

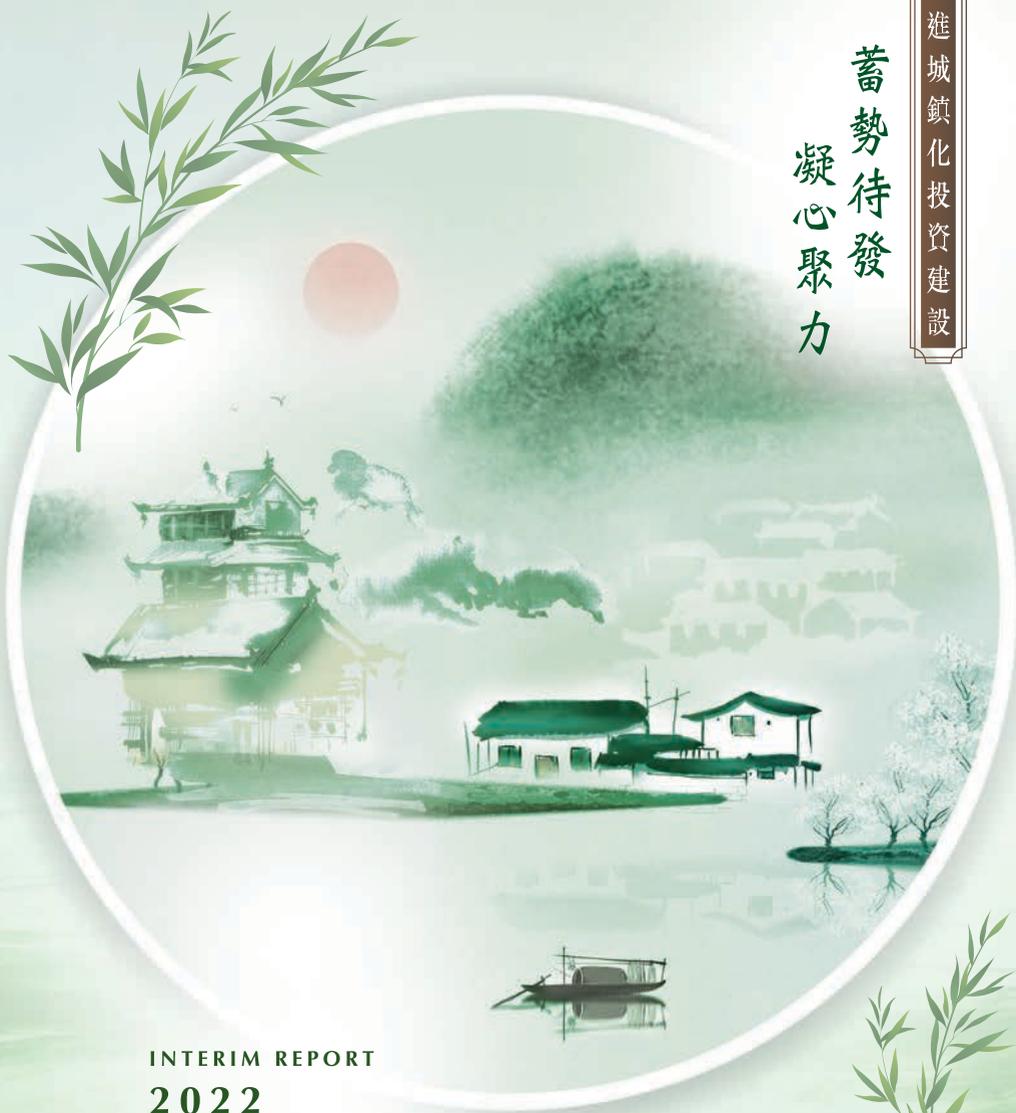


China New Town Development Company Limited
中國新城鎮發展有限公司

Stock Code: 1278

推進城鎮化投資建設

蓄勢待發
凝心聚力



INTERIM REPORT
2022

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Liu Heqiang (*Chief Executive Officer*)

Mr. Hu Zhiwei

Ms. Yang Meiyu

Mr. Shi Janson Bing

Non-executive Directors

Mr. Liu Yuhai (*Chairman*)

Mr. Li Yao Min (*Vice Chairman*)

Mr. Wang Hongxu

Mr. Wang Jiangang

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

8203B-04A

International Commerce Centre

1 Austin Road West

Kowloon, Hong Kong

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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
King & Wood Mallesons
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 (“sq.km.”).
- 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.
- In 2021, the project company overcame the negative impact of pandemic and education policy of “double reduce” on tenants, and thus it 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. Based on the unique geographical position of the project and combined with its spatial characteristics, it is intended to be developed into a comprehensive industrial park with functions of cultural and technological innovation, ecological and healthcare, tourism and leisure and so on.
- 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.

Property Development Project in Tiexin Bridge of Yuhuatai District, Nanjing

- Total site area of 23,475.91 sq.m.
- It is located in Yuhuatai District of Nanjing, adjacent to Software Valley. Software Valley is China's largest communication software industry R&D base and the first 100 billion level software industry base.
- This project is intended to build a complex of high-end office buildings, integrated commercial and boutique apartments, with a total planned area of 120,000 sq.m..
- The Company has established a project company with Mingfa Group Nanjing Real Estate Development Co., Ltd. (held 49%) to develop projects.
- At present, the Company is communicating with local government platform companies to resolve difficulties in project implement, to engage local government platform companies in projects development and to achieve investment recovery gradually.

Shenyang Lixiang Project (100% — owned) (as at 20 September 2022)

- Site area of 20.55 sq.km.
- Located at Dongling District, close proximity to Shenyang city centre and adjacent to Shenyang Taoxian International Airport.
- The primary development of historical stock projects. The Company convened an extraordinary general meeting for the disposal of the project on 5 September 2022 and the resolution was duly passed. The sale equity (inclusive of the accrued payables) was listed on the Shenyang United Assets and Equity Exchange on 6 September 2022. The project disposal will be completed upon all the transaction procedures specified in the national policy have been fulfilled.

Group Financial Highlights

Six months ended
30 June 2022
(Unaudited)

Operating income (<i>RMB'000</i>)	207,081
Operating expenses (<i>RMB'000</i>)	(100,938)
Profit attributable to equity holders of the Company (<i>RMB'000</i>)	78,736
Basic earnings per share (<i>RMB</i>)	0.0078

INTERIM RESULTS

The board of directors (the “**Board**”) of China New Town Development Company Limited (the “**Company**” or “**CNTD**”) is pleased to announce the unaudited interim consolidated financial statements of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2022 (the “**Reporting Period**”) together with relevant comparative figures of the previous corresponding period in 2021. The unaudited interim financial statements for the Reporting Period have been reviewed by the audit committee of the Board (the “**Audit Committee**”).

Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2022
(Amount expressed in thousands of Renminbi ("RMB") unless otherwise stated)

	Notes	Six months ended 30 June	
		2022	2021 Restated* (Unaudited)
		(Unaudited)	(Unaudited)
Continuing operations			
Operating income		207,081	173,569
Revenue	5	156,057	142,140
Other income	6	51,024	31,429
Operating expenses		(100,938)	(38,475)
Cost of sales	7	(24,355)	(22,803)
Selling and administrative expenses	7	(42,210)	(40,955)
Finance costs	8	(21,284)	(28,771)
Other expenses	9	(10,941)	(9,839)
(Impairment losses)/reversal of impairment on financial assets		(2,148)	63,893
Operating profit		106,143	135,094
Share of (losses)/gains of joint ventures and associates		(2,722)	4,371
Profit before tax from continuing operations		103,421	139,465
Income tax	10	(21,098)	(11,321)
Profit for the period from continuing operations		82,323	128,144
Discontinued operations			
Loss after tax from discontinued operations	26	(3,587)	(1,431)
Profit for the period		78,736	126,713
Other comprehensive income/(loss)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Share of other comprehensive income/(loss) of associates		8,412	(1,570)
Other comprehensive income/(loss) for the period, net of tax		8,412	(1,570)
Total comprehensive income for the period, net of tax		87,148	125,143

Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2022

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

	Notes	Six months ended 30 June	
		2022 (Unaudited)	2021 Restated* (Unaudited)
Profit attributable to:			
Equity holders of the parent		75,834	114,557
Non-controlling interests		2,902	12,156
		78,736	126,713
Total comprehensive income attributable to:			
Equity holders of the parent		84,246	112,987
Non-controlling interests		2,902	12,156
		87,148	125,143
Earnings per share (RMB per share)			
attributable to ordinary equity holders of the parent:			
Basic and diluted, profit for the period	12	0.0078	0.0118
Earnings per share (RMB per share) for continuing operations attributable to ordinary equity holders of the parent:			
Basic and diluted, profit from continuing operations	12	0.0082	0.0119

* The unaudited interim financial statements for the six months ended 30 June 2021 have been restated to meet the disclosure requirement of discontinued operations as disclosed in Note 26.

Interim Consolidated Statement of Financial Position

As at 30 June 2022

(Amounts expressed in thousands of RMB unless otherwise stated)

	Notes	Group	
		30 June 2022 (Unaudited)	31 December 2021 (Audited)
Assets			
Non-current assets			
Investments in joint ventures		249,082	197,732
Investments in associates		154,985	148,145
Debt instruments at amortised cost	13	1,505,164	1,371,795
Financial assets at fair value through profit or loss	14	126,245	91,565
Investment property	15	1,475,487	1,475,487
Property, plant and equipment		3,148	10,259
Deferred tax assets		3,142	11,410
Right-of-use assets	16	16,160	17,985
Other assets		2,994	4,455
Total non-current assets		3,536,407	3,328,833
Current assets			
Land development for sale	17	—	887,401
Prepayments		1,957	1,581
Other receivables	18	617,386	615,938
Trade receivables	19	25,746	58,371
Debt instruments at amortised cost	13	323,823	224,495
Other assets		6,376	14,548
Financial assets at fair value through profit or loss	14	848,861	1,160,866
Cash and bank balances	20	349,517	386,003
Assets classified as held for sale	26	928,835	—
Total current assets		3,102,501	3,349,203
Total assets		6,638,908	6,678,036

Interim Consolidated Statement of Financial Position

As at 30 June 2022

(Amounts expressed in thousands of RMB unless otherwise stated)

	Notes	Group	
		30 June 2022 (Unaudited)	31 December 2021 (Audited)
Equity and liabilities			
Equity			
Equity holders of the parent:			
Share capital		4,070,201	4,070,201
Accumulated losses		(545,502)	(621,336)
Foreign currency translation reserve		748	(7,664)
Other reserves		607,839	607,839
		4,133,286	4,049,040
Non-controlling interests		468,381	465,479
Total equity		4,601,667	4,514,519
Non-current liabilities			
Interest-bearing bank borrowings	21	645,380	686,380
Other liabilities		6,284	6,361
Lease liabilities	22	5,154	—
Deferred tax liabilities		104,768	104,134
Total non-current liabilities		761,586	796,875

Interim Consolidated Statement of Financial Position

As at 30 June 2022

(Amounts expressed in thousands of RMB unless otherwise stated)

	Notes	Group	
		30 June 2022 (Unaudited)	31 December 2021 (Audited)
Current liabilities			
Interest-bearing bank borrowings	21	360,128	311,529
Trade payables	23	35,265	117,171
Other payables and accruals	24	280,789	448,323
Advance from customers		16,782	11,223
Current income tax liabilities		28,392	70,352
Lease liabilities	22	7,129	12,138
Contract liabilities	25	274,706	395,906
Liabilities directly associated with assets classified as held for sale	26	272,464	—
Total current liabilities		1,275,655	1,366,642
Total liabilities		2,037,241	2,163,517
Total equity and liabilities		6,638,908	6,678,036
Net current assets		1,826,846	1,982,561
Total assets less current liabilities		5,363,253	5,311,394

Interim Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

(Amounts expressed in thousands of RMB unless otherwise stated)

	Six months ended 30 June	
	2022	2021
	(Unaudited)	Restated* (Unaudited)
Cash flows from operating activities		
Profit before tax from continuing operations	103,421	139,465
Loss before tax from discontinued operations	(3,587)	(1,431)
Profit before tax	99,834	138,034
Adjustments for:		
Impairment losses/(reversal of impairment) on financial assets	2,148	(63,899)
Depreciation of property, plant and equipment	809	881
Depreciation of right-of-use assets	6,245	6,411
Interest from debt instruments at amortised cost and others	(74,119)	(53,721)
Net gain on financial instruments at fair value through profit or loss	(41,276)	(19,719)
Amortisation of intangible assets	171	171
Gain on fair value change of investment property	(246)	—
Share of losses/(gains) from joint ventures and associates	2,722	(4,371)
Interest income from bank deposits	(1,652)	(3,940)
Interest expense on lease liabilities	202	293
Interest expense on bank and other borrowings	21,082	28,478
Foreign exchange loss	10,893	5,155
Operating profit before working capital changes	26,813	33,773
Increase in land development for sale	(733)	(680)
Increase in prepayments	(376)	(9)
Decrease in other receivables and other assets	7,554	4,728
Decrease in trade receivables	872	521,780
Increase/(decrease) in advances from customers	6,149	(3,817)
Decrease in contract liabilities	(53)	(8,751)
Decrease in trade and other payables	(29,171)	(114,599)
Cash generated from operating activities	11,055	432,425
Income tax paid	(43,016)	(6,422)
Net cash (outflow)/inflow from operating activities	(31,961)	426,003

Interim Consolidated Statement of Cash Flows

For the six months ended 30 June 2022
(Amounts expressed in thousands of RMB unless otherwise stated)

	Six months ended 30 June	
	2022	2021
	(Unaudited)	Restated* (Unaudited)
Cash flows from investing activities		
Purchases/construction of property, plant and equipment	(202)	(81)
Proceeds from disposal of property, plant and equipment	—	7
Capital expenditure on investment property	(81,229)	(9,165)
Investments in debt instruments at amortised cost	(352,500)	—
Proceeds from recovery of debt instruments at amortised cost	52,600	532,834
Interest received from debt instruments at amortised cost	64,079	58,551
Investments in financial assets at fair value through profit or loss	(1,157,406)	(938,000)
Proceeds from redemption in financial assets at fair value through profit or loss	1,448,734	623,000
Interest received from bank deposits	1,653	3,940
Dividends received from financial assets at fair value through profit or loss	5,991	4,768
Gain from financial assets at fair value through profit or loss	27,274	35,595
Net cash inflow from investing activities	8,994	311,449
Cash flows from financing activities		
Proceeds from bank borrowings	47,088	—
Repayment of bank borrowings	(33,519)	(964,753)
Payment of lease liabilities	(6,409)	(6,624)
Dividends paid	—	(14)
Interest paid	(21,013)	(25,003)
Net cash outflow from financing activities	(13,853)	(996,394)
Net decrease in cash and cash equivalents	(36,820)	(258,942)
Effect of exchange rate changes on cash and cash equivalents	509	(1,879)
Cash and cash equivalents at beginning of period	386,003	855,234
Cash and cash equivalents at end of period	349,692	594,413

* The unaudited interim financial statements for the six months ended 30 June 2021 have been restated to meet the disclosure requirement of discontinued operations as disclosed in Note 26.

Interim Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

(Amounts expressed in thousands of RMB unless otherwise stated)

Six months ended 30 June 2022

	Attributable to equity holders of the parent						Non-controlling interests	Total equity
	Share capital	Other reserves	Foreign currency translation reserve	Accumulated losses	Total			
As at 31 December 2021	4,070,201	607,839	(7,664)	(621,336)	4,049,040	465,479	4,514,519	
Profit for the period	—	—	—	75,834	75,834	2,902	78,736	
Other comprehensive income	—	—	8,412	—	8,412	—	8,412	
Total comprehensive income	—	—	8,412	75,834	84,246	2,902	87,148	
As at 30 June 2022	4,070,201	607,839	748	(545,502)	4,133,286	468,381	4,601,667	

Six months ended 30 June 2021

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

Notes to Financial Statements

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

1. CORPORATE INFORMATION

The Company was incorporated on 4 January 2006 in the British Virgin Islands (the “BVI”). After a series of reorganizations, 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’s business models have been further optimized. With the business strategy of “investment + downstream operation”, on top of fixed income investment in urbanization projects, the Group introduces brands of urbanization to the region in the field of people’s livelihood improvement at the same time, such as education, tourism, healthcare, etc.

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

On 10 October 2013, the Company, China Development Bank International Holdings Limited (“CDBIH”) and SREI entered into a share subscription agreement (the “**Subscription Agreement**”) pursuant to which CDBIH had agreed to subscribe for 5,347,921,071 new shares of the Company subject to the terms and conditions contained therein (the “**Subscription**”). The Subscription was completed in the first quarter of 2014. As a result, CDBIH, a wholly-owned subsidiary of China Development Bank Capital Corporation Limited (“CDB Capital”), became the largest 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 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 unaudited interim condensed consolidated financial statements of the Group for the Reporting Period (the “**Financial Statements**”) were prepared in accordance with International Accounting Standard (“**IAS**”) 34 Interim Financial Reporting. The Group has prepared the Financial Statements on the basis that it will continue to operate as a going concern. The directors of the Company (the “**Directors**”) consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the Reporting Period.

The Financial Statements have been prepared under the historical cost convention, except for investment property, financial assets at fair value through profit or loss which have been measured at fair value. The Financial Statements are presented in RMB and all values are rounded to the nearest thousand (‘000) except when otherwise indicated.

The Financial Statements do not include all the information and disclosures required in the annual financial statements, and shall be read together with the Group’s annual financial statements as at 31 December 2021.

Notes to Financial Statements

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

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the Financial Statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022. 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 2022, but do not have a material impact on the Financial Statements.

Reference to the Conceptual Framework — Amendments to International Financial Reporting Standard (“IFRS”) 3

Amendments to IFRS 3 replace a reference to the previous Framework for the Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework for Financial Reporting issued in June 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or International Financial Reporting Interpretations Committee (“IFRIC”) Interpretation 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the period, the amendments did not have any impact on the financial position and performance of the Group.

Notes to Financial Statements

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

Property, Plant and Equipment: Proceeds before Intended Use — Amendments to IAS 16

Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling any such items, and the cost of those items, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced while making property, plant and equipment available for use on or after 1 January 2021, the amendments did not have any impact on the financial position or performance of the Group.

Onerous Contracts — Cost of Fulfilling a Contract — Amendments to IAS 37

Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

Notes to Financial Statements

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

Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41 — Annual Improvements to IFRSs 2018–2020

Annual Improvements to IFRSs 2018–2020 sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are applicable to the Group are as follows:

- IFRS 9 Financial Instruments: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after 1 January 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.
- IFRS 16 Leases: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

Notes to 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, 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, the Group's 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 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 2022 and 2021, respectively:

	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	(32,030)	105,253	57,720	(6,238)	—	124,705
Finance costs					(21,284) ¹	(21,284)
Profit before income tax						103,421

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

	For the six months ended 30 June 2021 (Unaudited)					Total
	Land development	Urbanization development	Property leasing	Others	Adjustments and eliminations	
Segment results						
External sales	8,035	53,721	80,384	—	—	142,140
Intersegment sales	—	—	—	—	—	—
Total segment sales	8,035	53,721	80,384	—	—	142,140
Segment profit	9,619	93,466	62,968	2,183	—	168,236
Finance costs					(28,771) ¹	(28,771)
Profit before income tax						139,465

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

Notes to 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 2022 and 31 December 2021, respectively:

	Land development	Urbanization development	Property leasing	Others	Adjustments and eliminations	Total
Assets						
30 June 2022 (Unaudited)	223,753	3,021,216	1,717,960	744,002	931,977 ¹	6,638,908
31 December 2021 (Audited)	1,159,271	3,373,214	1,679,854	454,287	11,410 ¹	6,678,036
Liabilities						
30 June 2022 (Unaudited)	321,564	22,672	86,892	194,981	1,411,132 ²	2,037,241
31 December 2021 (Audited)	595,891	43,398	157,060	194,773	1,172,395 ²	2,163,517

¹ Assets in segments do not include deferred tax assets of RMB3,142 thousand and assets related to held for sale assets of RMB928,835 thousand as at 30 June 2022 as these assets are managed on a group basis.

Assets in segments do not include deferred tax assets of RMB11,410 thousand as at 31 December 2021 as these assets are managed on a group basis.

² Liabilities in segments do not include current income tax liabilities of RMB28,392 thousand, interest-bearing bank borrowings of RMB1,005,508 thousand, liabilities directly associated with the assets classified as held for sale of RMB272,464 thousand, and deferred tax liabilities of RMB104,768 thousand as at 30 June 2022 as these liabilities are managed on a group basis.

Liabilities in segments do not include current income tax liabilities of RMB70,352 thousand, interest-bearing bank borrowings of RMB997,909 thousand, and deferred tax liabilities of RMB104,134 thousand as at 31 December 2021 as these liabilities are managed on a group basis.

Notes to Financial Statements

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

5. REVENUE

<i>RMB'000</i>	Notes	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited)
Land development	(a)	2,147	8,035
Property management	(a)	18,062	18,007
Revenue from contracts with customers	(a)	20,209	26,042
Rental income		61,729	62,377
Interest from debt instruments at amortised cost	(b)	68,128	48,953
Others	(c)	5,991	4,768
Revenue from other sources		135,848	116,098
Total revenue		156,057	142,140

(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 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

Notes to Financial Statements

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

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

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

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

Notes to 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 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited)
<i>RMB'000</i>		
Chengdu Jintang Huaizhou New City General Aviation Industrial Park Project	13,648	—
Taizhou Jingjiang Huaxin Science and Technology Innovation Park Standard Factory Construction Project	12,094	—
Yangzhong Changwang Operation Area Logistics Park Construction Project	11,879	—
Yangzhou Jiangdu People's Hospital New Project	9,352	—
Lianyungang Liandao Cultural Tourism Project	8,252	8,063
Suqian Yanghe Bio-tech Industrial Park Project	5,024	5,583
Hubei Daye Advanced Manufacturing Standard Plant Construction Project	4,010	—
Chengdu Jintang Huaizhou New City Yunding Ranch Cultural Tourism Project	—	13,691
Taizhou Tongtai Intelligent Manufacturing Industrial Park Project	—	2,291
The First Phase Construction Project of High-tech Science and Technology Innovation Park in Yangzhong City, Jiangsu Province	—	10,487
Gaoyou PPP Project	—	4,364
Others	3,869	4,474
	68,128	48,953

Notes to Financial Statements

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

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

	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited)
<i>RMB'000</i>		
CDB (Beijing) — BOCOMM New-Type Urbanization Development Fund (the "Urbanization Fund")	5,991	4,768

6. OTHER INCOME

	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited)
<i>RMB'000</i>		
Interest income from bank deposits	1,652	3,940
Net fair value gain/(loss) on financial instruments at fair value through profit or loss mandatorily measured as such	14,002	(15,876)
Investment income from financial instruments at fair value through profit or loss mandatorily measured as such	27,274	35,595
Fair value gain on investment property	246	—
Others	7,850	7,770
	51,024	31,429

Notes to 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 2022	30 June 2021
	(Unaudited)	(Unaudited)
Cost of land development	8,111	8,035
Depreciation of property, plant and equipment	385	455
Depreciation of right-of-use assets	6,166	6,332
Employee benefits	20,186	17,133
Utility expenses	5,354	4,467
Advertising	460	1,283
Rental expenses	569	736
Property management service expenses	11,156	10,461
Other expenses	14,178	14,856
Total cost of sales, selling and administrative expenses	66,565	63,758

8. FINANCE COSTS

<i>RMB'000</i>	Six months ended	Six months ended
	30 June 2022	30 June 2021
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings	21,082	28,478
Interest on lease liabilities	202	293
	21,284	28,771

No borrowing cost during the first half of 2022 and the first half of 2021 was capitalised.

Notes to Financial Statements

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

9. OTHER EXPENSES

<i>RMB'000</i>	Six months ended	Six months ended
	30 June 2022	30 June 2021
	(Unaudited)	(Unaudited)
Foreign exchange loss, net	10,893	5,155
Bank charges	29	1,205
Others	19	3,479
	10,941	9,839

10. INCOME TAX

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

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

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the Reporting Period.

The principal operating subsidiaries of the Company were subject to income tax at the rate of 25% on their taxable income according to the Income Tax Law of the PRC (2021: 25%).

Mainland China Withholding Tax

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

Notes to 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 the Mainland China and the jurisdiction of the foreign investors. The Group determined that such withholding tax is an income tax in the scope of IAS 12, and therefore has recognized such withholding tax as a tax expense in the statement of profit or loss and other comprehensive income.

The major components of income tax are as follows:

<i>RMB'000</i>	Six months ended	Six months ended
	30 June 2022	30 June 2021
	(Unaudited)	(Unaudited)
Income tax charge:		
Current income tax	8,614	6,422
Deferred tax	8,901	2,238
Withholding tax	3,583	2,661
Income tax charge as reported in profit or loss	<u>21,098</u>	<u>11,321</u>

11. DIVIDENDS

The Board has resolved not to declare the payment of any interim dividend in respect of the Reporting Period (2021: Nil).

Notes to 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 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited)
Ordinary equity holders of the parent company shall account for the profit		
Continuing operations	79,421	115,988
Discontinued operations	(3,587)	(1,431)
Profit attributable to ordinary equity holders of the parent for basic and diluted earnings per share	75,834	114,557
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>)	0.0078	0.0118
Basic and Diluted earnings per share from continuing operations (<i>RMB</i>)	0.0082	0.0119

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

Notes to Financial Statements

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

13. DEBT INSTRUMENTS AT AMORTISED COST

<i>RMB'000</i>	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Nanchang Science and Technology Park Project of Chinese Academy of Sciences	400,000	400,000
Taizhou Jingjiang Huaxin Science and Technology Innovation Park Standard Plant Construction Project	309,370	318,667
Chengdu Jintang Huaizhou New City General Aviation Industrial Park Project	300,000	300,000
Yangzhong Changwang Operation Area Logistics Park Construction Project	251,000	251,000
Yangzhou Jiangdu People's Hospital New Project	239,286	246,470
Lianyungang Liandao Cultural Tourism Project	200,000	200,000
Hubei Daye Advanced Manufacturing Standard Plant Construction Project	200,000	—
Suqian Yanghe Bio-tech Industrial Park Project	107,000	107,000
Yancheng Sheyang Ruiyang Technology Fixed Income Project	100,000	—
Others	97,900	150,500
	2,204,556	1,973,637
Accrued interest	27,412	23,363
	2,231,968	1,997,000
Less: allowance for expected credit losses ("ECLs")	(402,981)	(400,710)
	1,828,987	1,596,290
Amounts due in the next 12 months classified as current assets	323,823	224,495
Amounts classified as non-current assets	1,505,164	1,371,795

Notes to 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 2022 (Unaudited)	31 December 2021 (Audited)
Funds	7,571	12,221
Wealth management products	841,290	1,160,866
Equity instruments	112,466	79,313
Derivative instruments	13,779	31
	975,106	1,252,431

15. INVESTMENT PROPERTY

<i>RMB'000</i>	30 June 2022 (Unaudited)	31 December 2021 (Audited)
At beginning of Reporting Period/year	1,475,487	1,472,051
Subsequent expenditure and cost adjustment	(246)	(6,358)
Gain from increase in fair value	246	9,794
At end of Reporting Period/year	1,475,487	1,475,487

16. RIGHT-OF-USE ASSETS

<i>RMB'000</i>	Building	Motor vehicles	Land	Total
As at 1 January 2021	28,647	339	1,924	30,910
Depreciation expense	(12,428)	(339)	(158)	(12,925)
As at 31 December 2021	16,219	—	1,766	17,985
Additions	8,523	523	—	9,046
Disposal	(2,939)	—	—	(2,939)
Depreciation expense	(6,111)	(55)	(79)	(6,245)
Transfers to held for sale	—	—	(1,687)	(1,687)
As at 30 June 2022	15,692	468	—	16,160

Notes to Financial Statements

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

17. LAND DEVELOPMENT FOR SALE

<i>RMB'000</i>	30 June 2022 (Unaudited)	31 December 2021 (Audited)
At lower of cost and net realisable value:		
Mainland China – Shenyang Lixiang New Town Modern Agriculture Co., Ltd. (“Shenyang Lixiang”)		
At beginning of Reporting Period/year	887,401	886,299
Additions	733	1,102
Transfers to held for sale	(888,134)	—
At end of Reporting Period/year	—	887,401

18. OTHER RECEIVABLES

<i>RMB'000</i>	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Balances due from Wuxi Project	20,977	20,977
Due from SREI, the then parent of the Company	140,146	140,146
Balances due from entities disposed of	24,384	24,384
Due from joint ventures	482,782	481,967
Due from associates	2,810	2,402
Others	57,987	57,747
	729,086	727,623
Less: allowance for ECLs	(111,700)	(111,685)
Other receivables, net	617,386	615,938

Notes to Financial Statements

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

19. TRADE RECEIVABLES

<i>RMB'000</i>	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Receivables from land development for sale	15,000	47,218
Others	14,640	15,512
	29,640	62,730
Less: allowance for ECLs	(3,894)	(4,359)
Trade receivables, net	25,746	58,371

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 2022 (Unaudited)	31 December 2021 (Audited)
Within 6 months	11,250	12,289
6 months to 1 year	—	4,729
1 year to 2 years	4,934	4,729
2 years to 3 years	4,817	4,729
Over 3 years	4,745	31,895
	25,746	58,371

Notes to Financial Statements

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

20. CASH AND BANK BALANCES

<i>RMB'000</i>	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Cash at banks	349,692	386,003
Cash and cash equivalents	349,692	386,003
Cash at banks to discontinued operations	(175)	—
	349,517	386,003

RMB equivalent of the following currencies:

<i>RMB'000</i>	30 June 2022 (Unaudited)	31 December 2021 (Audited)
RMB	344,004	384,802
HKD	4,437	914
USD	1,041	287
EUR	35	—
	349,517	386,003

21. INTEREST-BEARING BANK BORROWINGS

Details of interest-bearing bank borrowings are as follows:

<i>RMB'000</i>	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Bank borrowings — secured	719,767	752,399
Bank borrowings — unsecured	285,741	245,510
	1,005,508	997,909

Notes to Financial Statements

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

The interest-bearing bank borrowings are repayable as follows:

<i>RMB'000</i>	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Within 6 months	33,628	33,559
6 months to 9 months	56,000	32,500
9 months to 12 months	270,500	245,470
1 year to 2 years	88,000	82,000
2 years to 5 years	312,000	314,000
Over 5 years	245,380	290,380
	1,005,508	997,909

The Group's interest-bearing bank borrowings bore interest at EURIBOR plus 1.95%, LIBOR plus 1.95%, and 4.44% per annum for the Reporting Period (2021: at EURIBOR plus 1.95% and 4.44% per annum).

Bank borrowings — secured

As at 30 June 2022, bank borrowings of RMB734,104 thousand (31 December 2021: RMB752,399 thousand) was secured by the investment property with carrying amount of RMB1.475 billion.

22. LEASE LIABILITIES

<i>RMB'000</i>	30 June 2022 (Unaudited)	31 December 2021 (Audited)
At beginning of Reporting Period/year	12,138	24,849
Additions	9,046	—
Interest expense	202	493
Modification of contract	(2,694)	—
Payments	(6,409)	(13,204)
At end of Reporting Period/year	12,283	12,138
Current	7,129	12,138
Non-current	5,154	—

Notes to Financial Statements

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

23. TRADE PAYABLES

<i>RMB'000</i>	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Payable for land development for sale	35,265	117,171

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

<i>RMB'000</i>	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Within 1 year	—	15,725
1 year to 2 years	8,624	—
Over 2 years	26,641	101,446
	35,265	117,171

Trade payables are non-interest-bearing.

Notes to Financial Statements

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

24. OTHER PAYABLES AND ACCRUALS

<i>RMB'000</i>	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Payroll and welfare	1,568	17,435
Other taxes payable	9,928	22,285
Amounts due to related parties	174	171
Payable for intermediary and professional service charges	10,973	12,972
Payable for Wuxi Project	42,250	42,250
Other borrowings from Huzhou Tongchuang Jintai Huizhong Enterprise Management Partnership (Limited Partnership) ("Tongchuang LP")	126,915	123,501
Dividend payables	97	93
Payable for investment property	16,659	98,134
Others	72,225	131,482
	280,789	448,323

Notes to Financial Statements

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

25. CONTRACT LIABILITIES

<i>RMB'000</i>	Note	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Contract liabilities arising from:			
Land development	(i)	269,773	393,067
Property management		4,933	2,839
		274,706	395,906

Note:

- (i) As at 30 June 2022 and 31 December 2021, the contract liabilities arising from land development for sale represent the portion of amounts received or receivable from the land authorities or local governments as a result of the sales of parcels of land developed by the Group. The amounts received or receivable are non-refundable unless the Group fails to complete the development work. The contract liabilities are classified as current liabilities as the remaining development work is expected to be provided within the normal operating cycle.

The decrease of contract liabilities arising from land development was mainly due to the balance of RMB121,147 thousand in relation to Shenyang Lixiang was classified to liabilities directly associated with assets classified as held for sale.

Notes to Financial Statements

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

26. DISCONTINUED OPERATIONS

On 30 June 2022, China New Town Development (Shenyang) Company Limited (中國新城鎮發展(瀋陽)有限公司) (“**CNTD Shenyang**”) (the Vendor, an indirect wholly-owned subsidiary of the Company), Shenyang Wanrun New Town Investment Management Company Limited (瀋陽萬潤新城投資管理有限公司) (“**Shenyang Wanrun**”) (the Purchaser), the Company and Beijing Xincheng Kaiyuan Asset Management Company Limited (北京新成開元資產管理有限公司) (an indirect wholly-owned subsidiary of the Company, “**Xincheng Kaiyuan**”) entered into a framework agreement in relation to transfer of 100% equity interest of Shenyang Lixiang New Town Modern Agriculture Company Limited (瀋陽李相新城現代農業有限公司) (the “**Target Company**”) (the “**Framework Agreement**”). Subsequently, on 12 August 2022, the Vendor, the Purchaser, the Company and Xincheng Kaiyuan executed a confirmation letter (the “**Confirmation Letter**”). Pursuant to the Framework Agreement and Confirmation Letter, the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase the entire equity interest of the Target Company (the “**Sale Equity**”) with a total consideration of RMB738,652,429.56 (the “**Purchase Price**”), of which RMB582,290,665.69 will be applied towards the consideration for the Sale Equity and part of which will be applied for repayment of the accrued payables by the Target Company in the total amount of RMB156,361,763.87 of the Target Company. Such part of the Purchase Price to be applied towards the consideration for the Sale Equity shall be satisfied by the Purchaser in cash in three installments and such part of the Purchase Price to be applied for repayment of the accrued payables of the Target Company shall be satisfied by the Purchaser in cash in five installments. On 30 June 2022, the Target Company was classified as assets held for sale in the financial statements and deemed discontinued operations of the Group. For further details, please refer to the Company’s announcements dated 30 June 2022 and 12 August 2022 and the circular of the Company dated 18 August 2022.

The financial results of discontinued operations in the following periods are set out below:

<i>RMB'000</i>	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Operating income	571	597
Selling and administrative expenses	(4,156)	(2,027)
Other expenses	(2)	(1)
Loss from discontinued operations	(3,587)	(1,431)
Income tax	—	—
Loss from discontinued operations, net of tax	(3,587)	(1,431)
Discontinued operations loss for the period, net of tax	(3,587)	(1,431)

Notes to Financial Statements

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

The major classes of assets and liabilities of Shenyang Lixiang classified as held for sale as at 30 June 2022 are as follows:

<i>RMB'000</i>	30 June 2022 (Unaudited)
Assets	
Cash and bank balances	175
Trade receivables	31,896
Other receivables	440
Other current assets	—
Land development for sale	888,134
Property, plant and equipment	6,503
Right-of-use assets	1,687
Assets classified as held for sale	928,835
Liabilities	
Trade payables	74,806
Other payable and accruals	64,781
Current income tax liabilities	11,140
Advance from customers	590
Contract liabilities	121,147
Liabilities directly associated with assets classified as held for sale	272,464

The net cash flows related to Shenyang Lixiang are as follows:

<i>RMB'000</i>	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Operating	(436)	(27)
Investing	—	—
Financing	—	—
Net cash outflow	(436)	(27)

Notes to 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 bank borrowings, 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.

Notes to Financial Statements

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

Quantitative disclosures of assets measured at fair value as at 30 June 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 measured at fair value:					
Financial assets at fair value through profit or loss (<i>Note 14</i>)	30 June 2022	975,106	—	862,640	112,466
Investment property (<i>Note 15</i>)	30 June 2022	1,475,487	—	—	1,475,487

There were no transfers of fair value measurement between Level 1 and Level 2 and no transfers into or out of Level 3 during the Reporting Period.

Quantitative disclosures of assets and liabilities measured at fair value as at 31 December 2021:

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

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

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 development and property leasing. In the first half of 2022, the Group recorded revenue of RMB156 million, an increase of 10% as compared with the same period of 2021.

In the first half of 2022, revenue from land development decreased by 73% as compared with the same period of last year to RMB2.15 million, mainly because the actual progress of the project during the Reporting Period is lower than that of the same period of last year, thus the land development revenue and cost carried forward decreased accordingly. In the first half of 2022, revenue related to investment property leasing of RMB61.73 million and property management fee of RMB18.06 million were recorded, which remained stable as compared with the corresponding period of last year. Revenue from urbanization development and other revenue increased by 38% to RMB74.12 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 2022, other income increased by 62% as compared with the same period of 2021, which was mainly due to net fair value gain on financial instruments at fair value through profit or loss of RMB14.00 million as compared with net fair value loss on financial instruments at fair value through profit or loss of RMB15.88 million for the corresponding period of last year and investment income from financial instruments at fair value through profit or loss decreased by RMB8.32 million as compared to that of last year.

Cost of sales, and selling and administrative expenses

In the first half of 2022, cost and expense increased by RMB2.81 million as compared with the same period of 2021, which was mainly due to the impact of adjusted fixed float ratio of salary on staff costs with an increase of RMB3.05 million.

Management Discussion and Analysis

Other expenses

In the first half of 2022, other expenses increased 11% as compared with that of the same period of 2021, which was mainly due to the increase of the net foreign exchange loss by RMB5.74 million as compared with the same period of 2021, the decrease of the bank charges by RMB1.18 million as compared with the same period of 2021, and expenses in others saved RMB3.46 million as compared with the same period of 2021.

(Impairment losses)/reversal of impairment on financial assets

In the first half of 2022, the Group recorded impairment losses on financial assets of RMB2.15 million. Reversal of impairment on financial assets of RMB63.89 million was recorded for the same period of 2021, which was mainly due to the collection of receivables of RMB523 million from land development for sale and collection of Changchun Project amount to RMB105 million in the first half of 2021.

Finance costs

In the first half of 2022, finance costs decreased by 26% compared with the same period in 2021, mainly due to the reduction of the principal of loans of China Construction Bank (Asia) Corporation Limited (“**CCB (Asia)**”) and Bank of China Limited (“**BOC**”). The Group repaid USD49.49 million loans and HKD754 million loans of CCB (Asia) in the first half of 2021, and repaid RMB32.5 million loans of BOC in the first half of 2022.

Share of losses from joint ventures and associates

In the first half of 2022, the Group’s share of losses from joint ventures and associates was RMB2.72 million, compared with share of gains from joint ventures and associates of RMB4.37 million of the same period of 2021. It was mainly due to the fact that joint ventures and associates are under construction stages with no significant income generated in the first half of 2022.

Taxation

In the first half of 2022, the Group’s income tax expenses increased by 86% to RMB21.10 million as compared with the same period of 2021, which was mainly due to the increase of deferred tax expense by 298% in relation to utilization of prior year tax losses, while no deferred tax assets was recorded in relation to tax losses in the comparative period.

Management Discussion and Analysis

Profit after tax from continuing operations

In the first half of 2022, profit after tax from continuing operations of RMB82.32 million was recorded, while profit after tax from continuing operations for the same period in 2021 was RMB128.14 million.

Financial Position

Investments in associates

The balances as at 30 June 2022 increased by RMB6.84 million as compared with that of 31 December 2021, which was mainly due to shares of loss of RMB1.57 million and other comprehensive gains of RMB8.41 million from associates.

Investments in joint ventures

The balances as at 30 June 2022 increased by RMB51.35 million as compared with that of 31 December 2021, which was mainly due to the new investment of RMB52.50 million by way of debt to equity swap from Guoxi Nanjing Investment Development Co., Ltd. (“**Guoxi Nanjing**”, an indirect wholly-owned subsidiary of the Company) to the joint venture in the first half of 2022, and a share of loss of RMB1.15 million from the joint venture.

Debt instruments at amortised cost (non-current assets)

As at 30 June 2022, debt instruments at amortised cost (non-current assets) increased by RMB133 million as compared with that of 31 December 2021, which was mainly due to new investment made to Hubei Daye Advanced Manufacturing Standard Plant Construction Project of RMB200 million; the decrease of debt investment of RMB52.50 million to Guoxi Nanjing (an indirect wholly-owned subsidiary of the Company) by way of debt to equity swap and a loss of RMB16.48 million in exchange.

Management Discussion and Analysis

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

As at 30 June 2022, financial assets at fair value through profit or loss increased by RMB34.68 million as compared with that of 31 December 2021, which was mainly due to USD4.68 million new investment was made to WeRide Project (equivalent to RMB29.86 million), an increase of RMB13.75 million in the cross currency swap contract at fair value, the foreign exchange gains of RMB3.29 million of Giant Biogene Project and WeRide Project, the redemption of RMB4.65 million of the investment principal of urbanization development fund, and reclass the balance of urbanization development fund of RMB7.57 million, which will be due within one year, into the financial assets at fair value through profit and loss (current assets) in the first half of 2022.

Trade receivables

As at 30 June 2022, trade receivables decreased by RMB32.63 million as compared with that of 31 December 2021, which was mainly due to the receivables of RMB31.90 million from land development for sale from Shenyang Lixiang was transferred to assets classified as held for sale.

Debt instruments at amortised cost (current assets)

As at 30 June 2022, debt instruments at amortised cost (current assets) increased by RMB99 million as compared with that of 31 December 2021, which was mainly due to the new investment of RMB100 million into Yancheng Sheyang Ruiyang Technology Fixed Income Project and provision of ECLs of RMB1 million.

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

As at 30 June 2022, financial assets at fair value through profit or loss decreased by RMB312 million as compared with that of 31 December 2021, which was mainly due to the redemption of wealth management products of RMB320 million in the first half of 2022 for the purpose of projects investment and the reclassification of the balance of the Urbanization Fund of RMB8 million from non-current assets.

Management Discussion and Analysis

Interest-bearing bank borrowings

As at 30 June 2022, interest-bearing bank borrowings increased by RMB7.60 million as compared with that of 31 December 2021, which was mainly due to the drawdown of USD4.80 million (equivalent to RMB32.21 million) from the one-year revolving loan of CCB (Asia), the drawdown of RMB15.00 million from the short-term loan of China Merchants Bank and repayment of the loan of RMB32.50 million to BOC and the exchange gain of RMB7.18 million from the loan of EUR34.00 million of CCB (Asia) in the first half of 2022. The borrowings were denominated in RMB and EUR. Details of the bank interest rates are set out in Note 21.

Trade payables

As at 30 June 2022, trade payables decreased by RMB81.91 million as compared with that of 31 December 2021, which was mainly due to the trade payables of Shenyang Lixiang of RMB74.81 million has been transferred to liabilities directly associated with assets classified as held for sale and payment of the kindergarten project and land development cost of RMB7.10 million has been paid by Shanghai Golden Luodian Development Co., Ltd.

Other payables and accruals

As at 30 June 2022, other payables and accruals decreased by RMB168 million as compared with that of 31 December 2021, which was mainly due to the transfer of other payables of RMB64.78 million from Shenyang Lixiang to liabilities directly associated with assets classified as held for sale, fixed payment for construction works of RMB67.25 million to the previous shareholder and payment for construction works of RMB14.22 million to the third constructor by Wuhan Chuguang Industry New Development Co., Ltd, the decrease of payroll and welfare by RMB15.87 million, and the increase of accrued interest on other borrowings by RMB3.41 million on the shareholder loan of Tongchuang LP.

Contract liabilities

As at 30 June 2022, contract liabilities decreased by RMB121 million as compared with that of 31 December 2021, which was mainly due to the transfer of contract liabilities of RMB121 million from Shenyang Lixiang to liabilities directly associated with assets classified as held for sale during the Reporting Period.

Management Discussion and Analysis

Cash and bank balances

As at 30 June 2022, cash and bank balances decreased by RMB36.49 million as compared with that of 31 December 2021, which was mainly due to net amount outflow from operating activities of RMB31.96 million, net amount inflow from investing activities of RMB8.99 million and net amount outflow from financing activities of RMB13.85 million in the first half of the 2022. Cash and bank balances were mainly denominated in RMB and HKD.

As at 30 June 2022, gearing ratio (defined as net debt/the sum of shareholders equity and net debt) was 15%, which was slightly increased as compared with 14% as at 31 December 2021. This was mainly due to the interest-bearing bank borrowings increased by RMB7.60 million as compared with that of 31 December 2021, and the decrease of the cash and bank balances as at 30 June 2022 as compared with that of the end of 2021.

Discontinued Operations

On 30 June 2022, CNTD Shenyang (the Vendor), Shenyang Wanrun (the Purchaser), the Company and Xincheng Kaiyuan entered into the Framework Agreement. Subsequently, on 12 August 2022, the Vendor, the Purchaser, the Company and Xincheng Kaiyuan executed the Confirmation Letter. Pursuant to the Framework Agreement and Confirmation Letter, the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase the Sale Equity with a total consideration of RMB738,652,429.56, of which RMB582,290,665.69 will be applied towards the consideration for the Sale Equity and part of which will be applied for repayment of the accrued payables by the Target Company in the total amount of RMB156,361,763.87 of the Target Company. Such part of the Purchase Price to be applied towards the consideration for the Sale Equity shall be satisfied by the Purchaser in cash in three installments and such part of the Purchase Price to be applied for repayment of the accrued payables of the Target Company shall be satisfied by the Purchaser in cash in five installments. On 30 June 2022, the Target Company was classified as assets held for sale in the financial statements and deemed discontinued operations of the Group (please see Note 26 set out above for details).

Management Discussion and Analysis

Other

Material acquisitions and disposals of subsidiaries, associates and joint ventures

Save as disclosed in the financial position and the discontinued operations sections 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

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

In addition to the arbitration brought by SREI, Shanghai CNTD Management Consulting Co., Ltd. (“**Shanghai Management**”) is currently a defendant in the lawsuits brought by Shanghai Hengchang Trading Co., Ltd. and Shanghai Yuanyi Industrial Co., Ltd., which were alleged for the over-received amount of RMB14.4 million and RMB1 million, 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 the Company and Shanghai Management have valid defense against the allegation and, accordingly, the Group has not provided for any claim arising from the litigation, other than the related legal and other costs.

Save as disclosed above, as at 30 June 2022, the Group did not have any significant contingent liabilities.

Management Discussion and Analysis

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

An extraordinary general meeting will be held on 5 September 2022 for the shareholders of the Company to approve, among other matters, the Framework Agreement and the transactions contemplated therein (please see Note 26 for details).

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

In the second half of the year, the Group will continue to stabilize its fixed income investment portfolio, and actively recover its investments in risk projects to achieve a stable cash return. The Group will also actively develop project resources in the target industry, accumulate and reserve the excellent resources of information technology, medical care, healthcare sectors. In addition, the Group target to complete the disposal of Shenyang Lixiang Project during the second half of the year, and recover funds for investment in strategic business directions. Under the premise of the stable cash flow, the Group will move forward with light gear, optimize its assets, seek the excellent projects in potential areas and create a greater value for the shareholders.

d) Business prospects and outlook

Since the first half of 2022, the international environment has become more complex and severe. The unexpected developments such as the various adverse effects caused by the repeated domestic pandemic outbreaks have brought serious impact on the whole economy, and the pressure of economic downturn has increased significantly. In the first half of 2022, the gross domestic product was RMB56,264.2 billion, representing a year-on-year increase of 2.5%. In particular, the gross domestic product of the primary, secondary and tertiary industries recorded a year-on-year increase of 5%, 3.2% and 1.8%, respectively, and Consumer Price Index rose by 1.7% as compared with the corresponding period of last year. In general, the national industrial production recovered at a steady pace, the high technology manufacturing industry developed relatively fast, and the service industry gradually recovered as the improvement of pandemic situation, with the overall economy is showing a slow and steady recovery.

Management Discussion and Analysis

Confronted with the complex and changing situation, the Group strictly controlled the project investment risks, stabilized the investments in the field of people's livelihood improvement, and maintained steady income from fixed income investments. As of 30 June 2022, after deducting the impairment provision of risk projects, the Group had a portfolio of RMB1.713 billion fixed income investments in aggregate. Excluding risk projects, other portfolio has secured a total contractually guaranteed annual return before tax of approximately RMB164 million, representing a corresponding average annualized pre-tax return on investment of approximately 9.6%.

Since 2022, in face of the adverse impact from the rent cancellation of certain major tenants due to the policy adjustments in the education industry, Wuhan Optical Valley New Development International Center Project has intensified business introduction efforts, combined professional investment attraction and property management, actively explored new tenants to increase project revenue. In the first half of 2022, there were 10 new tenants of Wuhan Optical Valley Project office buildings with the occupancy rate exceeding 96%, and there were 7 new tenants of commercial shops with the occupancy rate around 85%.

In the early stage of the business transformation, the Group focuses on the emerging economic areas such as healthcare, strategic emerging industries, and information technology application innovation industries, explore the investment opportunities, take equity investment as entry opportunity for the overall business layout, conduct in-depth industry research, accumulate industrial experience, gradually concentrate on new business goals, and focus resources to entrench our business foothold.

In the future, the Group shall continue to intensively explore the investment opportunities in the fields of urbanization and livelihood improvement and focus on seeking new business for new economy, leverage double shareholders resources advantage, combine with inbound and outbound financing channels, integrate a wide range of resources, and optimize investments and structures to promote sustained growth in the Company's assets and results and generate long-term values for our shareholders.

Supplementary Information

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 2022, 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 2022, 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.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SECURITIES

As at 30 June 2022, 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 Division 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 interest		
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 controlled corporations	—	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			Approximate percentage of the issued Shares
			Corporate interest	Other interest	Total	
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:

- (1) 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.
- (2) 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.
- (3) 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.

Supplementary Information

- (4) 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%.

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 2022, 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 for the Reporting Period and up to the date of this report is set out below:

Mr. Lo Wai Hung resigned as an independent non-executive director of Shandong Weigao Group Medical Polymer Company Limited (stock code: 1066) with effect from the conclusion of its annual general meeting held on 6 June 2022.

MOVEMENTS IN SECURITIES

There was no movement in securities of the Company during the first half of 2022. 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 the code provisions set out in the Corporate Governance Code contained in Part 2 of Appendix 14 to the Listing Rules.

Supplementary Information

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2022, there were 90 (2021: 93) employees in the Group. Staff remuneration packages are determined in consideration of the market conditions and the performance of the individuals concerned, and are subject to review from time to time. The Group also provides other staff benefits including medical insurance, and grants discretionary incentive bonuses to eligible staff based on their performance and contributions to the Group. The Group also provides and arranges on-the-job training for the employees.

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.

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 Financial Statements and this report have been reviewed by the Audit Committee.

APPRECIATION STATEMENT

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

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

Hong Kong, 26 August 2022