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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)**

**2020 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 2020 (the “**Year**”) together with the comparative figures for the year ended 31 December 2019 as set out below:

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

*For the financial year ended 31 December 2020*

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

	<i>Notes</i>	<b>2020</b>	2019
<b>Operating income</b>		<b><u>475,966</u></b>	<u>614,931</u>
Revenue	5	<b>391,639</b>	414,941
Other income	6	<b>84,327</b>	199,990
<b>Operating expenses</b>		<b><u>(676,575)</u></b>	<u>(453,396)</u>
Cost of sales	7	<b>(40,865)</b>	(30,931)
Selling and administrative expenses	7	<b>(124,046)</b>	(124,379)
Finance costs	8	<b>(112,665)</b>	(165,238)
Other expenses	6	<b>(12,553)</b>	(2,096)
Impairment losses on financial assets		<b><u>(386,446)</u></b>	<u>(130,752)</u>

	<i>Notes</i>	<b>2020</b>	2019
<b>Operating (loss)/profit</b>		<b>(200,609)</b>	161,535
Share of (losses)/gains of joint ventures and associates		<u>(6,458)</u>	<u>15,956</u>
<b>(Loss)/profit before tax</b>		<b>(207,067)</b>	177,491
Income tax	9	<u>(41,098)</u>	<u>(66,139)</u>
<b>(Loss)/profit for the year</b>		<b>(248,165)</b>	111,352
<b>Other comprehensive (loss)/income</b>			
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:			
Share of other comprehensive (loss)/income of associates		<u>(4,941)</u>	<u>1,364</u>
<b>Other comprehensive (loss)/income for the year, net of tax</b>		<u>(4,941)</u>	<u>1,364</u>
<b>Total comprehensive (loss)/income for the year, net of tax</b>		<u><b>(253,106)</b></u>	<u>112,716</u>
(Loss)/profit attributable to:			
Equity holders of the parent		<b>(250,925)</b>	95,412
Non-controlling interests		<u>2,760</u>	<u>15,940</u>
		<u><b>(248,165)</b></u>	<u>111,352</u>
Total comprehensive (loss)/income attributable to:			
Equity holders of the parent		<b>(255,866)</b>	96,776
Non-controlling interests		<u>2,760</u>	<u>15,940</u>
		<u><b>(253,106)</b></u>	<u>112,716</u>
(Loss)/earnings per share (RMB per share) attributable to ordinary equity holders of the parent:			
Basic and diluted, (loss)/profit for the year	12	<u><b>(0.0258)</b></u>	<u>0.0098</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

(Amounts expressed in thousands of Renminbi unless otherwise stated)

	Notes	2020	2019
<b>Assets</b>			
<b>Non-current assets</b>			
Investments in associates		138,746	64,020
Investments in joint ventures		213,208	220,590
Debt instruments at amortised cost	13	480,591	1,217,345
Financial assets at fair value through profit or loss	14	72,689	71,217
Investment property	15	1,472,051	1,447,729
Property, plant and equipment	16	11,832	13,245
Right-of-use assets	17	30,910	17,170
Deferred tax assets	9	—	8,957
Other assets		10,356	16,487
		<hr/>	<hr/>
<b>Total non-current assets</b>		<b>2,430,383</b>	<b>3,076,760</b>
<b>Current assets</b>			
Land development for sale	18	886,299	884,820
Prepayments		1,672	2,774
Other assets		12,503	18,236
Other receivables	19	663,537	714,012
Trade receivables	20	563,954	557,377
Debt instruments at amortised cost	13	953,430	1,948,220
Financial assets at fair value through profit or loss	14	1,044,251	1,198,872
Cash and bank balances	21	855,234	269,917
		<hr/>	<hr/>
<b>Total current assets</b>		<b>4,980,880</b>	<b>5,594,228</b>
		<hr/>	<hr/>
<b>Total assets</b>		<b>7,411,263</b>	<b>8,670,988</b>

	<i>Notes</i>	<b>2020</b>	2019
<b>Equity and liabilities</b>			
<b>Equity</b>			
Attributable to:			
Equity holders of the parent:			
Share capital		<b>4,070,201</b>	4,070,201
Other reserves		<b>607,839</b>	607,839
Other comprehensive (loss)/income		<b>(3,841)</b>	1,100
Accumulated losses		<b>(729,919)</b>	(440,034)
		<b>3,944,280</b>	4,239,106
Non-controlling interests		<b>443,112</b>	440,352
<b>Total equity</b>		<b><u>4,387,392</u></b>	<b><u>4,679,458</u></b>
<b>Non-current liabilities</b>			
Interest-bearing bank borrowings	22	<b>705,380</b>	2,353,078
Deferred tax liabilities	9	<b>93,195</b>	74,835
Lease liabilities	23	<b>11,993</b>	7,011
Other liabilities		<b>6,515</b>	6,668
<b>Total non-current liabilities</b>		<b><u>817,083</u></b>	<b><u>2,441,592</u></b>
<b>Current liabilities</b>			
Interest-bearing bank borrowings	22	<b>1,018,684</b>	302,122
Trade payables	24	<b>307,997</b>	363,816
Other payables and accruals	25	<b>348,346</b>	353,302
Advance from customers		<b>16,447</b>	15,438
Dividends payables		<b>538</b>	78
Current income tax liabilities		<b>70,522</b>	68,721
Financial liabilities at fair value through profit or loss	26	<b>6,451</b>	3,605
Lease liabilities	23	<b>12,856</b>	6,304
Contract liabilities	27	<b>424,947</b>	436,552
<b>Total current liabilities</b>		<b><u>2,206,788</u></b>	<b><u>1,549,938</u></b>
<b>Total liabilities</b>		<b><u>3,023,871</u></b>	<b><u>3,991,530</u></b>
<b>Total equity and liabilities</b>		<b><u>7,411,263</u></b>	<b><u>8,670,988</u></b>
<b>Net current assets</b>		<b><u>2,774,092</u></b>	<b><u>4,044,290</u></b>
<b>Total assets less current liabilities</b>		<b><u>5,204,475</u></b>	<b><u>7,121,050</u></b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2020

(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 2019	4,070,201	607,334	(264)	(484,275)	4,192,996	424,412	4,617,408	
Profit for the year	—	—	—	95,412	95,412	15,940	111,352	
Other comprehensive income	—	—	1,364	—	1,364	—	1,364	
Total comprehensive income	—	—	1,364	95,412	96,776	15,940	112,716	
Share of equity changes of a joint venture other than other comprehensive income	—	505	—	—	505	—	505	
Dividends	—	—	—	(51,171)	(51,171)	—	(51,171)	
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)	
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	

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

(Amounts expressed in thousands of Renminbi unless otherwise stated)

	Notes	2020	2019
<b>Cash flows from operating activities</b>			
(Loss)/profit before tax		<b>(207,067)</b>	177,491
Adjustments for:			
Impairment losses on financial assets		<b>386,446</b>	130,752
Depreciation of property, plant and equipment	7	<b>1,714</b>	2,049
Depreciation of right-of-use assets	7	<b>13,196</b>	10,396
Amortisation of intangible assets		<b>341</b>	341
Gain on disposal of property, plant and equipment		—	(1,215)
Net fair value gain on an investment property	6	<b>(13,885)</b>	(111,768)
Net gain on financial instruments at fair value through profit or loss	6	<b>(46,588)</b>	(54,232)
Share of losses/(gains) from joint ventures and associates		<b>6,458</b>	(15,956)
Interest from debt instruments at amortised cost and others	5(b)/5(c)	<b>(229,577)</b>	(290,534)
Interest from bank deposits	6	<b>(2,689)</b>	(19,417)
Interest expense on lease liabilities	23	<b>886</b>	244
Interest expense	8	<b>112,665</b>	165,238
Foreign exchange (gain)/loss	6	<b>(6,765)</b>	153
Operating profit/(loss) before working capital adjustments		<b>15,135</b>	(6,458)
Increase in land development for sale		<b>(1,479)</b>	(4,812)
Decrease/(increase) in prepayments		<b>1,102</b>	(262)
Decrease in other receivables and other assets		<b>20,131</b>	32,267
(Increase)/decrease in trade receivables		<b>(13,105)</b>	992,417
Increase in advances from customers		<b>1,009</b>	3,684
Decrease in contract liabilities		<b>(11,605)</b>	(9,106)
Decrease in trade and other payables		<b>(11,561)</b>	(276,041)
		<b>(373)</b>	731,689
Income tax paid		<b>(12,627)</b>	(34,063)
<b>Net cash (outflow)/inflow from operating activities</b>		<b>(13,000)</b>	697,626

	<i>Notes</i>	<b>2020</b>	2019
<b>Cash flows from investing activities</b>			
Purchases/construction of property, plant and equipment		<b>(340)</b>	(447)
Proceeds from disposal of property, plant and equipment		<b>39</b>	1,680
Investments in joint ventures and associates		<b>(102,847)</b>	(8,648)
Capital expenditure on an investment property		<b>(58,595)</b>	(66,446)
Investment in debt instruments at amortised cost		<b>(246,500)</b>	(992,698)
Proceeds from recovery of debt instruments at amortised cost		<b>1,647,998</b>	992,029
Interest received from debt instruments at amortised cost		<b>213,070</b>	247,814
Investment in financial assets at fair value through profit or loss		<b>(299,000)</b>	(1,011,000)
Redemption in financial assets at fair value through profit or loss		<b>474,950</b>	27,950
Dividends received from financial assets at fair value through profit or loss		<b>9,133</b>	6,833
Interest received from bank deposits		<b>2,689</b>	19,417
Gain from financial assets at fair value through profit or loss		<b>28,235</b>	42,057
Dividends received from joint ventures and associates		<b>—</b>	530
		<u><b>1,668,832</b></u>	<u>(740,929)</u>
<b>Net cash inflow/(outflow) from investing activities</b>			
<b>Cash flows from financing activities</b>			
Payment from revolving loan facility fee		<b>(5,896)</b>	—
Proceeds from bank and other borrowings		<b>—</b>	1,062,345
Repayment of bank and other borrowings		<b>(874,427)</b>	(956,084)
Repayment of financial liabilities at fair value through profit or loss		<b>—</b>	(188,500)
Dividends paid		<b>(37,684)</b>	(105,420)
Interest paid		<b>(108,158)</b>	(151,146)
Payment of lease liabilities	23	<b>(16,294)</b>	(11,010)
		<u><b>(1,042,459)</b></u>	<u>(349,815)</u>
<b>Net cash outflow from financing activities</b>			
Net increase/(decrease) in cash and cash equivalents		<b>613,373</b>	(393,118)
Effect of exchange rate changes on cash and cash equivalents		<b>(28,056)</b>	373
Cash and cash equivalents at beginning of year		<b>269,917</b>	662,662
		<u><b>855,234</b></u>	<u>269,917</u>
<b>Cash and cash equivalents at end of year</b>			

## NOTES TO FINANCIAL STATEMENTS

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

### 1. CORPORATE INFORMATION

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

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

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

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

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

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



## 2. BASIS OF PREPARATION

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

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 2020. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

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

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

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

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

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

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

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

**(b) Operating cycle**

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

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

**New and amended standards and interpretations**

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

***Amendments to IFRS 3: Definition of a Business***

The amendment to IFRS 3 *Business Combinations* clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

***Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform***

The amendments to IFRS 9 and IAS 39 *Financial Instruments: Recognition and Measurement* provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

### ***Amendments to IAS 1 and IAS 8 Definition of Material***

The amendments provide a new definition of material that states, “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

### ***Conceptual Framework for Financial Reporting issued on 29 March 2018***

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Group.

### ***Amendments to IFRS 16 Covid-19 Related Rent Concessions***

On 28 May 2020, the IASB issued *Covid-19-Related Rent Concessions — amendment to IFRS 16 Leases*. The amendments provide 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. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

These amendments had no impact on the consolidated financial statements of the group.

## **4. OPERATING SEGMENT INFORMATION**

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

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

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

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

An analysis by operating segment is as follows:

<i>RMB'000</i>	Year ended 31 December 2020					Total
	Land development	Urbanization development	Property leasing	Others	Adjustments and eliminations	
<b>Segment results</b>						
External sales	11,873	229,577	150,189	—	—	391,639
Intersegment sales	—	—	—	—	—	—
Total segment sales	<u>11,873</u>	<u>229,577</u>	<u>150,189</u>	<u>—</u>	<u>—</u>	<u>391,639</u>
<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
Segment (loss)/profit	<u>(16,088)</u>	<u>(644,400)</u>	<u>111,506</u>	<u>454,580</u>	<u>(112,665)<sup>1</sup></u>	<u>(207,067)</u>
<b>Segment assets</b>	<u>1,669,687</u>	<u>3,725,576</u>	<u>1,644,940</u>	<u>371,060</u>	<u>—</u>	<u>7,411,263</u>
<b>Segment liabilities</b>	<u>704,143</u>	<u>66,354</u>	<u>180,591</u>	<u>185,002</u>	<u>1,887,781<sup>2</sup></u>	<u>3,023,871</u>
<b>Other disclosures</b>						
Investments in joint ventures and associates	<u>100,931</u>	<u>5,040</u>	<u>107,237</u>	<u>138,746</u>	<u>—</u>	<u>351,954</u>
Capital expenditure <sup>3</sup>	<u>232</u>	<u>64</u>	<u>10,481</u>	<u>—</u>	<u>—</u>	<u>10,777</u>

<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.

RMB'000

Year ended 31 December 2019

	Land development	Urbanization development	Property leasing	Others	Adjustments and eliminations	Total
<b>Segment results</b>						
External sales	12,633	296,794	105,514	—	—	414,941
Intersegment sales	—	—	—	—	—	—
Total segment sales	12,633	296,794	105,514	—	—	414,941
<b>Results</b>						
Depreciation	(1,179)	(10,527)	(297)	(442)	—	(12,445)
Share of (losses)/gains of joint ventures and associates	(1,490)	(2,721)	(2,246)	22,413	—	15,956
Fair value gain on investment property	—	—	111,768	—	—	111,768
<b>Segment profit/(loss)</b>	<b>4,098</b>	<b>144,236</b>	<b>180,127</b>	<b>14,268</b>	<b>(165,238)<sup>1</sup></b>	<b>177,491</b>
<b>Segment assets</b>	<b>1,678,138</b>	<b>4,996,182</b>	<b>1,643,878</b>	<b>343,833</b>	<b>8,957<sup>2</sup></b>	<b>8,670,988</b>
<b>Segment liabilities</b>	<b>723,112</b>	<b>56,859</b>	<b>224,099</b>	<b>188,704</b>	<b>2,798,756<sup>3</sup></b>	<b>3,991,530</b>
<b>Other disclosures</b>						
Investments in joint ventures and associates	105,586	6,480	105,927	66,617	—	284,610
Capital expenditure <sup>4</sup>	37	194	20,920	13	—	21,164

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

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

<sup>3</sup> Liabilities in segments do not include current income tax liabilities of RMB68,721 thousand, interest-bearing bank borrowings of RMB2,655,200 thousand, and deferred tax liabilities of RMB74,835 thousand as these liabilities are managed on a group basis.

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

## 5. REVENUE

<i>RMB'000</i>	<i>Notes</i>	<b>2020</b>	2019
Land development	(a)	<b>11,873</b>	12,633
Property management	(a)	<b>31,277</b>	27,405
Asset and fund management	(a)	—	6,260
<b>Revenue from contracts with customers</b>	(a)	<b>43,150</b>	46,298
Rental income		<b>118,912</b>	78,109
Interest from debt instruments at amortised cost	(b)	<b>220,444</b>	283,701
Others	(c)	<b>9,133</b>	6,833
<b>Revenue from other sources</b>		<b>348,489</b>	368,643
<b>Total revenue</b>		<b>391,639</b>	414,941

### (a) Revenue from contracts with customers

#### *Disaggregated revenue information*

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

	<b>Year ended 31 December 2020</b>			<b>Total</b>
	<b>Land development</b>	<b>Urbanization development</b>	<b>Property leasing</b>	
<b>Segments</b>				
<b>Types of goods or service</b>				
Land development	<b>11,873</b>	—	—	<b>11,873</b>
Property management	—	—	<b>31,277</b>	<b>31,277</b>
<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 tendered over time	<b>11,873</b>	—	<b>31,277</b>	<b>43,150</b>

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

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

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 will continue to cooperate with the local government for the primary development of land in the Eastern Zone of the Luodian New Town, which is now targeted for completion by August 2023. However, instead of being entitled to a portion of the sales proceeds of the land as compensation under the previous arrangement, the local government will compensate SGLD 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). RMB1,000 million out of the total consideration of RMB1,523 million was received in 2019 according to the payment schedule, and remaining balance of RMB523 million has been due by the end of 31 December 2020.

Revenue of RMB11.87 million (2019: RMB12.63 million) was recognised in respect of construction of the ancillary public facilities with the fulfilment of the performance obligation in 2020, of which RMB11.87 million (2019: RMB10.37 million) was released from contract liabilities.

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

<i>RMB'000</i>	2020	2019
Nanchang Science and Technology Park Project of Chinese Academy of Sciences	225	37,927
Taizhou Tongtai Intelligent Manufacturing Industrial Park Project	32,245	10,978
Chengdu Jintang Huaizhou New City Yunding Ranch Cultural Tourism Project	27,685	8,020
The First Phase Construction Project of High-tech Science and Technology Innovation Park in Yangzhong City, Jiangsu Province	21,206	634
Lianyungang Liandao Cultural Tourism Project	2,183	—
Gaoyou PPP Project	14,380	12,693
Suqian Yanghe Bio-tech Industrial Park Project	11,289	—
Qinhuangdao Project	4,442	11,360
Jiangsu Taizhou New Energy Industrial Park Project	12,984	38,206
Jiangsu Lianyungang Haizhou Bay Tourism Town Project	22,441	32,666
Jiangsu Huai'an Huaiyin District Urban Renewal Project	24,298	33,700
Shandong Qinzhou MI River Comprehensive Control Project	10,448	20,614
Yangzhou Gaoyou National Agricultural Science and Technology Park Project	14,589	15,991
Jiangsu Xuzhou Peixian County Industrial Concentration Area Construction Project	3,070	11,194
Lianyungang Haohai R&D Centre Project	2,307	9,565
Yangzhou Airport New Town Project	—	10,877
Yangzhou River Banks Project	—	6,699
Yangzhou Xincheng River Hanjiang Branch Region Integrated Renovation Project	—	6,431
Others	16,652	16,146
	<u>220,444</u>	<u>283,701</u>

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

	2020	2019
CDB (Beijing) — BOCOMM New-Type Urbanization Development Fund (the “Urbanization Fund”)	9,133	6,833
	<u>9,133</u>	<u>6,833</u>



## 6. OTHER INCOME AND OTHER EXPENSES

### Other income

<i>RMB'000</i>	2020	2019
Interest income from bank deposits	2,689	19,417
Net fair value gain on financial instruments at fair value through profit or loss	19,954	12,476
Investment income from financial instruments at fair value through profit or loss	26,634	41,756
Fair value gain on investment property	13,885	111,768
Gain on disposal of property, plant and equipment	—	1,215
Foreign exchange gain, net	6,765	—
Others	14,400	13,358
	<u>84,327</u>	<u>199,990</u>

### Other expenses

<i>RMB'000</i>	2020	2019
Bank charges	453	127
Foreign exchange loss, net	—	153
Others	12,100	1,816
	<u>12,553</u>	<u>2,096</u>

## 7. EXPENSES BY NATURE

<i>RMB'000</i>	2020	2019
Cost of land development	11,818	10,366
Depreciation of property, plant and equipment	1,714	2,049
Depreciation of right-of-use assets	13,196	10,396
Audit fees and non-audit fees	5,945	5,714
<i>Audit fees</i>		
— Auditor of the Company	4,500	3,500
— Other auditors	1,200	2,096
<i>Non-audit fees</i>		
— Auditor of the Company	—	—
— Other auditors	245	118
Employee benefits	52,721	55,153
Utility expenses	8,340	8,247
Advertising	3,923	7,949
Rental expenses	1,274	6,292
Property management service expenses	21,566	14,129
Intermediary and professional service charges	9,316	3,020
Other expenses	35,098	31,995
	<u>164,911</u>	<u>155,310</u>
Total cost of sales, selling and administrative expenses	<u>164,911</u>	<u>155,310</u>

## 8. FINANCE COSTS

<i>RMB'000</i>	2020	2019
Interest on bank and other borrowings	112,665	156,277
Interest attributable to other interest holders of the structured entities	—	8,961
	<u>112,665</u>	<u>165,238</u>
Less: Interest capitalised	—	—
	<u>112,665</u>	<u>165,238</u>

No borrowing cost has been capitalised for the Year (2019: Nil).

## 9. INCOME TAX

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

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

No provision for Hong Kong profits tax has been made as the Group had no 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.

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

The major components of income tax are as follows:

<b><i>RMB'000</i></b>	<b>2020</b>	2019
Income tax charge/(credit):		
Current income tax	<b>(5,873)</b>	7,607
Deferred tax	<b>27,317</b>	37,624
Withholding tax	<b>19,654</b>	20,908
	<hr/>	<hr/>
Income tax charge as reported in profit or loss	<b>41,098</b>	66,139
	<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 2020

<i>RMB'000</i>	HK and BVI		Mainland China		Total	
Loss before tax	<u>(163,653)</u>		<u>(43,414)</u>		<u>(207,067)</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 of previously unrecognized 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><u>19,654</u></u>	<u><u>(12.0%)</u></u>	<u><u>21,444</u></u>	<u><u>(49.4%)</u></u>	<u><u>41,098</u></u>	<u><u>(19.8%)</u></u>

\* In 2020, the HK and BVI companies received interest and dividend income from Mainland China amounted to RMB176,836 thousand (2019: RMB205,316 thousand), after the deduction of the withholding tax of RMB19,654 thousand (2019: RMB20,908 thousand).

### Year ended 31 December 2019

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

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

Deferred income tax related to the following:

<i>RMB'000</i>	Consolidated statement of financial position		Consolidated statement of profit or loss	
	2020	2019	2020	2019
<b>Deferred tax assets/(liabilities)</b>				
Fair value change and depreciation of investment property	(61,438)	(53,684)	(7,754)	(32,145)
Fair value change of financial instruments at fair value through profit or loss	(9,963)	127	(10,090)	(2,139)
Accrued expenses	2,097	5,852	(3,755)	(310)
Taxable timing difference for interest accrued	(15,125)	—	(15,125)	—
Provision for expected credit losses (“ECLs”)	5,469	2,978	2,491	(3,030)
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	6,916	—	6,916	—
<b>Net deferred tax liabilities</b>	<b>(93,195)</b>	<b>(65,878)</b>		
<b>Deferred income tax credit</b>			<b>(27,317)</b>	<b>(37,624)</b>
Deferred tax movement:				
			2020	2019
<b>As of 1 January</b>			<b>(65,878)</b>	<b>(28,254)</b>
Deferred tax income recognised in profit or loss in respect of current year			<b>(27,317)</b>	<b>(37,624)</b>
<b>As at 31 December</b>			<b>(93,195)</b>	<b>(65,878)</b>
<b>Deferred tax assets</b>			—	8,957
<b>Deferred tax liabilities</b>			<b>(93,195)</b>	<b>(74,835)</b>

As at 31 December 2020, the unrecognized deductible temporary differences amounted to RMB107,121 thousand (2019: RMB9,217 thousand) and the unrecognized accumulated tax losses amounted to RMB224,045 thousand (2019: RMB250,473 thousand) were mainly arisen from those subsidiaries that have been loss-making for years. Included in unrecognized tax losses are losses of RMB21,381 thousand, RMB80,151 thousand, RMB41,659 thousand, RMB35,417 thousand and RMB45,437 thousand that will be expiring in 2021, 2022, 2023, 2024 and 2025 (2019: RMB6,146 thousand, RMB64,653 thousand, RMB80,151 thousand, RMB41,659 thousand and RMB57,864 thousand that will be expiring in 2020, 2021, 2022, 2023 and 2024), respectively. 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.

#### 10. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated profit attributable to owners of the Company for the years ended 31 December 2020 and 2019 included a loss of RMB297,813 thousand and a loss of RMB1,533 thousand, respectively, which have been dealt with in the financial statements of the Company.

#### 11. DIVIDENDS

No final dividend to the shareholders of the Company (the “Shareholders”) has been proposed by the Board in respect of the Year (2019: HKD0.0044 per ordinary share of the Company).

With the approval of the Shareholders at the annual general meeting held on 24 June 2020, the Company paid the dividends of HKD42,639 thousand in 2020.

#### 12. (LOSS)/EARNINGS PER SHARE

The calculations of the basic (loss)/earnings per shares amounts are based on the (loss)/profit attributable to ordinary equity holders of the parent for the years ended 31 December 2020 and 2019.

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

<i><b>RMB'000</b></i>	<b>2020</b>	2019
(Loss)/profit attributable to ordinary equity holders of the parent for basic and diluted (loss)/earnings per share	<u><b>(250,925)</b></u>	<u>95,412</u>
Weighted average number of ordinary shares used to calculate basic and diluted (loss)/earnings per share	<u><b>9,726,246,417</b></u>	<u>9,726,246,417</u>
Basic and diluted (loss)/earnings per share (RMB)	<u><b>(0.0258)</b></u>	<u>0.0098</u>

There were no transactions involving ordinary shares or potential ordinary shares during 2020.

### 13. DEBT INSTRUMENTS AT AMORTISED COST

<i>RMB'000</i>	2020	2019
Nanchang Science and Technology Park Project of Chinese Academy of Sciences	400,000	400,000
Taizhou Tongtai Intelligent Manufacturing Industrial Park Project	291,533	305,072
Chengdu Jintang Huaizhou New City Yunding Ranch Cultural Tourism Project	251,000	251,000
The First Phase Construction Project of High-tech Science and Technology Innovation Park in Yangzhong City, Jiangsu Province	201,000	201,000
Lianyungang Liandao Cultural Tourism Project	200,000	—
Gaoyou PPP Project	136,300	136,300
Suqian Yanghe Bio-tech Industrial Park Project	107,000	107,000
Qinghuangdao Project	20,000	50,000
Jiangsu Taizhou New Energy Industrial Park Project	—	328,882
Jiangsu Lianyungang Haizhou Bay Tourism Town Project	—	313,523
Jiangsu Huai'an Huaiyin District Urban Renewal Project	—	312,867
Shandong Qingzhou MI River Comprehensive Control Project	—	207,029
Yangzhou Gaoyou National Agricultural Science and Technology Park Project	—	195,388
Jiangsu Xuzhou Peixian County Industrial Concentration Area Construction Project	—	156,310
Lianyungang Haohai R&D Centre Project	—	100,000
Others	276,909	234,408
	<b>1,883,742</b>	3,298,779
Accrued interest	27,651	20,479
	<b>1,911,393</b>	3,319,258
Less: allowance for ECLs	(477,372)	(153,693)
	<b>1,434,021</b>	<b>3,165,565</b>
Amounts due in the next 12 months classified as current assets	<b>953,430</b>	1,948,220
Amounts classified as non-current assets	<b>480,591</b>	1,217,345

As at 31 December 2020, the Group was entitled to fixed returns ranging from 5.70% to 15.00% (2019: 5.70% to 15.00%) before tax for debt instruments at amortised cost.

Movements of ECL allowance during the years ended 31 December 2020 and 2019 are as follows:

<i>RMB'000</i>	2020	2019
At beginning of year	153,693	32,585
Credit loss	323,679	121,108
At end of year	<b>477,372</b>	<b>153,693</b>

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

	<b>12-month ECLs Stage 1</b>	<b>Lifetime ECLs 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	<u>1,375,260</u>	<u>—</u>	<u>536,133</u>	<u>1,911,393</u>
	12-month ECLs Stage 1	Lifetime ECLs Stage 2	Stage 3	Total
Gross carrying amount as at				
1 January 2019	3,258,508	—	—	3,258,508
New debt instruments	992,698	—	—	992,698
Recovery	(969,653)	—	—	(969,653)
Transfer to Stage 3	(450,000)	—	450,000	—
Accrued interest	20,479	—	—	20,479
Foreign currency exchange	17,226	—	—	17,226
At 31 December 2019	<u>2,869,258</u>	<u>—</u>	<u>450,000</u>	<u>3,319,258</u>

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

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

	<b>12-month ECLs Stage 1</b>	<b>Lifetime ECLs Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
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	—
At 31 December 2020	<u>27,505</u>	<u>—</u>	<u>449,867</u>	<u>477,372</u>



	12-month ECLs Stage 1	Lifetime ECLs Stage 2      Stage 3		Total
ECL allowance as at 1 January 2019	32,585	—	—	32,585
Provision and remeasurement	10,170	—	120,500	130,670
Reversal	(9,562)	—	—	(9,562)
Transfer to Stage 3	(4,500)	—	4,500	—
At 31 December 2019	<u>28,693</u>	<u>—</u>	<u>125,000</u>	<u>153,693</u>

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

<i>RMB'000</i>	<i>Notes</i>	2020	2019
Financial assets at fair value through profit or loss			
— Funds	(a)	<b>20,275</b>	28,433
— Wealth management products	(b)	<b>1,044,251</b>	1,188,978
— Equity instruments	(c)	<b>52,414</b>	42,784
— Derivatives	(d)	—	9,894
		<u><b>1,116,940</b></u>	<u>1,270,089</u>

*Notes:*

- (a) In June 2015, CDBC New Town (Beijing) Asset Management Co., Ltd (“**CDBC New Town**”), a wholly-owned subsidiary of the Company, invested in the junior-tranche of the Urbanization Fund and the investment was partly redeemed in 2020.
- (b) In 2020, the Group invested in wealth management products issued by Shanghai Pudong Development Bank (“**SPDB**”), Bank of Communications and Industrial and Commercial Bank of China as part of cash management for the short term.
- (c) In July 2015, CDBC Nanjing Investment Development Co., Ltd. (“**CDBC Nanjing**”) entered into an agreement to purchase a 13.89% equity interest in Jiangsu Hong-tu Software Venture Capital Investment Ltd. (“**Jiangsu Hongruan**”).
- (d) At the end of 2019, China New Town Holding Company Limited (“**CNTH**”) held one cross currency swap contract with China Construction Bank (Asia) (“**CCB (Asia)**”) and one foreign exchange forward contract with Bank of East Asia (“**BEA**”). Those contracts were not designated in hedge relationships, but were, nevertheless, intended to reduce the level of foreign currency exchange risks for the investments and borrowings denominated in foreign currencies.

## 15. INVESTMENT PROPERTY

<i>RMB'000</i>	2020	2019
At beginning of year	1,447,729	1,315,244
Subsequent expenditure	10,437	20,717
Gain from increase in fair value	13,885	111,768
	<u>1,472,051</u>	<u>1,447,729</u>
At end of year	<u>1,472,051</u>	<u>1,447,729</u>

## 16. PROPERTY, PLANT AND EQUIPMENT

<i>RMB'000</i>	Buildings	Furniture, Fixtures and equipment	Motor vehicles	Total
<b>Original cost</b>				
At 1 January 2019	19,261	11,694	9,385	40,340
Additions	—	441	6	447
Disposals	—	(979)	(4,630)	(5,609)
	<u>19,261</u>	<u>11,156</u>	<u>4,761</u>	<u>35,178</u>
At 31 December 2019	19,261	11,156	4,761	35,178
Additions	—	340	—	340
Disposals	—	(466)	—	(466)
	<u>19,261</u>	<u>11,030</u>	<u>4,761</u>	<u>35,052</u>
<b>At 31 December 2020</b>	<u>19,261</u>	<u>11,030</u>	<u>4,761</u>	<u>35,052</u>
<b>Accumulated depreciation</b>				
At 1 January 2019	7,595	8,907	8,526	25,028
Provided during the year	868	1,045	136	2,049
Disposals	—	(883)	(4,261)	(5,144)
	<u>8,463</u>	<u>9,069</u>	<u>4,401</u>	<u>21,933</u>
At 31 December 2019	8,463	9,069	4,401	21,933
Provided during the year	707	866	141	1,714
Disposals	—	(427)	—	(427)
	<u>9,170</u>	<u>9,508</u>	<u>4,542</u>	<u>23,220</u>
<b>At 31 December 2020</b>	<u>9,170</u>	<u>9,508</u>	<u>4,542</u>	<u>23,220</u>
<b>Net carrying amount</b>				
At 1 January 2019	<u>11,666</u>	<u>2,787</u>	<u>859</u>	<u>15,312</u>
At 31 December 2019	<u>10,798</u>	<u>2,087</u>	<u>360</u>	<u>13,245</u>
At 31 December 2020	<u>10,091</u>	<u>1,522</u>	<u>219</u>	<u>11,832</u>

## 17. RIGHT-OF-USE ASSETS

<i>RMB'000</i>	<b>Buildings</b>	<b>Motor vehicles</b>	<b>Land</b>	<b>Total</b>
<b>Original cost</b>				
At 1 January 2019	13,443	407	2,238	16,088
Additions	<u>10,460</u>	<u>1,018</u>	<u>—</u>	<u>11,478</u>
At 31 December 2019	23,903	1,425	2,238	27,566
Additions	<u>26,936</u>	<u>—</u>	<u>—</u>	<u>26,936</u>
<b>At 31 December 2020</b>	<u>50,839</u>	<u>1,425</u>	<u>2,238</u>	<u>54,502</u>
<b>Accumulated depreciation</b>				
At 1 January 2019	—	—	—	—
Provided during the year	<u>9,746</u>	<u>493</u>	<u>157</u>	<u>10,396</u>
At 31 December 2019	9,746	493	157	10,396
Provided during the year	<u>12,446</u>	<u>593</u>	<u>157</u>	<u>13,196</u>
<b>At 31 December 2020</b>	<u>22,192</u>	<u>1,086</u>	<u>314</u>	<u>23,592</u>
<b>Net carrying amount</b>				
At 1 January 2019	<u>13,443</u>	<u>407</u>	<u>2,238</u>	<u>16,088</u>
At 31 December 2019	<u>14,157</u>	<u>932</u>	<u>2,081</u>	<u>17,170</u>
<b>At 31 December 2020</b>	<u>28,647</u>	<u>339</u>	<u>1,924</u>	<u>30,910</u>

## 18. LAND DEVELOPMENT FOR SALE

<i>RMB'000</i>	<b>2020</b>	<b>2019</b>
At lower of cost and net realizable value:		
Mainland China — Shenyang Lixiang New Town Modern Agriculture Co., Ltd. (“Shenyang Lixiang”)	<u>886,299</u>	<u>884,820</u>
	<u>886,299</u>	<u>884,820</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.

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

## 19. OTHER RECEIVABLES

<i>RMB'000</i>	<i>Notes</i>	<b>2020</b>	<b>2019</b>
Balances due from Wuxi Project		<b>20,977</b>	20,977
Interest receivables from debt instruments at amortised cost		<b>18,132</b>	17,930
Due from SREI	(i)	<b>140,146</b>	140,146
Balances due from entities disposed of		<b>24,384</b>	24,384
Due from joint ventures and associates	(ii)	<b>487,743</b>	487,634
Others		<b>43,557</b>	47,975
		<b>734,939</b>	739,046
Less: allowance for ECLs		<b>(71,402)</b>	(25,034)
Other receivables, net		<b>663,537</b>	714,012

The Group has established the provision that is based on its historical credit loss experience, adjusted for forward-looking factors to the debtors and the economic environment. The movements in allowance of impairment are as follows:

	<b>2020</b>	<b>2019</b>
At beginning of year	<b>25,034</b>	7,847
Credit loss	<b>46,368</b>	17,187
At end of year	<b>71,402</b>	25,034

- (i) The Group entered into a series of agreements with SREI to settle the outstanding balances regarding the Disposal Assets in 2017. The remaining balance was further offset by the dividend payable and other payable to SREI which amounted to RMB87.55 million in 2018.
- (ii) As at 31 December 2020, the balance due from joint ventures mainly included shareholder's loans of RMB380,000 thousand provided by CDBC Nanjing to Nanjing Guofa Real Estate Co., Ltd. and RMB104,789 thousand provided by CDBC New Town to Beijing Guowan Real Estate Co., Ltd. to facilitate their daily operations, which are interest-free and should be repayable on demand.

## 20. TRADE RECEIVABLES

<i>RMB'000</i>	2020	2019
Receivables from land development for sale	564,898	559,898
Others	13,619	5,514
	<u>578,517</u>	<u>565,412</u>
Less: allowance for ECLs	(14,563)	(8,035)
	<u>563,954</u>	<u>557,377</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. Trade receivables of RMB9,871 thousand in relation to COVID-19 rent concession were written off in 2020 (2019: Nil).

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 established the provision that is based on its historical credit loss experience, adjusted for forward-looking factors to the debtors and the economic environment. The movements in allowance of impairment are as follows:

<i>RMB'000</i>	2020	2019
At beginning of year	8,035	15,578
Credit loss	16,399	(7,543)
Write-off	(9,871)	—
	<u>14,563</u>	<u>8,035</u>

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

<i>RMB'000</i>	2020	2019
Within 6 months	15,224	7,609
6 months to 1 year	4,900	—
1 year to 2 years	31	517,453
2 years to 3 years	512,226	—
Over 3 years	31,573	32,315
	<u>563,954</u>	<u>557,377</u>

## 21. CASH AND BANK BALANCES

<i>RMB'000</i>	2020	2019
Cash at banks	<u>855,234</u>	<u>269,917</u>
Cash and cash equivalents	855,234	269,917
Restricted bank deposits	<u>—</u>	<u>—</u>
	<u><b>855,234</b></u>	<u><b>269,917</b></u>

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

There were no restricted bank deposits as at 31 December 2020 (2019: Nil).

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

### RMB equivalent of the following currencies:

<i>RMB'000</i>	2020	2019
SGD	—	46
RMB	431,730	246,741
HKD	258,015	11,418
USD	165,489	8,442
EUR	<u>—</u>	<u>3,270</u>
	<u><b>855,234</b></u>	<u><b>269,917</b></u>

## 22. INTEREST-BEARING BANK BORROWINGS

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

<i>RMB'000</i>	2020	2019
Bank borrowings — secured	765,380	795,380
Bank borrowings — unsecured	<u>957,646</u>	<u>1,856,432</u>
	<b>1,723,026</b>	2,651,812
Accrued interest	<u>1,038</u>	<u>3,388</u>
	<u><b>1,724,064</b></u>	<u><b>2,655,200</b></u>

The interest-bearing bank borrowings are repayable as follows:

<b>RMB'000</b>	<b>2020</b>	<b>2019</b>
Within 6 months	<b>988,684</b>	287,122
6 months to 9 months	<b>30,000</b>	15,000
9 months to 12 months	—	—
1 year to 2 years	<b>65,000</b>	1,647,698
2 years to 5 years	<b>270,000</b>	235,000
Over 5 years	<b>370,380</b>	470,380
	<b><u>1,724,064</u></b>	<b><u>2,655,200</u></b>

The Group's interest-bearing bank borrowings bore interest at LIBOR plus 2.2%, HIBOR plus 2.2% and 4.90% per annum for the year ended 31 December 2020 (2019: at LIBOR plus 2.2%, HIBOR plus 2.0%, HIBOR plus 2.2% and 4.90% per annum).

#### **Bank borrowings — secured**

As at 31 December 2020, bank borrowings of RMB766,418 thousand (2019: RMB796,570 thousand) were secured by the investment property, whose carrying amount at 31 December 2020 was RMB1.472 billion (2019: RMB1.448 billion).

### **23. LEASE LIABILITIES**

<b>RMB'000</b>	<b>2020</b>	<b>2019</b>
At 1 January	<b>13,315</b>	12,583
Additions	<b>26,942</b>	11,498
Interest expense	<b>886</b>	244
Payments	<b>(16,294)</b>	(11,010)
As at 31 December	<b><u>24,849</u></b>	<b><u>13,315</u></b>
Amounts due in the next 12 months classified as current liabilities	<b>12,856</b>	6,304
Amounts classified as non-current liabilities	<b>11,993</b>	7,011

## 24. TRADE PAYABLES

<i>RMB'000</i>	2020	2019
Payable for land development for sale	197,276	204,932
Payable for investment property	110,721	158,879
Others	—	5
	<u>307,997</u>	<u>363,816</u>

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

<i>RMB'000</i>	2020	2019
Within 1 year	8,282	7,647
1 to 2 years	3,148	254,199
Over 2 years	296,567	101,970
	<u>307,997</u>	<u>363,816</u>

Trade payables are non-interest-bearing.

## 25. OTHER PAYABLES AND ACCRUALS

<i>RMB'000</i>	2020	2019
Payroll and welfare	16,537	20,951
Accrued interest on other borrowings	19,595	12,738
Other taxes payable	21,651	21,640
Amounts due to related parties	4,973	178
Payable for Intermediary and professional service charges	10,972	5,901
Payable for Wuxi Project	42,250	42,250
Other borrowings from Huzhou Tongchuang Jintai Huzhong Enterprise Management Partnership (Limited Partnership) ("Tongchuang LP")	97,020	97,020
Others	135,348	152,624
	<u>348,346</u>	<u>353,302</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 interest-bearing at 7% p.a. and are payable on demand.
- Other payables, tax payables and accruals are non-interest-bearing and are normally settled when they are due or within one year.



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

<i>RMB'000</i>	2020	2019
Financial liabilities at fair value through profit or loss		
— Derivatives	<u>6,451</u>	<u>3,605</u>
	<u>6,451</u>	<u>3,605</u>

At the end of 2020, CNTH held a foreign exchange forward contract with BEA (2019: one cross currency swap contract with SPDB). 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.

## 27. CONTRACT LIABILITIES

<i>RMB'000</i>	2020	2019
Contract liabilities arising from:		
Land development	420,283	432,156
Property management	<u>4,664</u>	<u>4,396</u>
	<u>424,947</u>	<u>436,552</u>

As at 31 December 2020, the contract liabilities arising from land development for sale represent the portion of amounts received or receivable from the land authorities or local governments as a result of the sales of parcels of land developed by the Group. The amounts received or receivable are non-refundable unless the Group fails to complete the development work. The contract liabilities are classified as current liabilities as the remaining development work is expected to be provided within the normal operating cycle.

## 28. FAIR VALUE AND FAIR VALUE HIERARCHY

### Fair values of financial assets and liabilities

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

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

## Fair value hierarchy

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

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

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

### Quantitative disclosures of assets 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)
<b>Assets/liabilities measured at fair value:</b>					
Financial assets at fair value through profit or loss (Note 14)	31 December 2020	1,116,940	—	1,064,526	52,414
Investment property (Note 15)	31 December 2020	1,472,051	—	—	1,472,051
Financial liabilities at fair value through profit or loss (Note 26)	31 December 2020	6,451	—	6,451	—

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

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

	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)
<b>Assets/liabilities measured at fair value:</b>					
Financial assets at fair value through profit or loss (Note 14)	31 December 2019	1,270,089	—	1,227,305	42,784
Investment property (Note 15)	31 December 2019	1,447,729	—	—	1,447,729
Financial liabilities at fair value through profit or loss (Note 26)	31 December 2019	3,605	—	3,605	—

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

## 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 net asset value by financial institutions as at the end of the reporting period.

Level 2 financial liability at fair value through profit or loss is foreign exchange forward contract, whose fair value was determined using 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 2020 and 2019 are shown below:

	Valuation technique	Significant unobservable inputs	31 December 2020	31 December 2019
Office and retail	Income approach	Discount rate	7.5%	6.5%, 7.0%
Car park	Income approach	Discount rate	7.5%	3.5%, 4.0%
Non-listed equity investments	DCF method	Discount rate	7.0%	6.8%
	Market valuation approach	DL0M	30%	30%

Sensitivity analysis of the significant unobservable inputs to fair value:

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

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

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

The higher DL0M used in the fair value measurement of non-listed equity investments, the lower fair value.

## 29. 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 2020 (the “**Year 2020**”), the Group recorded revenue of RMB392 million, decreased by 6%, as compared to that of the year ended 31 December 2019 (the “**Year 2019**”). In 2020, the Group recorded revenue of RMB11,873 thousand from land development, decreased by 6% as compared to that of last year. In Year 2020, we recorded revenue of RMB229 million from urbanization development, which consists of interest from debt instruments at amortised cost of RMB220 million, and other income from investment funds of RMB9,133 thousand, decreased by 21% compared to that of Year 2019. Due to the maturity of funds under management in 2020, no income from assets and fund management fees was recorded. In Year 2020, the revenue related to investment property of RMB150 million was recorded, including rental income from property leasing of RMB119 million and property management fee of RMB31,277 thousand. Due to higher occupancy rates and higher unit rents, revenue related to investment property was increased by 42% compared with Year 2019.

#### *Other income*

For the Year 2020, other income amounted to RMB84,327 thousand, decreased by 58%, as compared to that of Year 2019. It was mainly because the fair value gain on an investment property in 2020 was only RMB13,885 thousand, which decreased by 88% compared with the Year 2019. Besides, interest income from bank deposits decreased by RMB16,728 thousand compared with the same period in Year 2019. Net fair value gain on financial instruments at fair value through profit or loss decreased by RMB7,478 thousand compared with Year 2019, and net foreign exchange gain in Year 2020 was RMB6,765 thousand.

#### *Cost of sales*

For the Year 2020, cost of sales of RMB40,865 thousand was recorded, including cost of land development of RMB11,818 thousand and cost of property management of RMB21,566 thousand. The cost of sales was increased by 32% as compared to that of Year 2019, mainly due to a 53% increase in property management services expenditure in Year 2020, which was due to an increase in asset operation management services expenditure.

### *Other expenses and impairment losses on financial assets*

For the Year 2020, other expenses and impairment losses on financial assets were RMB398,999 thousand, increased by 200% as compared to that of Year 2019, mainly because ECL expenses of RMB386,446 thousand was recorded in Year 2020, increased by RMB255,694 thousand as compared to that of Year 2019, which was caused by the provision of RMB260 million for impairment of risk assets related to the Nanchang Science and Technology Park Project of Chinese Academy of Sciences Project.

### *Finance costs*

For the Year 2020, net finance costs of RMB112,665 thousand was recorded, decreased by RMB52,573 thousand as compared to that of Year 2019, mainly due to the decrease of average balance of bank and other borrowings during the Year 2020. Because the short-term loan of HKD300 million was repaid to BEA, the loan of RMB30,000 thousand was repaid to Bank of China, and the loan of HKD419 million and USD27,480 thousand was repaid to CCB (Asia) in Year 2020. No interest capitalization was accrued for the Year 2020.

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

For the Year 2020, the Group's share of losses from joint ventures and associates was RMB6,458 thousand, among which the share of gain of RMB1,422 thousand from Kaiyuan Education Fund GP Holdings Limited ("**Kaiyuan Education**"), loss of RMB1,235 thousand from Kaiyuan Education Fund LP ("**Kaiyuan Fund**"), and gain of RMB1,310 thousand from Nanjing Guoying Zhongxi Development Co., Ltd. ("**Nanjing Guoying**"). Most of the other joint ventures and associates are under construction stages with no solid income generated.

### *Taxation*

For the Year 2020, the Group recorded an income tax charge in respect of current year of RMB41,098 thousand, such income tax mainly attributable to i) current income tax reimbursement of RMB5,873 thousand; ii) deferred tax charge of RMB27,317 thousand; and iii) withholding tax charge of RMB19,654 thousand.

## ***Financial Position***

### *Investment in associates*

The balance as at 31 December 2020 increased by RMB74,726 thousand as compared with the balances as at 31 December 2019, mainly due to China Development Bank Education Co., Ltd. (“**CDB Education**”), a wholly-owned subsidiary of the Company, made new contributions of USD12,082 thousand to Kaiyuan Fund (equivalent to RMB79,480 thousand), share of gain of RMB187 thousand from associates and other comprehensive loss arising from associates of RMB4,941 thousand due to foreign currency translation.

### *Investment in joint ventures*

The balances as at 31 December 2020 decreased by RMB7,382 thousand as compared with the balances as at the end of 2019, mainly due to share of losses of RMB6,645 thousand from joint ventures. In addition, the cancellation of the liquidation of Zhejiang Kailian Investment Management Co., Ltd. in 2020 had an impact on the investment in joint ventures of RMB737 thousand.

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

The balances of debt instruments at amortised cost (non-current assets) as at 31 December 2020 amounted to RMB481 million, a decrease of RMB736 million as compared with the balance as at the end of 2019. Such decrease was due to (i) the following debt instruments at amortised cost (non-current assets) of RMB992 million were reclassified to debt instruments at amortised cost (current assets): Changchun New Town Automobile Project of RMB110 million, Changchun Pipe Gallery Project of RMB16 million, Taizhou Tongtai Intelligent Manufacturing Industrial Park Project of RMB305 million, Chengdu Jintang Huaizhou New City Yunding Ranch Cultural Tourism Project of RMB251 million, Shaoxing Shilihetang Comprehensive Operation Management Project of RMB2 million, the First Phase Construction Project of High-tech Science and Technology Innovation Park in Yangzhong City, Jiangsu Province of RMB201 million, Suqian Yanghe Bio-tech Industrial Park Project of RMB107 million; (ii) new investment in Lianyungang Liandao Cultural Tourism Project of RMB200 million, a new shareholder loan of RMB46,500 thousand from CDBC Nanjing to Nanjing Guoying; (iii) adjustment of the allowance for ECLs amounted to RMB2,670 thousand; and (iv) accrued interest increased about RMB7 million.

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

The balance as at 31 December 2020 amounted to RMB72,689 thousand, increased by RMB1,472 thousand as compared to the balance as at the end of Year 2019. It was mainly because CDBC New Town redeemed investment principal of RMB6,950 thousand from the Urbanization Fund in 2020, a fair value loss of RMB1,208 thousand was recorded for this year, and a fair value increase of RMB9,630 thousand of Jiangsu Hongruan.

### *Investment property*

The balance as at 31 December 2020 was RMB1,472 million, increased by RMB24,322 thousand as compared to the balance as at the end the Year 2019. This is due to in Year 2020 the increase of the cost of the investment properties of RMB10,437 thousand and the appreciation of fair value of RMB13,885 thousand. As of 31 December 2020, the investment properties of Wuhan Chuguang Industry New Development Co., Ltd. (“**Wuhan Chuguang**”) have been completed. The fair value appreciation of the investment property is an increase in fair value resulting from cost savings due to the fact that the actual completion cost is less than the expected completion cost.

### *Right-of-use assets*

The balance as at 31 December 2020 increased by RMB13,740 thousand as compared to the balance as at the end the Year 2019, which was mainly due to the increase of RMB26,936 thousand in respect of the buildings, and depreciation of the right-of-use assets of RMB13,196 thousand in the Year 2020.

### *Other receivables*

The balance as at 31 December 2020 decreased by RMB50,475 thousand as compared with the balance as at the end of Year 2019 (Please refer to Note 19). This was mainly due to the additional provision of RMB46,368 thousand for ECLs in the Year 2020.

In 2020, an additional provision for ECL of RMB14,010 thousand was made for receivables due from Wuxi Project and a full provision for ECL of RMB24,384 thousand was made for receivables due from subsidiaries disposed of. In addition, the expected loss rate of other receivables in Stage 1 of ECL was increased.



### *Trade receivables*

The balance as at 31 December 2020 increased by RMB6,577 thousand as compared with the balance as at the end of Year 2019 (Please refer to Note 20), which was mainly due to an additional RMB5 million management fee receivables from the government, receivables of rent and property management fees of Wuhan Chuguang of RMB8,104 thousand, and the expected loss rate of trade receivables is increased, thus allowance for ECLs was increased by RMB6,528 thousand. In addition, the receivables were written off because during the epidemic period of COVID-19 pandemic, rent concessions of RMB9,871 thousand was granted to tenants.

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

The balance as at 31 December 2020 was RMB953 million, decreased by RMB995 million as compared to the balance as at the end the Year 2019. This is due to reclassification of debt instruments from non-current assets to current assets of RMB992 million, the redemption of the debt instruments on expiration of RMB1,664 million, and the adjustment of allowance for ECLs of RMB323 million. It is mainly due to the further provision of ECLs for debt instruments measured at amortized cost that are in Stage 3 of ECL in 2020: an additional ECLs of RMB260 million of Nanchang Science and Technology Park Project of Chinese Academy of Sciences, RMB53 million of Changchun New Town Automobile Project, RMB5 million of Qinghuangdao Project, and RMB5 million of Tourism Project in Changbaishan in 2020.

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

The balance as at 31 December 2020 amounted to RMB1,044 million, mainly because the Group purchased wealth management products issued by SPDB, Bank of Communications and Industrial and Commercial Bank of China. (Please refer to Note 14).

### *Other current assets*

The balance as at 31 December 2020 amounted to RMB12,503 thousand, mainly due to value-added tax to be deducted in Mainland China.

### *Interest-bearing bank borrowings*

The balance as at 31 December 2020 decreased by RMB931 million as compared with the balance as at the end of 2019. This was mainly due to the repayment of a short-term loan of HKD300 million to BEA, a repayment of loan of RMB30,000 thousand to Bank of China, and a repayment of HKD419 million and USD27,480 thousand to CCB (Asia) in 2020.



### *Trades payables*

The balance as at 31 December 2020 decreased by RMB55,819 thousand as compared with the balance as at the end of 2019, which was mainly due to the payment of RMB1,848 thousand in respect of expenditures of land development in SGLD, the payment of RMB5,809 thousand of land development project in Shenyang Lixiang, and the payment of RMB48,158 thousand in respect of the expenditure of construction of Wuhan Chuguang.

### *Other payables and accruals*

The balance as at 31 December 2020 decreased by RMB4,956 thousand as compared with the balance as at the end of 2019. This movement was mainly due to the payment of Kaiyuan Fund contribution of RMB24,960 thousand, the decrease of payroll and welfare by RMB4,414 thousand, the increase of interest payable of RMB6,857 thousand on the shareholder loan of Tongchuang LP, and an increase of RMB5,071 thousand of payable for intermediary and professional service charges.

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

The balance as at 31 December 2020 increased by RMB2,846 thousand as compared with the balance as at the end of 2019, mainly because CNTH holds a foreign exchange forward contract with BEA and the fair value of the contract was RMB6,451 thousand as at 31 December 2020 (Please refer to Note 26).

### *Cash and bank balances*

Overall, cash and cash equivalents for the Year increased by RMB585 million as compared with the balance as at the end of Year 2019, with a total balance of RMB855 million as at 31 December 2020, mainly due to net cash outflow from operating activities of RMB13 million, net cash inflow from investing activities of RMB1,669 million, and net cash outflow from financing activities of RMB1,042 million during the Year 2020.

Gearing ratio (defined as net debt/the sum of shareholders equity and net debt) as at 31 December 2020 was 18.3%, which decreased as compared to 34.8% as at 31 December 2019. This was mainly due to the fact that the Group repaid a large number of bank loans during the Year 2020 as a result that the ending bank loan balance has decreased compared with that of the end of Year 2019 and the cash and cash equivalents increased in 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 2020, the international landscape was complex and had significant impact, and domestic reforms and development have entered a critical stage. Especially due to the impact of the COVID-19 epidemic, the production conditions of all industries at the beginning of the year were severely affected. The gross domestic product (“GDP”) growth rate in the first quarter of 2020 fell 6.8% compared to the same period of last year. With the determined efforts of our country to coordinate the prevention and control of the COVID-19 epidemic and actively restore economic and social development, the annual GDP exceeded RMB10 trillion for the first time, a year-on-year increase of 2.3%, becoming the main economy that achieves economy growth in 2020 globally. In particular, the GDP recovered to 6.5% in the fourth quarter of 2020, demonstrating the strong resilience of the China’s economic development.

In light of the complex and changing environment domestic and abroad, the Group persisted in carrying out the national policies focusing on livelihood improvement by exploring and establishing business operations that correspond to livelihood improvement, as well as continuing development in education, tourism, and healthcare and retirement sectors. Our initiatives culminated in positive and encouraging developments.

In education sector, Kaiyuan Education, which was initiated and established by the Group, obtained the authorization from Reigate Grammar School in the United Kingdom for the business operation in the Greater China region, and as a result entered into agreements to establish two bilingual schools in Nanjing and Zhangjiagang. By the end of 2020, there were nearly 100 students in kindergartens and primary schools affiliated with the Reigate Grammar School Nanjing. Meanwhile, the phase II construction of the school is accelerating. The construction has also officially started in Zhangjiagang School, and the structure of kindergarten building had topped out at the end of 2020. In addition, the Group actively deployed in economically developed regions such as Beijing, Shenzhen, and etc., and reserved potential projects, which lays a solid foundation for subsequent development.

In industry sector, Hubei, as the province with the most severe COVID-19 epidemic and the longest period of epidemic control in the PRC in 2020, was affected by production stagnation, shrinking demand in economy generated from the epidemic. In particular, Wuhan's regional GDP in the first quarter fell year-on-year 40.5%. The Group's Chuguang Industrial Office Building (楚光產業寫字樓) project located in Wuhan Optical Valley, adopted scientific management measures to strengthen property management quality and operation quality on premise of carrying out comprehensive epidemic prevention and control and ensuring the safe operation of the office building and the health of tenants. Besides, the Company fully supported the resumption of work and production in Wuhan, and signed supplemental agreements with tenants who are qualified for the tax reduction and exemption to reduce the economic pressure of tenants. As of the end of 2020, the occupancy rate of Wuhan Chuguang Industrial Office Building (楚光產業寫字樓) exceeded 98%, and the occupancy rate of commercial shops exceeded 82%. The project profit has achieved positive growth.

In fixed income investment, under the dual effects of the complex and changeable domestic and foreign economic environment and the COVID-19 epidemic, the Group's fixed income investments in certain areas has seen an increase in credit risk, portfolio risk. The Group accelerated the recovery of fixed income investments and increased efforts to address potential risk projects to recover parts of the project funds. The Group will continue to communicate and mediate in various methods regarding the potential high-risk projects such as Nanchang Science and Technology Park Project of Chinese Academy of Sciences with significant investment balance. By the end of 2020, after deducting the impairment provision of potential high-risk projects, the Group has a portfolio of approximately RMB1.27 billion in aggregate. These projects, excluding risky projects, will secure a total contractually guaranteed annual return before tax of approximately RMB127 million, representing an average annualized pre-tax return of about 10.7%.

On 17 December 2020, CDB Nanjing Investment Development Co., Ltd. ("**CDB Nanjing**"), an indirect wholly-owned subsidiary of the Company, and The First Construction Company of Jiangsu Provincial Construction Group Co., Ltd. ("**The First Construction Company of JPC**") (a wholly-owned subsidiary of Jiangsu Provincial Construction Group Co., Ltd. ("**JPC**")) entered into a loan agreement with Nanjing Guoying (the "**Joint Venture**"), pursuant to which each of CDB Nanjing and the First Construction Company of JPC agreed to lend to the Joint Venture a loan in the principal amount of RMB22,500,000 respectively (totaling RMB45,000,000). The Joint Venture is principally engaged in the construction and development of the international school in Nanjing, which the equity interest of 50% is owned by the Group and 50% is owned by the First Construction Company of JPC.

On 21 January 2021, CDB New Town (Beijing) Asset Management Company Limited (“**CDB New Town**”), an indirect wholly-owned subsidiary of the Company, and JPC entered into a guarantee with Agricultural Bank of China Limited (the “**Bank**”), pursuant to which CDB New Town and JPC agreed to guarantee the punctual due payment of a loan facility up to RMB500,000,000 granted by the Bank to the Joint Venture. Please refer to the Company’s announcements dated 21 January 2021 and 27 January 2021 for further details.

Previously on 8 July 2019, CDB Nanjing entered into a loan agreement with the Joint Venture, and agreed to lend to the Joint Venture, a loan in the principal amount of RMB70,000,000. On the same day, CDB New Town and CDB Nanjing entered into a guarantee with Jiangsu Zijin Rural Commercial Bank Co., Ltd., and have agreed to guarantee the punctual due payment of a loan facility up to RMB200,000,000 granted by the bank to the Joint Venture. Please refer to the Company’s announcement dated 8 July 2019 for further details.

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

Looking ahead to 2021, the Group will continue to mitigate and control the impact of COVID-19 epidemic while persisting in monitoring risky projects and formulating solutions, steadily proceed with the Company’s remaining projects and identify high-quality project operation opportunities to expand our project pipeline.

We will continue to promote the development of education sector to improve our management standard, expedite the construction and preparation of our school projects in the pipeline, establish and strengthen our core products and concepts in the K12 education segment, as well as accelerate the pace to ensure stable cash inflow of the projects and generate profit. While actively expanding new projects, we will strive for the operation of new lightweight assets in Beijing, Shenzhen and other cities for the purpose of achieving the marketing model of the optimized lightweight asset brand and enabling our education brand to establish the benchmark project in the first-tier cities. In the meantime, we will strengthen the research and analysis of fixed income investment models and steadily promote project investments in line with the domestic economic development by thoroughly understanding and implementing national policies. We will strengthen post-investment management and risk control for projects while providing cash flow and income.

The Group will continue to seek business opportunities while facing challenges and persist in its own business transformation strategy. In synchronization with national policies, we will steadily advance the premier development of the Company, and continuously create value for shareholders in the long run by focusing on the livelihood sector in market orientation.

## **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 the code provisions set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities on the HKEx (the “**Listing Rules**”) except for code provision E.1.2 of the CG Code that the chairman of the Board (the “**Chairman**”) should attend the annual general meeting. The Chairman, Mr. Zuo Kun (“**Mr. Zuo**”), was unable to attend the annual general meeting of the Company held on 24 June 2020 (the “**2020 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 2020 AGM in accordance with the articles of association of the Company to ensure effective communication with its Shareholders.

## **DIRECTORS' COMPLIANCE WITH THE CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

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

## **EMPLOYEE AND REMUNERATION POLICY**

As at 31 December 2020, there were 101 (2019: 121) employees in the Group. During the Year, the total staff cost including Directors' remuneration amounted to approximately RMB52,721 thousand (2019: RMB55,153 thousand). Staff remuneration packages are determined in consideration of market conditions and the performance of the individuals concerned, and are subject to review from time to time. The Group also provides other staff benefits including medical insurance, and grants discretionary incentive bonuses to eligible staffs based on their performance and contributions to the Group. The Company

has adopted a share option scheme (the “**Scheme**”) for the grant of share options to eligible participants and the Scheme expired on 2 September 2020. 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 (2019: HKD0.0044 per ordinary share of the Company).

## **AUDIT COMMITTEE**

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

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

## **PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT**

The final results announcement of the Company is published on the respective websites of the Company ([www.china-newtown.com](http://www.china-newtown.com)) and the HKEx ([www.hkexnews.hk](http://www.hkexnews.hk)). The 2020 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, 26 February 2021

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