results from operations mainly include land development, urbanization investment and property leasing. In the first half of 2023, the Group recorded revenue of RMB158 million, representing an increase of 1% as compared with the same period of 2022.

In the first half of 2023, revenue from land development increased by 523% to RMB13.374 million as compared with the same period of last year, mainly due to the completion and settlement of Shanghai Golden Luodian Development Co., Ltd. (“SGLD”) Plot D1-3 kindergarten project, thus the land development revenue carried forward increased. In the first half of 2023, revenue related to investment property leasing of RMB49.198 million and property management fee of RMB17.012 million were recorded, which decreased by 17% as compared with the corresponding period of 2022, mainly due to the reduction of rental rates. Revenue from urbanization development increased by 15% to RMB78.458 million, which was mainly due to the increase in the balance of urbanization development as compared with the same period of last year, corresponding to an increase in revenue from investment in projects.

Other income

In the first half of 2023, other income increased by 8% as compared with the same period of 2022, which was mainly due to the increase in net foreign exchange gain of RMB19.821 million, the increase in the interest income from bank deposits of RMB9.814 million as compared with the same period of last year, the decrease in net fair value gain on financial instruments at fair value through profit or loss of RMB14.002 million for the corresponding period of last year and the decrease in investment income from financial instruments at fair value through profit or loss of RMB14.137 million as compared to that of last period.

Cost of sales, and selling and administrative expenses

In the first half of 2023, cost and expenses decreased by RMB6.915 million as compared with the same period of 2022, which was mainly due to the land development cost carried forward of SGLD Plot D1-3 kindergarten project with a decrease of RMB4.125 million.

Management Discussion and Analysis

Other expenses

In the first half of 2023, other expenses increased 96% as compared with that of the same period of 2022, which was mainly due to the decrease in the net foreign exchange loss of RMB10.893 million as compared with the same period of 2022, the bank charges remained the same as compared with the same period of 2022, the increase in net fair value loss on financial instruments at fair value through profit or loss of RMB20.279 million and the increase in cost in others of RMB1.143 million as compared with the same period of 2022.

Impairment losses on financial assets

In the first half of 2023, the Group recorded impairment losses on financial assets of RMB16.957 million, while impairment losses on financial assets of RMB2.148 million were recorded for the same period of 2022, which was mainly due to the new fixed income project investment of RMB1,201 million, corresponding provision for financial asset impairment loss of RMB12.01 million and the additional provision of RMB5.425 million for the other receivables of SREI in the first half of 2023.

Finance costs

In the first half of 2023, finance costs increased by 64% compared with the same period in 2022, mainly due to interest expenses of RMB10.719 million for the new guaranteed bonds in the first half of 2023, the rise in the floating interest rate of China Construction Bank (Asia) Corporation Limited (“CCB (Asia)”) loans resulted in an increase of RMB3.663 million in loan interest compared to the same period of 2022.

Share of losses from joint ventures and associates

In the first half of 2023, the Group’s share of losses from joint ventures and associates was RMB5.289 million, representing an increase of 94% as compared with the same period in 2022, mainly due to the construction project of its joint venture, Nanjing Guoying Zhongxi Development Company Limited previously started construction has been completed and the interest of bank borrowings was unavailable for continuous capitalisation, which resulted in a significant loss.

Management Discussion and Analysis

Taxation

In the first half of 2023, the Group's income tax expenses decreased by 38% to RMB12.686 million as compared with the same period in 2022, wherein among which, current income tax expenses increased by 18%, deferred tax expense decreased by 115% and withholding tax increased by 5%.

Financial Position

Investments in associates

The balances as at 30 June 2023 increased by RMB5.749 million as compared with that of 31 December 2022, which was mainly due to the shares of loss of RMB0.429 million and other comprehensive income of RMB6.178 million from associates.

Investments in joint ventures

The balances as at 30 June 2023 decreased by RMB4.86 million as compared with that of 31 December 2022, which was mainly due to the share of loss of RMB4.86 million from the joint venture.

Debt instruments at amortised cost (non-current assets)

As at 30 June 2023, debt instruments at amortised cost (non-current assets) increased by RMB741 million as compared with that of 31 December 2022, which was mainly due to the increase of RMB150 million of the Jiangyin Changjing Industrial Park Sewage-treatment Plant Project, RMB351 million of Wuxi Liangxi District Food Science and Technology Innovation Centre Project, RMB500 million of Wuxi Gaoxin District Industrial Park Project, and RMB200 million of Wuxi Xinwu District Canal Culture and Technology Industrial Park Construction Project in the first half of 2023; RMB200 million of the Hubei Daye Advanced Manufacturing Standard Plant Construction Project and RMB268 million of Yangzhou Jiangdu People's Hospital New Project reclassified from non-current assets to current assets.

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

As at 30 June 2023, financial assets at fair value through profit or loss increased by RMB24.882 million as compared with that of 31 December 2022, which was mainly due to RMB17.721 million new investment was made to Deer Technology Project, an increase in fair value of RMB6.814 million of Giant Biogene Project, the foreign exchange gains of RMB0.347 million of WeRide Project in the first half of 2023.

Management Discussion and Analysis

Trade receivables

As at 30 June 2023, trade receivables decreased by RMB1.856 million as compared with that of 31 December 2022, which was mainly due to the collection of rental receivables of Wuhan Company.

Debt instruments at amortised cost (current assets)

As at 30 June 2023, debt instruments at amortised cost (current assets) increased by RMB388 million as compared with that of 31 December 2022, which was mainly due to the collection of investment in Yancheng Sheyang Ruiyang Technology Fixed Income Project of RMB100 million, Hubei Daye Advanced Manufacturing Standard Plant Construction Project of RMB200 million was transferred from non-current assets to current assets, and Yangzhou Jiangdu People's Hospital New Project of RMB268 million was transferred from non-current assets to current assets in the first half of 2023.

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

As at 30 June 2023, financial assets at fair value through profit or loss decreased by RMB875 million as compared with that of 31 December 2022, which was mainly due to the redemption of wealth management products of RMB870 million in the first half of 2023 for the purpose of projects investment.

Interest-bearing loans and borrowings

As at 30 June 2023, interest-bearing loans and borrowings increased by RMB1,501 million as compared with that of 31 December 2022, which was mainly due to the completion of the issuance of RMB1,500 million guaranteed bonds by Success, the drawdown of RMB8 million from the short-term loan of China Merchants Bank, the repayment of the loan of RMB41 million to Bank of China Limited and RMB10 million to China Merchants Bank, the exchange gain of RMB16.697 million from the loan of EUR34 million and USD4.8 million of CCB (Asia), and the accrued interest of other borrowings due to shareholder loans obtained from Tongchuang LP partnership increased by RMB3.415 million and an increase in lease liabilities of RMB18.191 million due to the renewal of the lease of the office building of Beijing Xincheng Kaiyuan Asset Management Company Limited. The borrowings were denominated in RMB, EUR and USD. Details of the bank borrowings are set out in Note 21 to the interim condensed consolidated financial statements.

Management Discussion and Analysis

Guaranteed bonds

Please refer to Note 21 to the interim condensed consolidated financial statements for the details of the guaranteed bonds.

Trade payables

As at 30 June 2023, trade payables increased by RMB2.148 million as compared with that of 31 December 2022, which was mainly due to the payment by SGLD of the construction expenditure of Plot D1-3 kindergarten project.

Other payables and accruals

As at 30 June 2023, other payables and accruals decreased by RMB23.312 million as compared with that of 31 December 2022, which was mainly due to the payment by Wuhan Company of the construction expenditure.

Contract liabilities

As at 30 June 2023, contract liabilities decreased by RMB13.476 million as compared with that of 31 December 2022, which was mainly due to the completion and settlement of the SGLD Plot D1-3 kindergarten project, and the carry-forward contract liabilities of RMB13.374 million.

Cash and bank balances

As at 30 June 2023, cash and cash equivalents increased by RMB1,247 million as compared with that of 31 December 2022, which was mainly due to net cash outflow from operating activities of RMB22.203 million, net cash outflow from investing activities of RMB156 million and net cash inflow from financing activities of RMB1,426 million in the first half of 2023. Cash and bank balances were denominated in RMB, Hong Kong dollar, EUR and USD.

As at 30 June 2023, gearing ratio (defined as net debt/the sum of shareholders equity and net debt, net debt defined as total debt less cash and bank balances) was 16%, which increased as compared with 12% as at 31 December 2022. This was mainly due to the increase of RMB1,501 million in interest-bearing loans and other borrowings and the increase of RMB1,247 million in cash and bank balances as at 30 June 2023.

Management Discussion and Analysis

Others

Material acquisitions and disposals of subsidiaries, associates and joint ventures

Save as disclosed in the “financial position” section in the financial review/abstracts, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the Reporting Period.

Significant investments

Save as disclosed in the “financial position” section in the financial review/abstracts, the Group did not hold any significant investments or capital assets during the Reporting Period.

Foreign exchange exposure

The Group’s exposure to the risk of changes in foreign exchange rates relates primarily to its foreign currency cash and bank balances, debt investments at amortised cost, financial instruments at fair value through profit or loss and interest-bearing bank borrowings.

Treasury policies

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Reporting Period. The Board closely monitors the Group’s liquidity position to ensure that the liquidity structure of the Group’s assets, liabilities and other commitments can meet its funding requirements from time to time. Surplus cash will be invested appropriately so that the Group’s cash requirements for the Group’s strategy or direction from time to time can be met.

Pledge of assets

During the Reporting Period, the Group pledged its investment property to secure the bank borrowings.

Management Discussion and Analysis

Contingent liabilities

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 RMB14,400 thousand and RMB1,000 thousand, respectively, in relation to certain consideration and payments of the Disposal Assets.

The Directors, based on the advice from the Group's legal counsel, believe that 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.

Save as disclosed above, as at 30 June 2023, the Group did not have any significant contingent liabilities.

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

Nil

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

In the second half of this year, the Group will continue to stabilise fixed-income investment portfolios and control project risks to stabilise cash flow. Also, the Group will maintain business transformation, seeking investment opportunities prudently amid challenges. Based on market demands, it will expand investment opportunities in such areas as big health industry, strategic emerging industry, infotech application innovation industry, stabilise the operation of quality assets as well as improve asset efficiency and investment returns so as to create long-term and sustainable core values for shareholders.

Management Discussion and Analysis

d) Business prospects and outlook

In the first half of 2023, China's economy experienced gradual recovery evidenced by the stable and improved growth rate of various economic indicators as well as further signals of stability. In the first half of the year, under the combined effect of the release of pent-up demand in the previous period, policy support and low base effect, China's macro-economy rebounded to growth significantly. Meanwhile, the triple pressure of shrinking demand, supply shock and weakening expectation was alleviated to different degrees, demonstrating an operating characteristic of "bottoming out". In the first half of the year, the gross domestic product amounted to RMB59,303.4 billion, representing a year-on-year increase of 5.5%, among which the primary, secondary and tertiary industries increased by 3.7%, 4.3% and 6.4% year-on-year, respectively. In contrast to previous economic cycles, China's economy has entered into a phase of restorative growth after three years of the pandemic. On the one hand, the economic growth rate gradually returned to its potential growth rate, and on the other hand, the chain growth rate slowed down, marking that China's economic restoration has entered the second half of the cycle, and the aggregate policy will remain stable with the possibility of adjustments.

In the first half of 2023, the Group accelerated its project reserves and development, and stabilised sound operation of performing assets. Optical Valley Project in Wuhan shortened the vacancy period of the tenants to increase the project revenue through scientific adjustments and timely renewal of the tenant structure. In the first half of 2023, the occupancy rate was maintained at over 97% in terms of building office, and nearly 80% in terms of shops. In terms of principal business expansion in investment in fixed income projects, the Group was well-positioned to developing and reserving projects giving into full play of its customer resources strength accumulated at the preliminary stage. Under the slowdown in economic growth, the Group adhered to the overall strategy of "safe collection for existing businesses, synergistic development for new businesses, and gradual adjustment and optimisation of structure", and leveraged on the shareholders' advantages in resource coordination, to successfully deploy in the developed regions in Southern Jiangsu and optimise its investment structure. As of 30 June 2023, its total fixed investment income portfolio recovered RMB2.669 billion, representing a corresponding average annualised pre-tax return on investment of approximately 8%, which laid a solid foundation for stable cash flow replenishment. Leveraging on it, in terms of equity investment, the Group, considering the strategic transformation and industry development cycle, focuses on areas including biomedical,

Management Discussion and Analysis

healthcare, semiconductor and high-end advanced manufacturing, and conducts in-depth industry research and exploration and reserves a pool of high-quality project resources, to lay a solid foundation for its strategic transformation.

In the first half of this year, the Group expanded investment business by studying inbound and outbound financing channels, giving full play to the financing function of listed companies and optimise financing costs. Supported by guarantee credit from the Company's largest shareholder Wuxi Communications, the Group issued a three-year free trade zone bonds amounting RMB1.5 billion with the interest rate of 3.98%. The successful issuance of the bonds provided adequate funds for the Group's strategic transformation and development and also demonstrated the support and confidence from our large shareholders to the Group's future development prospect and the resource strategic coordination.

Going forward, the Group will continue to seek investment opportunities prudently amid challenges and maintain business transformation by leveraging its resource advantages. It will expand equity investment business in such new economic areas as big health industry, strategic emerging industry, infotech application innovation industry based on market demands and aligned with national policies, while operating steadily performing assets and divesting existing non-performing assets, to promote high quality and stable development of the Company and create long-term and sustainable core values for shareholders.

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

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

SECURITIES INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at 30 June 2023, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), which were required (a) to be notified to the Company and the HKEx pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have been taken under such provisions of the SFO); or (b) pursuant to section 352 of the SFO to be entered in the register referred to therein; or (c) to be notified to the Company and the HKEx pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Rules Governing the Listing of Securities on the HKEx (the "Listing Rules" and the "Model Code", respectively) were as follows:

Long Position in the shares of the Company (the "Shares")

Name of Directors	Capacity	Number of Shares held			Total	Approximate percentage of the issued Shares
		Personal interest	Family interest	Corporate interest		
Li Yao Min	Beneficial owner	8,352,672	—	—	8,352,672	0.086%
Henry Tan Song Kok	Beneficial owner	600,000	—	—	600,000	0.006%

Save as disclosed above, as at 30 June 2023, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the HKEx pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have been taken under such provisions of the SFO); or (b) pursuant to section 352 of the SFO to be entered in the register referred to therein; or (c) to be notified to the Company and the HKEx pursuant to the Model Code.

Supplementary Information

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SECURITIES

As at 30 June 2023, to the best of the Directors' knowledge, the following persons who (other than a Director and the chief executive of the Company) or organisations which had or were deemed or taken to have an interest and/or a short position in the Shares or the underlying Shares, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or were required to be entered in the register kept by the Company pursuant to section 336 of the SFO:

Long Position in the Shares

Name of substantial shareholders	Capacity	Number of Shares held			Total	Approximate percentage of issued Shares
		Direct interest	Corporate interest	Other interests		
Xitong International ⁽¹⁾	Beneficial owner	2,917,000,000	—	—	2,917,000,000	29.99%
Wuxi Communications ⁽¹⁾	Interests of a controlled corporation	—	2,917,000,000	—	2,917,000,000	29.99%
CDBIH ⁽²⁾	Beneficial owner	2,430,921,071	—	—	2,430,921,071	24.99%
CDB Capital ⁽²⁾	Interests of a controlled corporation	—	2,430,921,071	—	2,430,921,071	24.99%
China Development Bank Corporation ("CDB") ⁽²⁾	Interests of a controlled corporation	—	2,430,921,071	—	2,430,921,071	24.99%
SREI	Beneficial owner	1,468,356,862	—	—	1,468,356,862	15.10%
Shi Jian ("Mr. Shi") ⁽³⁾	Beneficial owner and interests of a controlled corporation	6,104,938	1,468,356,862	—	1,474,461,800	15.16%
Jia Yun Investment Limited ("Jia Yun") ⁽⁴⁾	Person having a security interest in shares	—	—	1,027,849,803	1,027,849,803	10.57%
Jiabo Investment Limited ("Jiabo") ⁽⁴⁾	Interests of a controlled corporation	—	1,027,849,803	—	1,027,849,803	10.57%
Jiashun (Holding) Investment Limited ("Jiashun") ⁽⁴⁾	Interest of controlled corporations	—	1,027,849,803	—	1,027,849,803	10.57%
Jiasheng (Holding) Investment Limited ("Jiasheng") ⁽⁴⁾	Interest of controlled corporations	—	1,027,849,803	—	1,027,849,803	10.57%
Jiaxin Investment (Shanghai) Co., Ltd. ("Jiaxin") ⁽⁴⁾	Interest of controlled corporations	—	1,027,849,803	—	1,027,849,803	10.57%

Supplementary Information

Name of substantial shareholders	Capacity	Direct interest	Number of Shares held		Total	Approximate percentage of the issued Shares
			Corporate interest	Other interests		
China Minsheng Jiaye Investment Co., Ltd. ("China Minsheng Jiaye") ⁽⁴⁾	Interest of controlled corporations	—	1,027,849,803	—	1,027,849,803	10.57%
China Minsheng Investment Corp., Ltd. ("China Minsheng") ⁽⁴⁾	Interest of controlled corporations	—	1,027,849,803	—	1,027,849,803	10.57%

Notes:

- Xitong International is a wholly-owned subsidiary of Wuxi Communications. Wuxi Communications is, therefore, deemed under Part XV of the SFO to be interested in the 2,917,000,000 Shares held by Xitong International.
- CDBIH is a wholly-owned subsidiary of CDB Capital and CDB Capital, in turn, is wholly owned by CDB. Both CDB and CDB Capital are, therefore, deemed under Part XV of the SFO to be interested in the 2,430,921,071 Shares held by CDBIH.
- Pursuant to Part XV of the SFO, Mr. Shi is deemed interested in a total of 1,474,461,800 Shares for the following reasons: (i) Mr. Shi holds 6,104,938 Shares directly; and (ii) Mr. Shi is deemed interested in 1,468,356,862 Shares held by SREI by virtue of the fact that he and his wife, Ms. Si Xiao Dong together beneficially own 81% of the issued share capital of SREI as a controlling shareholder. On 4 March 2022, the Company has confirmed with Mr. Shi that all 6,104,938 Shares held directly by him have been sold.
- Jia Yun acquired the security interests of 1,027,849,803 Shares from SREI on 28 December 2017. Jia Yun is a wholly-owned subsidiary of Jiabo, which in turn, is a wholly-owned subsidiary of Jiashun. Jiashun is a wholly-owned subsidiary of Jiasheng and Jiasheng is in turn a wholly-owned subsidiary of Jiaxin. Jiaxin is a wholly-owned subsidiary of China Minsheng Jiaye, which in turn, 62.60% owned by China Minsheng. All of Jiabo, Jiashun, Jiasheng, Jiaxin, China Minsheng Jiaye and China Minsheng are, therefore, deemed under Part XV of the SFO to be interested in the 1,027,849,803 Shares of security interest held by Jia Yun. Base on the public information available to the Company, the shareholding interest of China Minsheng in China Minsheng Jiaye has been changed to 67.26%.

Supplementary Information

Save as disclosed above, the Directors are not aware of any other person who (other than a Director or the chief executive of the Company) or organisation which, as at 30 June 2023, had an interest and/or short position in the Shares or underlying Shares, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or were required to be entered in the register kept by the Company pursuant to section 336 of the SFO.

CHANGE IN INFORMATION OF DIRECTOR

The change in Director's information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of 2022 annual report of the Company required to be disclosed in this interim report is set out below:

- Mr. Lo Wai Hung resigned as an independent non-executive director and ceased to be the chairman of the audit committee and a member of each of the remuneration committee and the nomination committee of C Cheng Holdings Limited (stock code: 1486) with effect from 3 April 2023.

MOVEMENTS IN SECURITIES

There was no movement in securities of the Company during the first half of 2023. At the end of the Reporting Period, the total number of the issued Shares was 9,726,246,417.

CORPORATE GOVERNANCE

During the Reporting Period, the Company has complied with all the principles and the code provisions set out in the Corporate Governance Code contained in Part 2 of Appendix 14 to the Listing Rules.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2023, there were 89 (2022: 90) employees in the Group. During the Reporting Period, the total staff cost including Directors' remuneration amounted to approximately RMB20.97 million (2022: RMB23.32 million). Staff remuneration packages are determined in consideration of the market conditions and the performance of the individuals concerned, and are subject to review from time to time. The Group also provides other staff benefits including medical insurance, and grants discretionary incentive bonuses to eligible staff based on their performance and contributions to the Group. The Group also provides and arranges on-the-job training for the employees.

DIRECTORS' COMPLIANCE WITH THE CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its code of conduct for dealings in securities of the Company by the Directors. Specific enquiries had been made by the Company to all Directors who have confirmed that they had complied with required standard as set out in the Model Code during the Reporting Period.

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has declared an interim dividend of HKD0.0022 per ordinary share for the Reporting Period payable to the shareholders whose names appear on the register of members of the Company (the “**Register of Members**”) at the close of business on Thursday, 31 August 2023. The Register of Members will be closed on Wednesday, 30 August 2023 and Thursday, 31 August 2023, both days inclusive, during which period no transfer of Shares will be registered. To qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, whose share registration public offices are located at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 29 August 2023. The relevant dividend warrants will be dispatched to shareholders on Wednesday, 20 September 2023.

AUDIT COMMITTEE

The Audit Committee has reviewed the accounting principles and standards adopted by the Group, and has discussed and reviewed the internal control and reporting matters. The interim condensed consolidated financial statements of the Group for the Reporting Period and this report have been reviewed by the Audit Committee.

Supplementary Information

APPRECIATION STATEMENT

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

By Order of the Board
China New Town Development Company Limited
Hu Zhiwei
President

Hong Kong, 11 August 2023