China New Town Development Company Limited

中國新城鎮發展有限公司

Stock Code: 1278

ANNUAL REPORT 2023

推進城鎮化投資建設

賡續前行

奮楫爭先

Corporate Profile

OVERVIEW

China New Town Development Company Limited (SEHK stock code: 1278) (the "Company" or "CNTD") has been listed by introduction on the main board of The Stock Exchange of Hong Kong Limited since 22 October 2010.

In March 2014, China Development Bank International Holdings Limited ("CDBIH"), a wholly-owned subsidiary of China Development Bank Capital Corporation Limited ("CDBC" or "CDB Capital") completed its subscription for CNTD's 5,347,921,071 issued shares, and became CNTD's controlling shareholder. CDB Capital is a wholly-owned subsidiary of China Development Bank Corporation ("CDB") and based on CDB's resources and brand advantage, CDB Capital has a national network layout in the business segment of new town development. 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. CDBIH agreed to transfer 29.99% shares of the Company held by it to Xitong International by agreement ("Share Transfer"). On 28 September 2021, upon the completion of this Share Transfer, Xitong International held approximately 29.99% shares of the Company and CDBIH held approximately 24.99% shares of the Company. Till then, the Company has held a composite shareholder structure of "local state-owned enterprise + central enterprise financial institution", combining the industrial advantages and financial advantages of the two substantial shareholders.

Since 2014, with the trend of new urbanization in China and the Company's advantage in resources, the Company is gradually shaping development concepts and specifying business strategies. Going on with the basis to continuously follow the guidelines of national policy and with the demand of regional economic development and city life, we shall improve the residents' living quality and experience and introduce brand products in the field of people's livelihood such as tourism, healthcare, medical care, etc. With the shareholders' support of Xitong International and CDBIH, through integrating the resources and advantages of substantial shareholders, the Company gradually specified new development strategy for its business and initiated the business transformation plan. By actively increasing appropriate investments in industries that are in line with the development prospects of the new economy, such as big health industries, strategic emerging industries, and information technology application innovation, we cultivated new businesses and principal business goals.

Currently, in terms of fixed income investments, our projects locate in areas with good economic development nationwide and can provide stable revenue and cash flow for the Company. In terms of livelihood improvement investments, the Company participates in developing such projects as Shanghai Luodian Project, Beijing Junzhuang Project in Mentougou District, the Optical Valley New Development International Center in Wuhan. For new business expansion segment, after the past two years of market research, collaboration with cooperation agency and project inspection, we have explored the direction of principal business transformation through minority equity investment, and successfully completed the funding of certain minority equity projects in semi-conductors, new materials, new consumption and other industries, accumulating experience in the industry and projects. Meanwhile, at the end of 2023, we cooperated with Wuxi Communications to initiate the establishment of a limited partnership fund, which will give priority to investing in emerging industries such as Internet of Things and integrated circuits, which is conducive to exploring further opportunities for business transformation.

Under the background of the national policy which supports new urbanization, we have confidence to realize the steady upgrade of the Company's scale of assets and operating results by fully leveraging the resource advantages of shareholders and the rich experience of project teams.

GOAL

China New Town is an urbanization investment and operation platform under the shareholder background of "local state-owned enterprise+ central enterprise financial institution". The Company is committed to becoming the leading comprehensive operation platform in the fields of urbanization and livelihood investment in China, dedicates to providing urbanization and livelihood investment products that meet the demand for regional economic development and are in the interests of livelihood, and improves the regional urbanization level and residents' happiness experience. Leveraging on the quality shareholders' resources, the Company realizes the complementary advantages and synergetic development, and actively explores the direction of strategic business transformation in the new economy, and creates values for shareholders, society, and community.

MISSION

Our Mission is to provide urbanization and livelihood investment products which are consistent with the demand of regional economic development and city life, to enhance the region's urbanization level and citizens' living quality.

Contents

Our Business

OUR BUSINESS

Introduction

We started to enter the new town development industry in 2002. In the previous project development, we accumulated a complete operational experience in the industry chain of new town development, including preliminary planning, land consolidation and supporting construction of infrastructure facilities, resources introduction to the region, which has improved the region's urbanization level.

Upon becoming a subsidiary of CDB Capital, we have made good use of these operating experience, together with the national resources advantage of the CDB Capital, to actively make an optimization of project operation model. We have established the business model of "investment + production operation", rapidly expanded the business scale, and achieved a good scale effect and financial basis and brand advantages. On top of fixed income investment in urbanization projects, and with the opportunity and business network of in-depth cooperation with various regional governments, we introduce brands of urbanization to the region in the field of people's livelihood improvement at the same time, such as tourism, healthcare, medical care and etc. In 2021, CDB Capital transferred its 29.99% equity in the Company to Wuxi Communications, realizing the diversity of the Company's shareholding structure.

In the sector of fixed income investments, the Company has participated in various kinds of investing urbanization projects through equity or mezzanine investment. In these investments, the Company shall receive a fixed investment gain based on the amount we have invested, according to the agreement.

In the sector of livelihood improvement investments, we have chosen tourism, healthcare and medical care, etc. as our main downstream strategies, and fully leveraged the advantage of resources of shareholders to make successive investments in the Tourism and Wellness Comprehensive Project in Junzhuang Town, Mentougou District, Beijing and the Optical Valley New Development International Center Project in Wuhan respectively. Since 2022, we have been actively exploring new direction for business strategy transition through combining new shareholders' background and resource advantage. We intend to cultivate new business for the segments of big health industries, strategic emerging industries, and information technology application innovation that are in line with the development prospects of the new economy, and have invested certain equity projects and reserved a number of premium project resources.

The Company 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. By leveraging double shareholders resources advantage of "local state-owned enterprise platform Wuxi Communications" plus "state-owned financial investment institute CBD Capital", and combining with inbound and outbound financing channels, we shall integrate a wide range of resources and optimize investments and structures to promote sustained growth in the Company's assets and results.

Our Major Projects

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.
- The project company is running a robust operation with stable office and commercial occupancy rates.

Beijing Junzhuang Project in Mentougou District

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

Our Strategies and Values

STRATEGIES

The Company combines the shareholders' network and resources of "local state-owned enterprise+ central enterprise financial institution", and takes various measures to build a leading national investment operation brand with the integration of financing, investment, development, and operation.

BUSINESS STRATEGY

- It's the right time for the Company to be ready to set sail and for its development. The Company will give full play to the industrial resources and business network advantages of substantial shareholders, and continue to improve the quality of the Company's assets and profitability.
- The Company strengthens the internal control risk management, controls the investment risks, and realizes stable income and cash flow.
- Only the braver can win in the market. The Company focuses on the new economy field, pays attention to the reserve for the layout of a new range, continues to explore and innovate in the new field, and cultivates the momentum for sustainable rapid growth in the future.

FINANCING STRATEGY

- The Company gives full play to the credit background advantages of the shareholders, and builds the domestic and foreign financing channels.
- The Company utilizes diversified and innovative financing at the project level to increase funds and explores the high potential for consolidation and growth. Through the rich capital market transaction of the listed company, we will overcome the difficulties and forge ahead, so as to improve the return and income for Shareholders.

VALUES

- Innovation
  Innovation is the soul of our continuous development. We keep abreast of the times, have adhered to the innovation spirit, adapt to changing circumstances, inspire the staff's innovative inspiration, realize the enterprise's continuous and quality development, and remain vital.

- Hard work
  Working hard is our normality. We work together, are committed to the struggle, adapt to changes, overcome the setback and difficulties, remain easy in trouble, leverage on our strengths in the market, consolidate in the industry, are progressive under the pressure, make a breakthrough in the adverse situation, and jointly build a promising future for new urbanization construction in China.

- Collaboration
  We attach greater importance to forming team spirit. The Company's culture is that we treat each other sincerely, coordinate with complementary advantages, and share weal or woe, complement and help each other with win-win cooperation.

- Dedication
  Dedication to work represents our style of work. As time goes by, we uphold the practical work, are practical and realistic, make efforts step by step, and will make achievements thereafter. We treat the work in an objective and rational manner and deal with the problem with effectiveness. Although the journey may be long, one can achieve its goal by practice; the matter may be difficult, but one can deal with it by doing so.

Corporate Information

As at 28 March 2024

BOARD OF DIRECTORS

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

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

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

AUDIT COMMITTEE

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

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

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

JOINT COMPANY SECRETARIES

Ms. Cheng Lucy
Ms. Mei Zhe

BUSINESS ADDRESS

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P.O. Box 3340
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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
Bird & Bird
Winston & Strawn LLP
Zhonglun W&D Law Firm
Zhong Lun Law Firm

INDEPENDENT AUDITOR

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

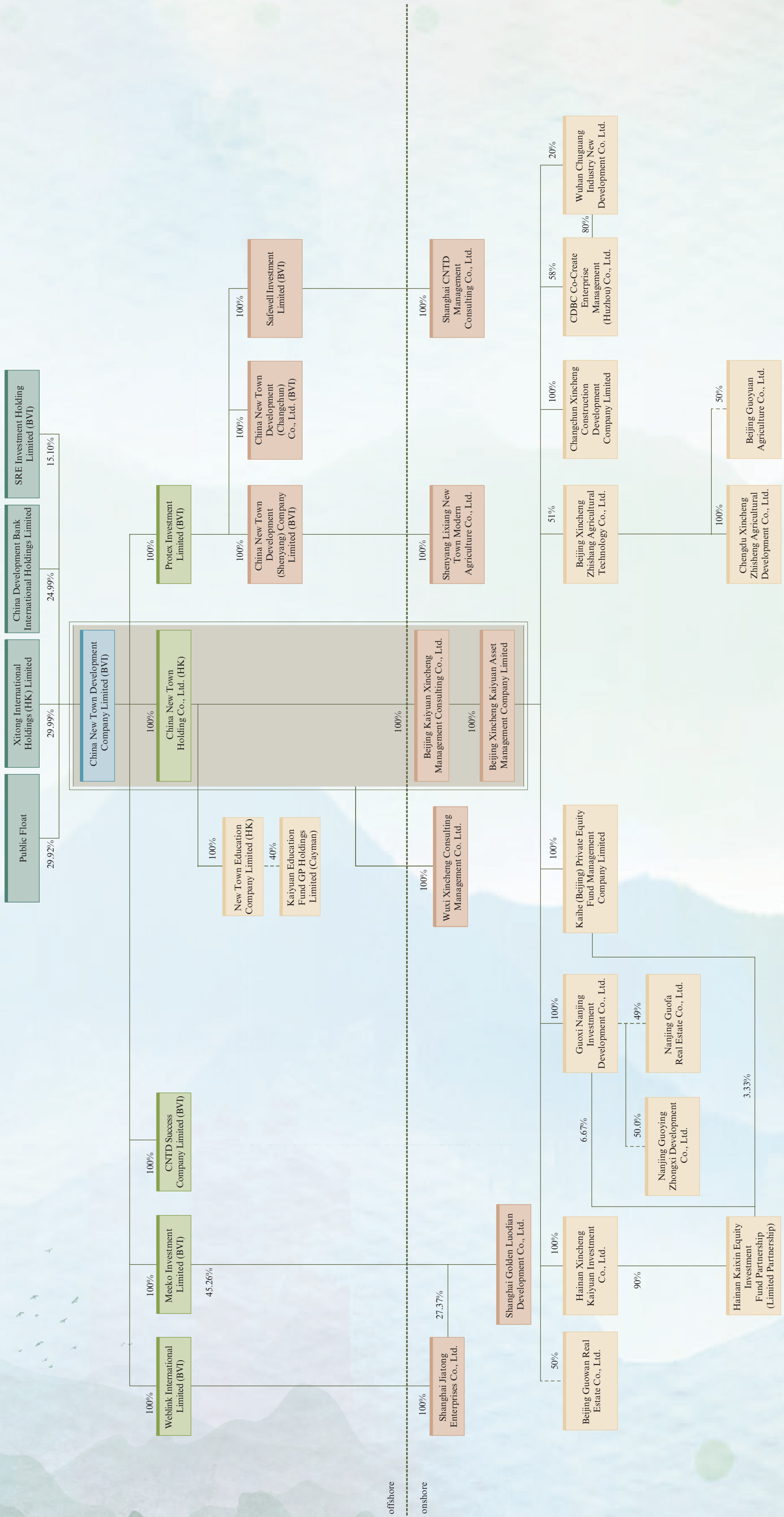
STOCK EXCHANGE LISTED

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

PRINCIPAL BANKERS

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

Group Structure



Chairman's Statement

DEAR SHAREHOLDERS,

I hereby present the Chairman's Statement of 2023 on behalf of the Board of China New Town Development Company Limited (hereinafter referred to as the "Company" or "China New Town", together with its subsidiaries, the "Group").

WITH THE RECOVERY AND POSITIVE DEVELOPMENT OF DOMESTIC ECONOMY, THE GROUP'S RESULTS ACHIEVED GROWTH

In 2023, in the face of a complex and severe international environment and the arduous and onerous domestic reform and development stability task, under the strong leadership of the CPC Central Committee with Comrade Xi Jinping as its core, departments in all regions conscientiously implemented the decision-making and deployment of the CPC Central Committee and the State Council, acted on the general principle of pursuing progress while ensuring stability, applied the new development philosophy in full, in the right way, and in all fields of endeavor and moved faster to create a new pattern of development, and deepened reform and opening up in all respects. We stepped up our effort on macroeconomic regulation and control, focusing on expanding domestic demand, optimizing structure, boosting confidence, and preventing and resolving risks. China's economy has rebounded and improved, as indicated in steadily improved supply and demand, advanced transformation and upgrading, overall stable employment and prices, strong and effective livelihood protection, and solidly boosted high-quality development. With the main expected goals being successfully achieved, the building of a modern socialist country in all aspects has taken solid steps forward.

"On behalf of the Board of Directors of China New Town Development Company Limited, I present the Chairman's Statement of 2023."

Gross domestic product ("GDP") amounted to RMB126 trillion throughout the year 2023, representing an increase of 5.2% over the previous year calculated by the unchanged price. From the perspective of per capita level, China's per capita GDP reached RMB89,358 in 2023, representing an actual increase of 5.4% over the previous year, while national per capita disposable income was RMB39,218, representing a nominal increase of 6.3% over the previous year, or an actual increase of 6.1% after deducting price factors. The economic aggregate and per capita level continued to improve, which meant that our national comprehensive power, social production, international influence as well as people's living standards were further enhanced, the basic trend of China's long-term economic growth remained unchanged, and the factors supporting the high-quality development of China's economy have been rising.

2023 was critical for the Group to speed up adjusting its business structure and determine the direction of its principal business. Throughout the year, the Company adhered to the guide of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, and upheld the spirit of the 20th National Congress of the CPC. Under the support of shareholders, namely, Wuxi Communications Industry Group Co., Ltd. (hereinafter referred to as "Wuxi Communications") and China Development Bank Capital Corporation Limited (hereinafter referred to as "CDBC" or "CDB Capital"), the Company followed the general principle of pursuing progress while ensuring stability and accelerated its business transformation and quality and efficiency improvement, thereby achieving hard-worn results.

As of 31 December 2023, the Company recorded operating income of RMB427 million, net profit of RMB151 million and net profit attributable to the parent company of RMB141 million.

FOCUSING ON BUSINESS TRANSFORMATION BY LEVERAGING ON SHAREHOLDERS' RESOURCES AND ADVANTAGES

The Company's mixed ownership structure as a "local state-owned enterprise + central financial institution" has laid a sound foundation for its development. Wuxi Communications, the largest substantial shareholder, is a large state-owned enterprise under the direct supervision of Wuxi Municipal Government. It is actively performing the development strategy of promoting regional economic development and its business to go global.

Wuxi, as a key economic region in Jiangsu, has a good industrial resource base and has first-mover advantages in integrated circuits, biomedicine and other industries. It has formulated its opinions on establishing "465" modern industrial system to accelerate the construction of key industry clusters, and planned to vigorously develop strategic emerging industries during the 14th Five-Year Plan, including the Internet of Things, high-end manufacturing, artificial intelligence, to build a base for advanced manufacturing in the world. The resource advantages and development of Wuxi can provide a good industrial implementation base for investment targets in emerging industries identified during the Group's business transformation, and support the business development of the Group.

Given the different resource endowments and advantages of the substantial shareholders, the Company organized a team to conduct in-depth analysis and research on national policies, industry dynamics and market environment, to research the development direction of shareholders' business and industrial layout, especially the industrial development advantages in Wuxi, and uncover the team's investment and research capabilities. Based on the Company's development strategy, by actively increasing appropriate investments in industries that are in line with the development prospects of the new economy, such as big health industries, strategic emerging industries, and information technology application innovation, we accumulated relevant experiences and focused on key range. Meanwhile, the Company accelerated the disposal of certain existing inefficient assets and maintained the operation of high-quality assets stably to stabilize fixed-income investment portfolios and implement the "three-step" implementation strategy of "disposing of non-performing assets, reinforcing capital and improving quality".

Chairman's Statement

I. Upholding fundamental principles and breaking new ground by focusing on business transformation to its principal business and accelerating the transfer of investment direction and layout optimization of new business

Based on the Company's development strategy, taking consideration of the shareholders' resource advantages, the Group actively explore the project resources in the target industry. In 2023, the Company continued to accumulate industry and project experience by way of exploring the transformation of its principal business through minority equity investment in terms of the exploration of its principal business, so as to make preparation for subsequent project mergers and acquisitions and clarifying the direction of its principal business. On the basis of post-investment management of invested minority equity projects, the Company focused on big health, high-tech, new energy resources and related industries, increased efforts on industry research, site visits, project analysis, evaluation and decision-making, and engaged in hundreds of projects throughout the year, completing the capitalization of minority equity projects in semi-conductor, new materials and other industries.

In December 2023, two subsidiaries of the Company entered into the Limited Partnership Agreement with Wuxi Guosheng Asset Management Company Limited* (無錫國晟資產管理有限公司) and Wuxi Tonghui Capital Company Limited* (無錫通匯資本有限公司) to establish a limited partnership. The establishment of the limited partnership will, on the one hand, bring more stable income to the Company and, on the other hand, the investment direction of the partnership will be prioritized in the areas of Internet of Things and integrated circuits, which will enable the Group to understand more about the market of the high-tech industry and seize the investment opportunities in the relevant areas under the favorable national policies, and to seek more opportunities for the Group's business transformation by integrating with the industrial linkages in Wuxi region.

In respect of the exploration of its principal business in the fixed income investment, the Group gave full play to the customers' resource advantages accumulated previously, and made solid project development and preparation. In 2023, we invested 7 additional fixed-income projects, with a cumulative investment amount of RMB2.6 billion, and accelerated the transfer of the main investment places of the fixed-income business to developed regions in order to ensure the safety, liquidity and profitability of the funds. As of 31 December 2023, the balances of the fixed income investment portfolio recovered to RMB2.663 billion, achieving the annual expected target. There were no additional risk projects during the year.

II. One enterprise with one targeted policy. Prioritizing the vitalization of existing projects and assets, improving the smooth operation of existing projects and orderly removing previous low-efficient assets

Based on the actual condition of existing projects, the Company has implemented classified management to ensure project safety, operated quality assets stably and accelerated the disposal of inefficient assets. The Optical Valley Project in Wuhan held by the Group overcame the adverse impact of the downward pressure on the macro economy and policies in tenant industry and maintained a stable occupancy rate, the office building of which maintained an occupancy rate over 93% throughout the year while the occupancy rate of commercial stores reached above 82%.

In addition, the Company will carry out operational management for the Nanjing International School Project (南京國際學校項目) in line with the national education policy, and are currently conducting high school qualification applications. We are also actively promoting the development of Property Development Project in Tiexin Bridge of Yuhuatai District, Nanjing, Beijing Junzhuang Project and Shenyang Lixiang Project, exploring feasible paths to revitalize idle assets.

III. Various measures have been taken simultaneously, with a focus on low-cost financing and efficient use of funds, achieving coordinated management and efficient use of domestic and overseas capitals

In 2023, with the guarantee and credit enhancement supported by Wuxi Communications, the Group has overcome multiple pressures such as tight schedule, heavy tasks, and significant uncertainty in the overseas capital market. It successfully issued RMB1.5 billion of Free Trade Zone Bonds, with a coupon rate of 3.98%, setting the lowest issuance rate for overseas listed Free Trade Zone Bonds in Jiangsu Province at that time, providing sufficient working capital for the Company's business development. At the same time, the Group explored the effective path of capital exit in light of the business needs and made full use of the policy advantages related to the Hainan Free Trade Port and successfully formed the cash pool of Hainan Free Trade Port, which created a new model for the effective co-ordination of the use of domestic and overseas funds and the enhancement of the efficiency of the use of funds.

OUTLOOK FOR THE YEAR 2024

Looking ahead, despite the increasing complexity, severity, and uncertainty of the external environment, economic development still faces some difficulties and challenges. However, the opportunities still outweigh the challenges, and favorable conditions outweigh unfavorable factors. The basic trend of China's long-term economic growth has not changed, and the factors that support high-quality development of the China's economy are constantly accumulating and increasing. The China's economy will continue to rebound and improve in 2024.

The Group will keep seeking investment opportunities prudently amid changes. By sticking to business transformation, in response to national guidelines and policies and being market-oriented, the Company will vigorously expand its investment business in new economic sectors such as big health industry, strategic emerging industry and information technology application innovation industry, continue to achieve the iteration and upgrading of "industrial fund + mergers and acquisitions", "mergers and acquisitions and integration + extension" and "mergers and acquisitions + ecological improvement" according to the path of "clear principal business → integration and development → value enhancement", and continuously integrate and improve the Company's overall value. Meanwhile, we operate quality assets stably and dispose of existing inefficient assets, steadily advance the premier development of the Company, and continuously create core value for shareholders in the long run.

In terms of fixed income investment, the Company will attach great importance to post investment management of existing projects, ensuring that all existing projects have no risk of principal and interest recovery. At the same time, the Company highlighted the safety and liquidity of new projects, actively explored new business models, fully tapped into potential and space, obtained stable profit sources, and strived to improve comprehensive investment returns while continuously optimizing the investment structure of fixed income projects.

Equity investment in the new economic sector should not only strengthen the management of invested projects based on the development and changes of macroeconomic and industry markets, take invested projects as the entry point, deeply cultivate and work in the industry areas we focus on, but also innovate work thinking, strengthen industry research around big health, high-tech, new energy, advanced manufacturing and other fields, increase access to high-quality projects, make prudent evaluation decisions, and actively seize opportunities to promote the investment layout of merger and acquisition projects.

We will forge ahead with firm determination no matter what difficulties and obstacles stand in the way. China New Town are on the path of accelerating strategic transformation and focusing on its principal business direction. Wuxi Communications, the largest shareholder of the Company, will provide comprehensive support including industrial resources, business synergy, financing and credit enhancement, to promote the further development of the Company.

Finally, on behalf of the Board, I would like to express my sincere gratitude to all shareholders, investors and relevant partners for their unremitting support to the Company in the past year. Meanwhile, I would like to pay sincere heartfelt respects to the hard work of directors, management team and all staff. We will continue to strive to create more long-term interests and value for all shareholders.

President's Statement

DEAR SHAREHOLDERS,

The year 2023 was an important year for accelerating the business structural adjustment and determining principal business direction of China New Town Development Company Limited (hereinafter referred to as the "Company", together with its subsidiaries, the "Group"). Throughout the year, under the proper leadership and vigorous support of the substantial shareholder Wuxi Communications Industry Group Co., Ltd. (hereinafter referred to as "Wuxi Communications"), China Development Bank Capital Corporation Limited (hereinafter referred to as "CDBC" or "CDB Capital") and the Board, and following the guide of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, all units of the Group have been proactively and consistently implementing the spirit in the report of the 20th CPC National Congress, which solidified the leading role of the party in corporate development. Upholding the general keynote of pursuing progress amid stability and focusing on the new development strategy of the Company, merger and acquisition opportunities in numerous niche markets such as big health, high-tech, new energy and relevant industries were identified to optimise existing projects and assets and accelerate business transformation and quality and efficiency enhancement, and hard-earned results were achieved.

Throughout the year 2023, the Company recorded operating income of RMB427 million, net profit of RMB151 million and net profit attributable to the parent of RMB141 million.

WITH ADVANTAGES IN SYNERGIES AND THE PRINCIPLE OF MAXIMUM USE OF CAPITAL, THE ISSUANCE OF RMB1.5 BILLION FREE TRADE ZONE BOND WAS SUCCESSFULLY ACCOMPLISHED

In 2023, the Company proactively carried out researches on various bond products based on our historical experience in financing and in light of the changes in the domestic and international capital markets for more favorable cost of bonds issue, and launched the issuance of RMB bond in Shanghai Free Trade Zone. Under the vigorous support of Wuxi Communications, the guarantor, RMB1.5 billion three-year bond bearing an annual interest of 3.98% were eventually issued. The successful issue of the bond was benefited from the highest international credit ratings of BBB by Standard & Poor's and BBB+ by Fitch rating at platforms in Wuxi of the substantial shareholder, Wuxi Communications, and also the then largest in Jiangsu and the first Free Trade Zone Bonds at platforms in Wuxi, hitting the record of the lowest issuance rate of oversea-listed Free Trade Zone Bonds in Jiangsu Province in the same year, which not only accumulated sufficient funds for the Group's development, but also reflected Wuxi Communications' strong support for the Group as a substantial shareholder of the Company.

CONTINUOUS INVESTMENTS WERE MADE IN MINORITY EQUITIES, INDUSTRIAL FUNDS WERE SOUGHT FOR AND MULTIPLE MEASURES WERE TAKEN TO CONDUCT RESEARCH ON PRINCIPLE BUSINESS

The Group carried out in-depth industrial and market analysis while taking advantages of the resources and development planning of the two main shareholders and the development trend of China's economy, and focused on big health industry, strategic emerging industries, information technology application and innovation industry and other new economy areas which were taken as the main direction for our business transformation. Through minority equity investments and other means, the Group accumulated experience in projects development and investment and operation in these areas for new economic development, and principal business direction was determined to expand and consolidate business of the Company through extensive growth.

In 2023, our business team focused on biomedical and big health, semi-conductor and advanced manufacturing, new energy and relevant industrial segments, deepened our study and accumulation in upstream and downstream industries we concerned through industry researches, field inspection, project analysis, assessment and decision-making as well as reaching out to hundreds of projects, and formed our judgement and investment logic on development of industries. Meanwhile, we rooted in optimal projects in key industrial areas, enhanced post-investment management of invested projects and has completed investment in semi-conductor, new materials and other minority projects in 2023. During the period from 2021 to 2023, the Group has completed 6 investment projects in total, with a total investment amount of RMB124 million, wherein part of the projects in the lock release period were proposed to be recovered and other part of projects were undergoing process for overseas and domestic listings. Investments in such minority projects will be used as reference in determining the Company's principal business.

At the same time, the Group founded an industrial investment fund with our partners to increase our scope of investment. In December 2023, two subsidiaries of the Company, as senior-tranche partners, entered into a Limited Partnership Agreement with Wuxi Guosheng and Wuxi Tonghui, pursuant to which the partnership would be invested in Internet of Things and integrated circuit in priority. At the meantime, the Group has also initially completed the establishment and preparation of a fund structure that mainly invests in new energy and other emerging strategic industries, and was proceeding the internal review process of the partners' government platforms, to lay a solid foundation for mergers and acquisitions of follow-up principal business projects.

THE GROUP ACTIVELY PLANNED TO OPTIMISE INVESTMENT STRUCTURE AND ENDEAVORED EVERY EFFORT TO ENSURE THE SAFETY OF FIXED INCOME BUSINESS

In 2023, the Group steadily stepped forward fixed income investment project. Giving full play to the advantages of the resources allocation of the substantial shareholder, Wuxi Communications, we successfully made a layout in economic developed regions, and achieved breakthrough results in investment structure optimisation and conversion of main investment locations of our fixed income business to economic developed regions. As of 31 December 2023, the balance of investments amounted to RMB2.663 billion, and the accumulated investment amount was RMB2.6 billion including the 7 new investment projects in 2023. In particular, the average annualised return on investment before tax on fixed income was approximately 7.06%, and the investment returns of all ordinary investment projects were recovered in full and in time throughout the year, ensuring risk-free of new projects.

THE GROUP STRUGGLED FOR INNOVATION AND ENSURED STABLE DEVELOPMENT OF EXISTING OPERATIONAL PROJECTS LEVERAGING OUR TEAM SPIRITS

The more complex the external environment with many difficulties and challenges, the more the Company should concentrate our efforts, innovate and struggle for improvement. In 2023, the Company promoted stable development of existing operational projects in all aspects leveraging our team collaboration spirits.

In 2023, in light of the overall macro-economic environment and the fiercer competition in the office buildings lease market, the Company formulated flexible lease schemes for the Wuhan Optical Valley Project through aiming competitors and market surveys, exploration of existing surrounding customer resources, and actively launched new product promotion for boundless space flexible lease products. The Company invited five major banks, agencies, mid- and micro property developers and other intermediaries to increase product exposure and viewer. Throughout the year, 11 new/renewal customers were signed/renewed for office buildings, with a rental rate of over 93%; and 23 new/renewal customers were signed/renewed for commercial shops, with a rental rate of over 82%.

Nanjing International School Project (南京國際學校項目) enrollment promotion achieved great progress. As of the end of 2023, the total students enrolled reached over 370. Besides, the new product development and day-to-day operation of the school maintained in an orderly manner, and preparation work for kindergarten bilingual department, international high school department, ordinary junior and high school department and other new educational products have been actively carried out. The high school operation license was in application for the time being.

THE GROUP ADHERED TO ONE TARGETED POLICY FOR ONE ENTERPRISE, AND BOTTOM-LINE THINKING WITH A FOCUS ON ORDERLY DISPOSING LOW-EFFICIENT ASSETS

Low-efficient assets disposal was the "largest difficulty" and tough task in the development process of the Company. In 2023, each work team of low-efficient assets disposal maintained safety bottom line and pushed forward various low-efficient assets disposal bravely.

In 2023, the Group endeavored concerted efforts with the cooperator in coordinating with local government and obtained approval on such suggestions as relaxing investment conditions, adjusting planning and supporting subsequent business solicitation in all aspects from the district government in respect of the property development project in Tiexin Bridge of Yuhuatai District, Nanjing, taking the opportunity from the State Council's supervision in Jiangsu Province and the construction of a "Digital Avenue" in Yuhuatai District. The Group also reached a consensus with the cooperator in subsequent project development and proposed to further make adjustment to the overall planning and design schemes in accordance with the Measures for Review of Planning and Design Schemes recently issued by Nanjing government, for the benefit of sale amount recovery, cost reduction and profit improvement. The application has been initially approved by local planning bureau.

In September 2023, the equity disposal tender was quoted and closed on the Shenyang Assets Exchange. However, the buyer was in financial difficulties due to the negative impact of local economic and financial condition, and failed to perform its obligation to purchase Sale Equity as stipulated by the agreement, as such no bid was placed during the tender period on the Shenyang Assets Exchange. In order to address the dilemma, the Group adhered to issue-oriented and results-oriented concept and identified the most important and urgent problem to be solved by Shenyang Lixiang after termination of the equity transfer by implementing the balanced policy of taking into account both sides and overall advancement. On one hand, the Group accelerated implementation of relevant industrial projects by assisting the government in attracting investment, and in turn coordinated to return the primary land development cost that Shenyang Lixiang previously invested in the form rounding into zero; on the other hand, the Group actively developed resources for the government and shareholders and sought opportunity for one-off resolve of historical problem in the project.

In 2023, the Group actively propelled the determination of location of relevant land for construction and floor area of Beijing Junzhuang Project in active coordination of the relationship between the cooperator and the government due to adjustment to regional planning and industry policies, and consulted with the cooperation agency for feasible path of revitalising idle assets through the introduction of the health care industry and the sports industry.

BUSINESS OUTLOOK FOR YEAR 2024

Externally, China faces more favorable conditions than adverse factors with an unchanged general trend of recovery and improvement in economy in the long run, and the Group maintains confidence in the stable operation of China's macro economy.

Internally, after two years of hardship struggle, the Company gradually determined its direction for development strategy transformation and principal business. In the new year, we will reach more consensus, gather power and struggle for improvement.

1. **Making progress while maintaining stability, take bigger steps in transformation and upgrading**
In 2024, taking use of shareholder resources, under the proper leadership and strong support of the Board of the Company and adhering to the positioning of building new urbanization investment and operation platform with a certain market influence, the Group will, relying on shareholders' resources and advantages and based on the development path of "clear principal business → integration and development → value enhancement", continue to accelerate its principal business focus and strategic transformation, and steadily speed up the Company's sustainable and high-quality development. In searching for specific projects, the Group will, relying on channels for minority equity projects investment and fixed income assets investment, strike deep roots in industries of our concern, innovate working idea and enhance industrial research on big health, high-tech, new energy, advanced manufacturing and other fields. It will increase reach in quality projects, prudently assess and review decision-making and make investment in first merger and acquisition project by actively taking opportunities.

2. **Establishing strengths before breaking through, accumulating more advantages in fixed income business**
In 2023, in terms of investment in fixed income projects, the Group attached great importance to the post-investment management of existing projects to ensure recovery of their principals and interests at no risk, but also highlighted safety and monetizability of new projects, and innovated new business models while making the most of potential and space to improve comprehensive investment income on top of further optimisation in the investment structure of fixed income projects. Moreover, the Group strove to attain cooperation in more areas, taking fixed income investments as a starting point to offer more opportunities for minority equity projects and merger and acquisition investments of the Company.

3. **Strengthening foundation and basic and achieving more results in stable operation of existing assets**
In 2024, all employees of the Group will put more efforts in stable operation of existing assets and take targeted measures to consolidate foundation and basic. The preliminary reporting and approval procedures for two schools of Shanghai Luodian Project will be accelerated and accomplished and breakthroughs will be made on new project expansion to found new growth points for future development of the project company. For Wuhan Optical Valley Project, focus should be put on making progress while maintaining stability and various approaches and methodology for optimisation and improving asset quality.

4. **Earnestly do deeds and assuming more responsibility in low-efficient asset disposal**
In 2024, the Group will make every effort to promote risky project mitigation under the principle of "clear thoughts, definitive goals, personalised responsibility and refined planning" to prevent excessive resources and effort from being used to existing risks mitigation. For Beijing Junzhuang Project, focus should be put on making progress while maintaining stability and various approaches and methodology for optimisation and improving asset quality. For Shenyang Lixiang and CSA Nanchang and other low-efficient assets and risky projects, we will promote their mitigation taking every opportunity and efforts.

5. **Firmly ensuring implementation and making further progress in internal management of the Company**
Adhering to an all-round market-oriented talent management system and mechanism, the Company will maintain the vitality and competitiveness of the talent pool. Furthermore, the Company will implement firmly concentrating on positions and responsibilities. The first-line department should put more efforts in project investment and development as well as overseas market financing, the middle and backup department should provide professional support and assure services focusing on risk control, financial capital, human resources and administration to comprehensively reinforce internal management, improve work efficiency and promote the Company's steady and sustainable development.

As the saying goes "He who does not advance loses ground". Looking forward to 2024, the Group will, taking most of the systematic advantages of shareholders and under the leadership of the management team of the Company, unify and reach more consensus, gather power, earnestly do deeds and innovate and struggle concerted efforts with strong sense of responsibility and mission, to accelerate and push forward the transformation, quality improvement, efficiency enhancement and sustainable development of the Company, and create a better future for the Company.

Profiles of Directors and Senior Management

DIRECTORS

Mr. Liu Yuhai,

aged 59, was appointed as a Non-executive Director and the chairman of the Board (the "Chairman") on 18 October 2021. He successively obtained a bachelor's degree and a master's degree in engineering machinery from Shanghai Jiaotong University in 1986 and in 1990. Mr. Liu has extensive working experience in industry management and operation. Mr. Liu has been serving as a Secretary of the Party Committee and Chairman of the Board of Directors of Wuxi Communications Industry Group Co., Ltd. (無錫市交通產業集團有限公司) ("Wuxi Communications"), the holding company of Xitong International Holdings (HK) Limited ("Xitong International") since December 2015. Xitong International is a substantial shareholder of the Company. Mr. Liu served as the President and Deputy Secretary of the Party Committee of Wuxi Industry Development Group Co., Ltd. from March 2008 to December 2015; the Secretary of the Party Committee and Chairman of Wuxi Industry Assets Management Co., Ltd. (無錫產業資產經營有限公司) from March 2007 to March 2008; a member of the Party Committee, Deputy General Manager and General Manager of Wuxi Communications successively from July 2003 to March 2007; the director of Wuxi Hongqi Boatyard Co., Ltd. from February 2004 to September 2006; a member of the Party Committee and Deputy General Manager of Wuxi Transportation Asset Management Co., Ltd. from December 2001 to July 2003. During the period from July 1986 to December 2001, Mr. Liu worked in key functional departments such as Nanjing Hoisting Machinery Plant (南京起重機械總廠), Port Research Office of Wuxi Port Affairs Office, Wuxi Port Engineering Company (無錫市港口工程公司), Transportation Engineering Section in Wuxi (無錫市交通工程科) and Wuxi Top Absorber Company Limited (無錫拓普減震器有限公司).

Mr. Li Yao Min,

aged 73, was appointed as a Non-executive Director on 11 January 2007 and has been the Executive Vice Chairman of our Company since 1 April 2007. Mr. Li was previously appointed as Co-Vice Chairman on 1 December 2008 and has subsequently been re-designated as Chief Executive Officer and Co-Vice Chairman since 7 January 2010 and as Chief Executive Officer and Co-Chairman on 1 July 2011. Mr. Li was re-designated as a Non-executive Director and the Vice Chairman of the Board on 28 March 2014. From 1992 to 1993, he was attached to Shanghai Golden World Commercial Building Co., Ltd. as a General Manager, responsible for the overall management and development of commercial property. He has over 20 years of experience in business management and the property development industry, including over 12 years' experience in new town development in the PRC. Mr. Li is also a founder of SRE Group Limited ("SRE", Stock Code: 1207), and was reappointed as the co-chairman and executive director of SRE on 29 August 2013, and resigned on 5 February 2015. Mr. Li will be responsible for the duties in the absence of the Chairman and the execution of the Group's business strategies and plans.

Profiles of Directors and Senior Management

Mr. Hu Zhiwei,

aged 52, was appointed as an Executive Director on 18 October 2021, a vice president of the Company on 30 December 2021, and the President on 31 March 2023. During this period, he was appointed to perform the duties of Chief Executive Officer (the "CEO") from 23 December 2022 to 31 March 2023. Mr. Hu is currently the general manager of Hainan Xincheng Kaiyuan Investment Co., Ltd and the executive director of China New Town Holding Co., Ltd., both are wholly-owned subsidiaries of the Company, and the director of various subsidiaries of the Company. Mr. Hu studied in the economic management department of Jiangnan University from 1991 to 1994 and studied business administration at the School of Economics and Management in Northwest University from 2003 to 2006 and obtained a master's degree in business administration in 2006. Mr. Hu joined Xitong International as the general manager from October 2021. Xitong International is a substantial shareholder of the Company. Before joining Xitong International, Mr. Hu served as the manager of the Investment Department and Asset Management Department of Guolian Securities Co., Ltd. from July 1994 to September 2003; the general manager and chairman of Wuxi Guolian Equity Exchange Co., Ltd. (無錫市國聯產權交易所有限公司) from September 2004 to February 2010; the Party Branch Secretary from February 2010 to June 2018; chairman of Wuxi Equity Registration and Trusteeship Center Co., Ltd. (無錫市股權登記託管中心有限公司) from September 2007 to June 2018; the secretary to the board of Wuxi Guolian Development (Group) Co., Ltd. from August 2008 to December 2013; the chairman of Wuxi Public Resources Trading Service Center Co., Ltd. (無錫市公共資源交易服務中心有限公司) from January 2012 to June 2018; the general manager, the chairman and Party Branch Secretary of Wuxi Financial Asset Trading Center Co., Ltd. (無錫金融資產交易中心有限公司) from January 2014 to January 2021; and the chairman and the Party Branch Secretary of Wuxi Smart City Construction and Development Co., Ltd. from January to October 2021. Mr. Hu is responsible for the overall planning of the Group's business transformation and operational management. Mr. Hu has extensive experience in investment management with a title of senior economist.

Ms. Yang Meiyu,

aged 41, was appointed as an Executive Director on 28 March 2014, served as a vice president of the Company from 28 March 2014 to 31 March 2023 and was appointed as the CEO on 31 March 2023. Ms. Yang graduated from Peking University with a master's degree in finance and obtained Chartered Financial Analyst certification. Ms. Yang joined China Development Bank Capital Corporation Limited ("CDBC" or "CDB Capital") in December 2009, where she was responsible for urban development related investment as she served as the manager, senior manager and assistant to general manager of the Direct Investment Division III of CDB Capital, respectively, and the vice general manager of the Management Department of a subsidiary from April 2015 to August 2016. Prior to joining CDB Capital, Ms. Yang worked as an investment manager at China Reits Investment, where she was involved in various fund raising and land development projects. Ms. Yang is responsible for the daily operation of the Group, including exploring new business path, determining profit model for the Company and promoting equity investment in emerging industries. Ms. Yang also serves as director of several subsidiaries of the Company, such as Weblink International Limited, Meeko Investment Limited and Protex Investment Limited.

Mr. Shi Janson Bing,

aged 40, graduated from the University of Southern California and obtained a bachelor's degree in accounting in May 2007, joined the Group in December 2007 and was an Executive Director from 12 December 2007 to 28 March 2014. Mr. Shi was appointed as an Executive Director on 12 August 2016 and is responsible for strategic cooperation of the Group. He was an executive director of SRE (Stock Code: 1207) from 17 July 2015 to 12 July 2018.

Profiles of Directors and Senior Management

Mr. Liu Fangqing,
aged 42, was appointed as an Executive Director on 23 December 2022. Mr. Liu graduated from Dongnan University with a bachelor's degree in machinery design and automation education and obtained a master's degree in business administration. Mr. Liu has extensive experience in corporate management. From September 2022 to December 2022, Mr. Liu served as the senior of the executive office of Wuxi Communications, a substantial shareholder of the Company; and from April 2018 to September 2022, he served as the deputy general manager and deputy Party Branch Secretary of Dornier Seawings Co., Ltd. (道尼爾海翼有限公司), the chairman and the Party Branch Secretary of Dornier Seawings Co., Ltd. (道尼爾海翼有限公司), the Party Secretary and Chairman of the Board of Ruili Airlines Co., Ltd., and the director of the aviation business department of Wuxi Communications. From 2004 to 2018, he served as the production engineer of Infineon Technologies (Suzhou) Limited (英飛淩科技(蘇州)有限公司), the production manager of Vesuvius Advanced Ceramics (Suzhou) Co. Ltd., the league secretary of Wuxi Industry Assets Management Co., Ltd., the league secretary of Wuxi Properties Development Group Limited, and the deputy general manager of Wuxi Hongqi Shipyard Co., Ltd..

Mr. Wang Hongxu,
aged 51, was appointed as a Non-executive Director on 18 October 2021. Mr. Wang graduated from the Department of Finance of Capital University of Economics and Business with a bachelor degree in July 1995, and thereafter obtained a master's degree in economics, from the School of Finance of Renmin University of China in January 2014. Mr. Wang has extensive experience in investment management. Mr. Wang is currently the general manager of the Investment Department II of CDB Capital. From December 2009 to 2018, he successively served as the deputy general manager of Risk Management Department and the general manager of Equity Department I of CDB Capital. Mr. Wang joined China Development Bank Corporation ("CDB") in 1998. From December 1998 to September 2009, he served at key functional departments such as the Fourth Division and General Division of the North China Credit Bureau of CDB, the Debt Management Division of the Asset Restructuring and Preservation Bureau, and the No. 2 Audit Appraisal Bureau. Prior to joining CDB, he served at China Investment Bank.

Mr. Feng Xiaoliang,
aged 44, was appointed as a Non-executive Director on 31 March 2023. He graduated from Russian Language College of Beijing Foreign Studies University (北京外國語大學俄語學院) with a bachelor's degree in Russian Language and Literature and obtained a master's degree in Finance from School of Economics of Peking University. Mr. Feng has extensive work experience in area of financial investment and risk management. Mr. Feng currently serves as the general manager of the risk and legal compliance department of CDB Capital, a substantial shareholder of the Company; and from September 2009 to December 2021, he served as the general manager of financial fund management department of CDB Capital. From April 2007 to August 2009, he worked at the fund department, science and technology department and investment business department of the investment business bureau of CDB. From July 2005 to March 2007, he also worked at the client office of Shanxi Branch of CDB.

Mr. Feng was (i) a director of Guangzhou Kingmed Diagnostics Group Co., Ltd. (stock code: 603882) from 13 June 2018 to 27 October 2020; (ii) a director of Hillstone Network Communications Technology Co., Ltd. (山石網科通信技術股份有限公司) (stock code: 688030) from 23 December 2018 to 23 December 2021, both companies are listed on the Shanghai Stock Exchange; and (iii) a non-executive director of New Century Healthcare Holding Co. Limited (a company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), stock code: 1518) from 21 November 2018 to 31 December 2020.

Mr. Henry Tan Song Kok,
aged 59, was appointed as an Independent Non-executive Director on 25 September 2007. He is the Lead Independent Non-executive Director and the Chairman of the audit committee of the Board (the "Audit Committee") and a member of each of the nomination and remuneration committees of the Board (the "Nomination Committee" and the "Remuneration Committee", respectively). He is the Group Chief Executive Officer and Chief Innovation Officer of CLA Global TS Group (formerly Nexia TS Group) and Director of the global board of CLA Global Limited. He was previously the Asia Pacific Regional Chairman and board member of Nexia International. Mr. Tan currently sits as an independent director on the boards of Asia Vets Holdings Ltd, BH Global Corporation Limited, Dyna-Mac Holdings Ltd., Penguin International Limited and Trans-China Automotive Holdings Limited, companies listed on the Singapore Stock Exchange. He was previously a director of Yinda Infocomm Limited and YHI International Limited.

Mr. Tan is the Chairman of Education Subcommittee on Sustainability Reporting of the Institute of Singapore Chartered Accountants ("ISCA") and a committee member of the ISCA Sustainability and Climate Change Committee. He is a member of AFA Working Committee 2 of ASEAN Federation of Accountants. He was also previously on the EXCO and served as Treasurer of Singapore Fintech Association and ASEAN Federation of Accountants, President of Spirit of Enterprise, Chapter President of Entrepreneurs' Organisation, Council Member of ISCA and Chairman of Nanyang Business School Alumni Advisory Board.

Mr. Tan holds a Bachelor of Accountancy (First Class Honours) from National University of Singapore. He also attended the Advanced Executive Management Development Program at Beijing Tsinghua University. He is a Fellow of the ISCA, Institute of Chartered Accountants of Australia and New Zealand, CPA Australia, Insolvency Practitioners Association of Singapore Limited, ASEAN CPA and ISCA Financial Forensic Professional Credential. He is also an Associate Member of Singapore Institute of Internal Auditors, Singapore Institute of Directors and Singapore Chartered Tax Professionals. Mr. Tan is a Chartered Valuer and Appraiser and sits as a Council Member of the Institute of Valuers and Appraiser, Singapore. He is an Approved Liquidator registered with the Accounting and Corporate Regulatory Authority ("ACRA") and a licensed Insolvency Practitioner by Ministry of Law.

Profiles of Directors and Senior Management

Mr. Kong Siu Chee,
aged 77, was appointed as an Independent Non-executive Director on 30 November 2006. He is also the Chairman of the Remuneration Committee and a member of the Nomination Committee. Mr. Kong obtained a bachelor's degree in arts from the University of Hong Kong in November 1969 and a master degree in business administration from the Chinese University of Hong Kong in December 1980. He is an associate of The Chartered Institute of Bankers in the United Kingdom. Mr. Kong began his career in 1969 with Standard Chartered Bank, where he served in various managerial positions for 24 years. In 1993, he pursued his new business interest in the telecommunications sector and was a director of Champion Technology Holdings Limited from 1993 to 1994 and a director of Kantone U.K. Ltd. from 1994 to 1996. Between 1999 and 2005, he served as a director, Executive Vice President and Alternate Chief Executive Officer of CITIC Ka Wah Bank Limited (renamed as CITIC Bank International Limited in May 2010), and was also a director and the Managing Director of CITIC International Financial Holdings Limited from 2002 to 2005 and was an independent non-executive director of Harbin Bank Co., Ltd. (Stock Code: 6138) from October 2013 to October 2019. Mr. Kong has been appointed as an independent non-executive director of Chinney Kin Wing Holdings Limited (Stock Code: 1556) since 20 October 2015.

Mr. Zhang Hao,
aged 64, was appointed as an Independent Non-executive Director and a member of the Audit Committee on 13 February 2012. Mr. Zhang is currently the vice director and part-time professor of the Yangtze River Basin Development Institute of the East China Normal University. He graduated from the Department of Economics of the Nanjing University in August 1990 and then obtained a master degree in business administration from the Shanghai Jiao Tong University in March 2005. Mr. Zhang had previously served in various departments of the provincial government of the People's Republic of China for over 29 years. From August 1981 to August 1996, he worked first as the senior staff member in the Planning Commission of Chongming County and then as the superintendent of the Seawall Project Management of Chongming County. From August 1996 to December 2010, Mr. Zhang held various positions including as a senior staff member of the Cooperation Office of the Shanghai Municipal Government and a cadre of the department of district and county economy of the Shanghai Municipal Development Planning Commission.

Mr. Lo Wai Hung,
aged 64, was appointed as an Independent Non-executive Director and the Chairman and a member of the Nomination Committee and a member of each of the Audit Committee and Remuneration Committee on 30 December 2021. He obtained a bachelor degree in Commerce from James Cook University of North Queensland, Australia in 1985. Mr. Lo is an associate member of Chartered Accountants in Australia and New Zealand and a fellow member of Hong Kong Institute of Certified Public Accountants. Mr. Lo has over 25 years of experience in auditing, finance and management.

Mr. Lo is an independent non-executive director of Talent Property Group Limited (stock code: 760), Tibet Water Resources Ltd. (stock code: 1115), and is a non-executive director of SY Holdings Group Limited (formerly known as Sheng Ye Capital Limited) (stock code: 6069). Mr. Lo was an independent non-executive director of Shandong Weigao Group Medical Polymer Company Limited (stock code: 1066) during August 2009 to June 2022 and C Cheng Holdings Limited (stock code: 1486) during December 2013 to April 2023. All the aforementioned companies are listed on the Main Board of the Stock Exchange.

SENIOR MANAGEMENT

Mr. Wang Yi,
aged 50, was appointed as the chief financial officer on 30 December 2021. He graduated from Lanzhou Jiaotong University with a bachelor's degree in 1995. He obtained a master's degree in investment economics from School of Economics and Management at Northwestern University* (西北大學) in 2000 and a doctor's degree in national economics from Graduate School of Chinese Academy of Social Sciences in 2007, respectively. Mr. Wang is the representative of A-share sponsor. He has over 15 years of experience in law and finance of listed companies.

From 2017 to 2019, Mr. Wang served as the standing vice president of Yanchuang Capital Group. In his term of office, Mr. Wang was mainly responsible for the establishment and launch of private equity investment fund, investment in new energy, bio-medicine, advanced manufacturing and other fields, as well as the whole-process management of investment business. From 2002 to 2017, Mr. Wang worked in Guolian Securities and its subsidiary Hua Ying Securities, and participated in several IPO projects, re-financing projects and merger and acquisition projects. Mr. Wang served as a project manager of the investment banking department at Beijing Securities from 2000 to 2002, and worked in Gansu Province Electric Power Investment Group Co., Ltd. from 1995 to 1997.

Mr. Wang Kang,
aged 43, was appointed as a vice president of the Company on 31 March 2023. He graduated from Loughborough University in the United Kingdom with a master's degree in construction management in December 2004. Mr. Wang has extensive working experience in the fields of real estate investment, equity investment and fund investment, and is qualified to practice in private equity funds. Currently, Mr. Wang is mainly responsible for the Group's equity and fund investment and business in the fields of retirement and healthcare, and is responsible for the management of several subsidiaries of the Company, whilst serving as chairman/executive director of Beijing Guowan Real Estate Co., Ltd., Shenyang Lixiang New Town Modern Agriculture Company Limited* (瀋陽李相新城現代農業有限公司), and as director of various subsidiaries of the Company.

Mr. Wang joined the Group in April 2014 and currently serves as a vice president of the Group. He joined CDB Capital in May 2010 and served, successively, as manager and senior manager of its Direct Investment Division III. Prior to joining CDB Capital, he held the position of valuer in Cushman & Wakefield's evaluation and advisory department from 2005 to 2010.

Profiles of Directors and Senior Management

Mr. Chen Jinqian,
aged 45, was appointed as a vice president of the Company on 31 March 2023. He graduated from Peking University majoring in international economics with a bachelor's degree in economics in 2002, and obtained a master's degree in Executive MBA from Tsinghua University in 2008 and doctoral degree in management from Peking University in 2019. Mr. Chen has extensive working experience in credit management, human resource management, financial investment, and holds professional qualifications of private fund and securities practitioners and the title of senior economist. Currently, Mr. Chen is mainly responsible for the investment in fixed income business sector, fund management and human resources management of the Company.

Mr. Chen joined the Group in August 2017 and has since then been serving as general manager of CDBC New Town (Beijing) Investment Fund Management Company Limited (currently known as Kaihe (Beijing) Private Equity Fund Management Company Limited). He held the successive positions of human resources director and investment director in TUS-Financial Group Limited* (啟迪金控投資有限公司) from April 2016 to August 2017. He worked in the credit management bureau, human resources bureau and Beijing Branch of CDB from July 2002 to April 2016 and served as a deputy director of Cadres Division of human resources department of the head office and a director of the human resources bureau of the Beijing Branch of CDB.

* For identification purposes only

Five-Year Financial Summary

A summary of the consolidated results and assets and liabilities of the Company and its subsidiaries (the "Group") of the last five financial years, as extracted from the published audited financial statements and reclassifies as appropriate, is set out below.

	For the year ended 31 December				
RMB'000	**2023**	2022	2021	2020	2019
Operating income	**427,389**	405,668	367,776	475,966	614,931
Revenue	**337,482**	305,029	273,038	391,639	414,941
Other income	**89,907**	100,639	94,738	84,327	199,990
Operating expenses	**(213,955)**	(339,888)	(218,562)	(676,575)	(453,396)
Cost of sales	**(38,441)**	(43,267)	(63,399)	(40,865)	(30,931)
Selling and administrative expenses	**(113,393)**	(116,673)	(115,755)	(124,046)	(124,379)
Finance costs	**(91,192)**	(44,615)	(50,961)	(112,665)	(165,238)
Other expenses	**(15,483)**	(110,219)	(24,425)	(12,553)	(2,096)
Reversal of impairment/(impairment losses) on financial assets	**44,554**	(25,114)	35,978	(386,446)	(130,752)
Operating profit/(loss)	**213,434**	65,780	149,214	(200,609)	161,535
Share of profits and losses of joint ventures and associates	**(12,351)**	(9,292)	(7,764)	(6,458)	15,956
Profit/(loss) before tax	**201,083**	56,488	141,450	(207,067)	177,491
Income tax	**(49,827)**	(49,018)	(10,500)	(41,098)	(66,139)
Profit/(loss) for the year	**151,256**	7,470	130,950	(248,165)	111,352
Non-controlling interests	**10,398**	4,752	22,367	2,760	15,940
Profit/(loss) attributable to equity owners of the parent	**140,858**	2,718	108,583	(250,925)	95,412
Assets and liabilities					
Total assets	**7,879,365**	6,583,552	6,678,036	7,411,263	8,670,988
Total liabilities	**3,209,241**	2,047,615	2,163,517	3,023,871	3,991,530
Total equity	**4,670,124**	4,535,937	4,514,519	4,387,392	4,679,458
Equity attributable to equity owners of the parent	**4,189,495**	4,065,706	4,049,040	3,944,280	4,239,106
Non-controlling interests	**480,629**	470,231	465,479	443,112	440,352
Total equity	**4,670,124**	4,535,937	4,514,519	4,387,392	4,679,458

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 primarily refers to our performance in land development, urbanization development and property leases. During the year ended 31 December 2023 (the "Year 2023"), the Group recorded revenue of RMB337 million, representing an increase of 11% over that for the year ended 31 December 2022 (the "Year 2022"). In 2023, the Group recorded revenue of RMB13.37 million from land development, representing an increase of 399% over that in the same period of last year, mainly due to the completion and settlement of SGLD Plot D1–3 kindergarten project, thus the land development revenue carried forward increased. Urbanization development revenue and other income increased by 20% on a combined basis to RMB179 million, mainly attributable to the increase of the balance of investment in urbanization projects compared to the same period of last year, resulting an increase in the revenue of investment projects. For Year 2023, it recorded revenue from investment properties of RMB145 million, including income from property leases of RMB110 million and income from property management fee of RMB35 million, basically the same as that in the same period of last year.

Other income

For Year 2023, other income amounted to RMB89,907 thousand, representing a decrease of 11% over that in the same period of Year 2022. It was mainly because the interest income from bank deposits increased by RMB23,776 thousand over that in the same period of Year 2022, net fair value gain on financial instruments at fair value through profit or loss increased by RMB11,911 thousand over that in the same period of Year 2022, investment income from financial instruments at fair value through profit or loss decreased by RMB27,012 thousand over that in the same period of Year 2022 and fair value gain on investment property decreased by RMB10,863 thousand over that in the same period of Year 2022. Besides, foreign exchange gain in Year 2023 decreased by RMB6,242 thousand over that in Year 2022.

Cost of sales

For Year 2023, cost of sales amounted to RMB38,441 thousand, including primarily land development cost of RMB4,031 thousand and cost of property management service of RMB25,555 thousand. The cost of sales was decreased by 11% over that in the same period of Year 2022, mainly due to a decrease in land development cost by 53% in Year 2022 resulting from the land development cost carried forward of SGLD Plot D1–3 kindergarten project with a decrease of RMB4,613 thousand. Cost of property management service and other property operations increased by 8%, which was due to an increase in asset operation management services expenditure.

Selling and administrative expense

For Year 2023, selling and administrative expenses amounted to RMB113 million, representing a decrease of 3% over that in the same period of Year 2022, mainly due to employee benefits decreased by RMB2,914 thousand, intermediary and professional service charge decreased by RMB2,043 thousand, and an audit fees and non-audit fees increased by RMB637 thousand.

Other expenses

For Year 2023, other expenses were RMB15,483 thousand, representing a decrease of 86% over that in the same period of Year 2022, mainly due to the impairment of land development for sale of Shenyang Lixiang project of RMB109 million in Year 2022 and net foreign exchange loss of RMB12,209 thousand was recognised in Year 2023.

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

Reversal of impairment losses on financial assets of RMB44,554 thousand was recorded for Year 2023, which was mainly due to the reversal of impairment losses on the receivables of SREI of RMB56,201 thousand. In addition, the provision for impairment losses on debt instruments amounted to RMB11,413 thousand. Impairment losses on financial assets of RMB25,114 thousand were recorded for Year 2022.

Finance costs

For Year 2023, total net finance costs amounted to RMB91,192 thousand, representing an increase of RMB46,577 thousand over that in the same period of Year 2022, mainly due to interest expenses of RMB41,548 thousand for the new guaranteed bonds. No interest capitalization was accrued for Years 2022 and 2023.

Share of losses from joint ventures and associates

For the Year 2023, the Group's share of losses from joint ventures and associates was RMB12,351 thousand, including shares of loss of RMB7,910 thousand from Beijing Guowan Real Estate Co., Ltd., loss of RMB4,775 thousand from Nanjing Guoying Zhongxi Development Company Limited, and gain of RMB870 thousand from Kaiyuan Education Fund LP. As most of the other joint ventures and associates were under construction, no stable income was derived at this stage.

Taxation

For the Year 2023, the Group recorded income expense tax of RMB49,827 thousand, such income tax was mainly attributable to i) current income tax expenses of RMB22,420 thousand; ii) deferred tax expense charge of RMB17,454 thousand; and iii) withholding tax of RMB9,953 thousand.

Financial Position

Investment in joint ventures

The balances as at 31 December 2023 decreased by RMB13,211 thousand over that at the end of 2022, mainly due to share of losses of RMB13,211 thousand from joint ventures.

Investment in associates

The balance as at 31 December 2023 increased by RMB3,508 thousand over that at the end of 2022, mainly due to the share of profit of RMB860 thousand from associates and share of other comprehensive income arising from associates of RMB2,518 thousand due to foreign currency translation.

Debt instruments at amortised cost (non-current assets)

The balances of debt instruments at amortised cost (non-current assets) for Year 2023 amounted to RMB943 million, an increase of RMB228 million over that at the end of 2022. Such increase was mainly due to (i) the collection of the debt instruments on expiration of RMB251 million, with the reversal of expected credit losses ("ECLs") of RMB2,510 thousand; (ii) the classification of RMB268 million of Yangzhou Jiangdu People's Hospital New Project and RMB200 million of Hubei Daye Advanced Manufacturing Standard Plant Construction Project from non-current assets to current assets; and (iii) the increase of RMB500 million of Wuxi Gaoxin District Industrial Park Project, RMB200 million of Wuxi Xinwu District Canal Culture and Technology Industrial Park Construction Project and RMB150 million of the Jiangyin Changjing Industrial Park Sewage-treatment Plant Project.

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

The balance as at 31 December 2023 amounted to RMB217 million, representing an increase of RMB54,107 thousand over that at the end of Year 2022. It was mainly due to the new investment of RMB17.72 million made to Gongqingcheng Xuhui Guanding Project in 2023 and the increase in fair value of the project in an amount of RMB4,097 thousand; the new investment of RMB25.0 million made to Yixing Xinzhan Project and the increase in fair value of XN Crane Project in an amount of RMB9,065 thousand.

Right-of-use assets

The balance as at 31 December 2023 increased by RMB17,706 thousand over that at the end of Year 2022, which was mainly due to the increase in right-of-use assets of the new buildings of RMB29,572 thousand and the depreciation in right-of-use assets of RMB11,866 thousand in Year 2023.

Other receivables

The balance as at 31 December 2023 increased by RMB35,967 thousand over that at the end of Year 2022. This was mainly due to the offset of receivables from SRE Investment Holding Limited of RMB50,250 thousand and the increase in prepaid profits tax of RMB21,927 thousand in other receivables in 2023, as well as the reversal of provision for ECLs of RMB55,908 thousand.

Trade receivables

The balance as at 31 December 2023 decreased by RMB2,613 thousand over that at the end of Year 2022, which was mainly due to the collection of rental receivables of Wuhan Chuguang Industry New Development Co. Ltd. ("Wuhan Chuguang").

Debt instruments at amortised cost (current assets)

The balance as at 31 December 2023 was RMB1,849 million, representing an increase of RMB902 million as compared to the balance as at the end the Year 2022. This was mainly due to the collection of the debt instruments on expiration of RMB835 million, with the reversal of ECLs of RMB8,350 thousand; the increase of RMB500 million of Yangzhou Hanjiang Industrial Park Infrastructure Project, RMB500 million of Liyang High-tech Zone Industrial Base Quality Improvement and Upgrading Phase I Project, RMB351 million of Wuxi Liangxi District Food Science and Technology Innovation Center Project; the classification of RMB268 million of Yangzhou Jiangdu People's Hospital New Project and RMB200 million of Hubei Daye Advanced Manufacturing Standard Plant Construction Project from non-current assets to current assets.

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

The balance as at 31 December 2023 of RMB19,176 thousand mainly comprises the wealth management products issued by China Merchants Bank and Ping An Bank. The balance decreased by RMB876 million compared to the end of 2022, which was mainly due to the redemption of wealth management products of RMB873 million in the Year 2023 for the purpose of projects investment.

Other current assets

The balance as at 31 December 2023 of RMB7,234 thousand mainly comprises the value-added tax to be deducted in Mainland China.

Interest-bearing loans and borrowings

The balance as at 31 December 2023 increased by RMB1,199 million as compared with the balance as at the end of 2022. This was mainly due to the completion of the issuance of RMB1,500 million guaranteed bonds by Success, the drawdown of RMB15 million of the short-term loan from China Merchants Bank, the repayment of the loan of RMB82 million to Bank of China and the short-term loan of RMB10 million to China Merchants Bank by Wuhan Chuguang, the repayment of the loan of EUR34 million and USD4.8 million to China Construction Bank (Asia) Corporation Limited by China New Town Holding Company Limited, and the accrued interest of other borrowings due to shareholder loans obtained from Huzhou Tongchuang Jintai Huizhong Enterprise Management Partnership (Limited Partnership)* (湖州同創金泰匯眾企業管理合夥企業(有限合夥)) increased by RMB6.886 million and an increase in lease liabilities of RMB17.805 million due to the renewal of the lease of the office building of Beijing Xincheng Kaiyuan Asset Management Co., Ltd ("Xincheng Kaiyuan"). The borrowings were denominated in Renminbi ("RMB"). Details of the bank borrowings are set out in Note 24 to the financial statements.

* *for identification purpose only*

Guaranteed bonds

Please refer to Note 24 for the details of the guaranteed bonds.

Significant investment

The significant investment held by the Group during the Year 2023 is as follows:

	Cost (RMB)	Redemption during the Year 2023 (RMB)	Fair Value as at 31 December 2023 (RMB)	Investment income during the Year 2023 (RMB)	Percentage to the total assets as at 31 December 2023
2023 Exchange Rate-linked Monthly Structured Deposit Company Product No. 3 (Product code: 2023101040927) — China Everbright Bank Company Limited Wuxi Branch	50,000 thousand	50,000 thousand	—	266 thousand	—

The directors of the Company (the "Directors") believes that using temporarily idle funds reasonably and effectively will enhance the capital gain of the Group which is consistent with the core objectives of the Group to ensure capital safety and liquidity and meet the capital needs of the Group's daily operations and dividend payment, etc. The risk associated with subscription of structured deposit products is low, while the Group can enjoy a relatively higher return from investments in structural deposit products after comparing quotes from different banks.

Save as disclosed above, the Group did not have any significant investments for the Year 2023.

Trade payables

The balance as at 31 December 2023 increased by RMB1,925 thousand as compared with the balance as at the end of 2022, which was mainly due to the provision by Shanghai Golden Luodian Development Co., Ltd. ("SGLD") of the construction expenditure of Plot D1–3 kindergarten project.

Other payables and accruals

The balance as at 31 December 2023 decreased by RMB61,117 thousand as compared with the balance as at the end of 2022, which was mainly due to the decrease of RMB42,250 thousand in the amount due to Wuxi Project in 2023.

Contract liabilities

The balance as at 31 December 2023 decreased by RMB13,826 thousand as compared with the balance as at the end of 2022, which was mainly due to the completion and settlement of the SGLD Plot D1–3 kindergarten project, and the carry-forward contract liabilities of RMB13.374 million.

Cash and bank balances

Overall, cash and cash equivalents for the Year 2023 increased by RMB950 million as compared with the balance as at the end of Year 2022, with a balance of RMB1,454 million as at 31 December 2023, which were mainly due to net cash outflow from operating activities of RMB20 million, net cash outflow from investing activities of RMB72 million, and net cash inflow from financing activities of RMB1,042 million during the Year 2023. Cash and bank balances were denominated in RMB, Hong Kong dollar, Euro and United States dollar.

Gearing ratio (defined as net debt/the sum of shareholders equity and net debt) as at 31 December 2023 was 16%, which increased as compared with 12% as at 31 December 2022. This was mainly due to the completion of the issuance of RMB1,500 million guaranteed bonds by CNTD Success Company Limited.

Others

Material acquisitions and disposals of subsidiaries, associates and joint ventures

Save as disclosed in the "financial position" section and "details of important events affecting the Group which have occurred since the end of the previous financial year" section in the management discussion and analysis, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the Year 2023.

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. The Group will continue to monitor closely the foreign exchange exposure and will implement the necessary hedging arrangement to mitigate any significant foreign exchange risk when and if appropriate.

Treasury policies

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Year 2023. The board of Directors (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 Year 2023, the Group pledged its investment property to secure the bank borrowings.

Contingent liabilities

Shanghai CNTD Management Consulting Company Limited ("Shanghai Management") is currently a defendant in the lawsuits brought by Shanghai Hengchang Trading Co., Ltd. and Shanghai Yuanyi Industrial Co., Ltd., which were alleged for the over-received amount of RMB14,400 thousand and RMB1,000 thousand, respectively, in relation to certain consideration and payments of the Disposal Assets.

The Directors, based on the advice from the Group's legal counsel, believe that Shanghai Management has 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 31 December 2023, the Group did not have any significant contingent liabilities.

b) Details of important events affecting the Group which have occurred since the end of the previous financial year:

In 2023, China's economy faced dual pressures of complex and severe international environment and the arduous task of domestic reform and development stability. With the recovery of the domestic economy, steady improvement in supply and demand, active progress in transformation and upgrading, and overall stability in employment and prices, China continued to advance towards the comprehensive construction of a modern socialist country, while the political and economic environment abroad remained complex and turbulent. Despite the pressure, China has achieved its major expected growth target in the economy. In 2023, China's national gross domestic product ("GDP") actually grew by 5.2% year-on-year to RMB126 trillion, and per capita GDP reaching RMB89,358, representing an actual increase of 5.4% over the previous year, showing the continuous growth in total economic volume and per capita level. The basic trend of long term improvement of China's economy remains unchanged, and the factors supporting the high quality development of China's economy are progressively increasing.

In 2023, the Group accelerated the pace of business structure adjustment and the establishment of the main business direction. Under the support of shareholders, Wuxi Communications and CDB Capital, the Group adhered to the principle of seeking progress while maintaining stability and accelerated business transformation and improved quality and efficiency, so as to achieve satisfactory results. The Group relied on the resources of shareholders and took advantage of a mixed ownership structure as a "local state-owned enterprise + central enterprise financial institution" to expand investment opportunities in key economic regions in Wuxi and other regions in Jiangsu, providing a good foundation for the Group to determine the investment direction of emerging industries during the business transformation period and boosted the business development of the Group. By laying out investment opportunities in the segments of healthcare industries, strategic emerging industries, and information technology application innovation that are in line with the development prospects of the new economy, the Group has accumulated project experience, focused on key tracks, and successively completed the investment in minority equity projects in respect of semi-conductors and new materials and other industries.

In 2023, the Group has promoted a shift in the investment direction of new businesses and optimisation of the Group's layout, focusing on vitalising the existing projects and assets, stabilising the stable operation of its existing projects, and dissolving the existing non-performing assets in an orderly manner. The rental rate of Optical Valley New Development International Center Project in Wuhan maintained stable, at above 93% in terms of building office, and above 82% in terms of shops, throughout the year. In respect of fixed income business, the Group deployed in economically developed regions and optimised its investment structure by shifting its fixed income business to economically developed regions such as Jiangsu. As at the end of 2023, the balance of fixed income investment portfolio was RMB2.663 billion, with 7 new investment projects and a cumulative investment amount of RMB2.6 billion, representing an average annualised yield pre-tax ratio of approximately 7.06%.

At the same time, the Group has leveraged on the synergies of its shareholders to conduct in-depth studies on different financing strategies, optimise the use of funds and realise the co-ordinated management of domestic and overseas funds. In particular, Wuxi Communications, a shareholder of the Company, provided guarantee as credit enhancement, and the Group overcame various difficulties and successfully completed the issuance of RMB1.5 billion RMB Free Trade Zone Bonds with a maturity period of three years with a coupon rate of 3.98%, which was the lowest interest rate for RMB Free Trade Zone Bonds listed overseas in Jiangsu Province at the time of issuance, providing the Group with sufficient liquidity for its future business development.

On 15 December 2023, Xincheng Kaiyuan and Shanghai Jiatong Enterprises Co., Ltd. ("Shanghai Jiatong") (both are wholly-owned subsidiaries of the Company) entered into a limited partnership agreement with Wuxi Guosheng Asset Management Company Limited (a wholly-owned subsidiary of Wuxi Tonghui Capital Company Limited ("Wuxi Tonghui")) and Wuxi Tonghui (a wholly-owned subsidiary of Wuxi Communications) to jointly set up Wuxi Xinsheng Investment Partnership (Limited Partnership) (the "Limited Partnership Agreement"). In connection with the Limited Partnership Agreement, on 15 December 2023, (1) the partners entered into the rights and obligations arrangement agreement, pursuant to which Wuxi Tonghui agreed to make up the shortfall for Xincheng Kaiyuan and Shanghai Jiatong, respectively, and to acquire the respective interests held by Xincheng Kaiyuan and Shanghai Jiatong in Wuxi Xinsheng (the "Rights and Obligations Arrangement Agreement"); and (2) Wuxi Communications entered into the guarantee agreement with each of Xincheng Kaiyuan and Shanghai Jiatong, respectively, pursuant to which Wuxi Communications agreed to provide a general guarantee to Xincheng Kaiyuan and Shanghai Jiatong (as the case may be) on the performance of the shortfall makeup and acquisition obligations of Wuxi Tonghui under the rights and obligations arrangement agreement (the "Guarantee Agreements"). Accordingly, the transactions contemplated under the Limited Partnership Agreement, the Rights and Obligations Arrangement Agreement and the Guarantee Agreements constitute a major and connected transaction of the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and was approved by the independent shareholders of the Company at an extraordinary general meeting of the Company held on 22 March 2024. For details, please refer to the Company's (i) announcements dated 15 December 2023, 8 January 2024, 28 February 2024 and 22 March 2024 respectively; and (ii) circular dated 6 March 2024.

c) Potential business development of the Group in future:

Looking forward to the year 2024, the Group will keep seeking investment opportunities prudently amid challenges. By sticking to business transformation, in response to national guidelines and policies and being market-oriented, the Company will vigorously expand its equity investment business in new economic sectors such as healthcare industry, strategic emerging industry and infotech technology application innovation industry, continue to achieve the gradual upgrading of "industrial fund + mergers and acquisitions", "mergers and acquisitions and integration + extension" and "mergers and acquisitions + ecological improvement" according to the path of "clarification of the main business → integration and development → value enhancement", and continuously integrate and improve the Company's overall value. Meanwhile, we operate quality assets stably and dispose of existing inefficient assets, steadily advance the premier development of the Company, and continuously create core value for shareholders in the long run.

Corporate Governance Report

The board of directors and management of China New Town Development Company Limited (the "Company" and the "Board", respectively) are committed to maintaining a high standard of corporate governance principles and practices so as to promote corporate transparency and accountability. Good corporate governance is an integral element of a sound corporation to protect and enhance shareholders' value.

The Board has reviewed its corporate governance practices and confirmed that the Company had complied with all the principles and code provisions set out in the Corporate Governance Code (the "CG Code") contained in Part 2 of Appendix 14 (renamed as Appendix C1 with effect from 31 December 2023) to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange" and the "Listing Rules", respectively) throughout the financial year ended 31 December 2023 (the "Financial Year").

CORPORATE STRATEGY

Under code provision A.1.1 of the CG Code, the Board is required to establish the Company's purpose, values and strategy, and ensure that these and the Company's culture are aligned. The Group has adopted the following principle statement as the mission of the Group (the "Mission"):

The Company is an urbanization investment and operation platform with shareholders' background of "local state-owned enterprise + central financial institution". The Company's mission is to provide urbanization and livelihood investment products which are consistent with the demand of regional economic development and city life, to enhance the region's urbanization level and citizens' living quality. The Company's goal is to become leading urbanization investor and livelihood investment and operation platform in China achieving long-term sustainable growth whilst we continue to strive for short to medium term profitability in order to deliver the greatest value to the shareholders of the Company (the "Shareholders").

From strategic decision-making to daily operations, the values of the Company run through, providing guidance for the Company and achieving the Mission. These values include:

— Innovation;

— Hard work;

— Collaboration; and

— Dedication

Corporate Governance Report

Since 2014, with the trend of new urbanization in China and the Company's advantage in resources, the Company is gradually shaping development concepts and specifying business strategies. By leveraging shareholders resources advantage of "local state-owned enterprise + central financial institution", the Company shall take various measures to build a leading national investment and operation brand by integrating financing, investment, development and operation.

The directors of the Company (the "Directors"), management and staff are required to act lawfully, ethically and responsibly. The daily operations are delegated to the executive management and carried out under the supervision of the chief executives. All management and staff have defined roles and responsibilities and are subject to the Code of Conduct as set out in the Employee Manual which imposes on them specific obligations to our business, the anti-fraud and anti-corruption policy and the whistleblowing policy of the Group.

BOARD MATTERS

The Board

The Board has the overall responsibility for the proper conduct of the Company's businesses. The Board's primary role is to provide entrepreneurial leadership, set strategic goal and ensure that the necessary financial and human resources are in place for the Company and its subsidiaries (collectively the "Group") to meet its objectives as well as to protect and enhance long-term values for the Shareholders. It sets the overall strategy for the Group and reviews management performance. To fulfill this role, the Board is responsible for the overall corporate governance of the Group including establishing a framework of prudent and effective controls, setting its strategic direction, establishing goals for management and monitoring the achievement of these goals.

Three (3) board committees established by the Board include the audit committee (the "AC"), the nomination committee (the "NC") and the remuneration committee (the "RC") (collectively the "Board Committees") and they assist the Board in discharging its duties. The effectiveness of each Board Committee is also constantly monitored.

The Board meets at least four times a year at approximately quarterly intervals for review of the financial performance and results of each period, material investments and other significant matters of the Group. The articles of association of the Company (the "AoA") provides for the convening of the Board or Board Committee meetings by way of telephonic or similar communications.

The attendance records of the Directors at the meetings of the Board, the Board Committees, annual general meeting (the "AGM") during the Financial Year are set out below:

Name of Directors	Attendance/Number of Meetings (during Director's tenure) Board Meeting	AC Meeting	NC Meeting	RC Meeting	AGM
Executive Directors (the "EDs")					
Hu Zhiwei (President)	4/4	—	—	—	1/1
Yang Meiyu (Chief Executive Officer)	4/4	—	—	—	1/1
Shi Janson Bing	4/4	—	—	—	1/1#
Liu Fangqing	4/4	—	—	—	1/1#
Non-executive Directors (the "NEDs")					
Liu Yuhai (Chairman)	4/4	—	—	—	1/1#
Li Yao Min (Vice Chairman)	4/4	—	—	—	1/1#
Wang Jiangang[1]	0/1	—	—	—	—
Wang Hongxu	4/4	—	—	—	1/1#
Feng Xiaoliang[2]	3/3	—	—	—	1/1#
Independent Non-executive Directors (the "INEDs")					
Henry Tan Song Kok (Lead)	4/4	3/3	1/1	1/1	1/1
Kong Siu Chee	4/4	—	1/1	1/1	1/1
Zhang Hao	4/4	3/3	—	—	1/1#
Lo Wai Hung	4/4	3/3	1/1	1/1	1/1

Notes:

All of the meetings of the Board and respective Board Committees were held via teleconferencing.

Attended the meeting via teleconferencing.

1 Resigned as a Director with effect from after the voting and passing of the resolution at the Board meeting held on 31 March 2023.

2 Appointed as a Director with effect from after the voting and passing of the resolution at the Board meeting held on 31 March 2023.

Delegation by the Board

The Board's approval is required for matters such as corporate restructuring, mergers and acquisitions, major investments, material acquisitions and disposals of assets, major corporate policies on key areas of operations, release of the Group's interim and annual results, related transactions of a material nature, declaration of interim dividends and recommendation of final dividends.

All other matters are delegated to the Board Committees whose actions are reported to and monitored by the Board while the daily operations are delegated to the executive management and carried out under the supervision of the chief executives. All management and staff have defined roles and responsibilities and are subject to the Code of Conduct as set out in the Employee Manual which imposes on them specific obligations to our business.

Corporate Governance Report

Corporate Governance Functions

The Board is responsible for performing the functions set out in code provision A.2.1 of the CG Code.

The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of the Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 (renamed as Appendix C3 with effect from 31 December 2023) to the Listing Rules (the "Model Code") and written guidelines with more onerous requirements than the Model Code for securities transactions by employees of the Company (the "Securities Code"), and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

Chairman, Vice Chairman, President and Chief Executive Officer

Mr. Liu Yuhai is the Chairman and is responsible for ensuring the effectiveness of Board matters, including the formulation, development and reassessment of the Group's strategies and policies. Mr. Li Yao Min is the Vice Chairman. He is responsible for the duties of the Chairman in the absence of the latter and the execution of the Group's business strategies and plans; and advising on the development of the Group. In addition, Mr. Hu Zhiwei is the president of the Company (the "President") and is responsible for the overall planning of the Group's business transformation and operational management while Ms. Yang Meiyu is the chief executive officer (the "CEO") and is responsible for managing the development of projects invested by the Group and the operations of the Company as a whole.

All major decisions made by the Chairman, the Vice Chairman, the President and the CEO are reviewed by the Board. As the Chairman is not an INED, Mr. Henry Tan Song Kok was appointed as the Lead INED who will be available to Shareholders when they have concerns and when the contact through normal channels has failed to resolve or for which such contact is inappropriate.

Board Composition and Balance

As at 31 December 2023, the Board comprised twelve (12) members: four (4) EDs, four (4) NEDs and four (4) INEDs. The Board is able to exercise an independent judgment on corporate affairs and provide management with a diverse and objective perspective on issues and no individual or small group could dominate the Board's decision making. There is no alternate Director appointed in the Board.

A list of the Directors and the positions held by each Director is set out in the Profiles of Directors and Senior Management on pages 16 to 22 of this Annual Report. The INEDs are expressly identified in all corporate communications pursuant to the Listing Rules.

There was no financial, business, family or other material relationship among the Directors.

During the Financial Year, the Board met the requirements of having INEDs representing at least one-third of the Board, i.e. four INEDs and exceeded the requirement of having at least one INED possessing appropriate professional qualifications or accounting or related financial management expertise being appointed under the CG Code.

The criterion of independence is based on Rule 3.13 of the Listing Rules. The Board considers an "independent" director as one who has no relationship with the Company, its related companies, its substantial shareholders (as defined under the Listing Rules) or its officers who can interfere, or be reasonably perceived to interfere, with the exercise of independent judgment of the conduct of the Group's affairs by the Director.

The composition of the Board is determined in accordance with the following principles:

- the Board should comprise a sufficient number of Directors to fulfill its responsibilities and act as a group to provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge (the number of Directors may be increased where it is considered that additional expertise is required in specific areas, or when an outstanding candidate is identified); and
- the Board should have enough Directors to serve on various committees of the Board without over-burdening the Directors or making them difficult to fully discharge their duties.

The INEDs exercise no management functions in the Company or any of its subsidiaries. Although every Director has equal responsibility for the performance of the Group, the role of the INEDs is particularly important in reviewing and monitoring the performance of executive management in meeting the Group's agreed goals and objectives and ensuring that the strategies proposed by the executive management are fully discussed and rigorously examined taking into account the long-term interests, not only of the Shareholders but also of the employees, customers, suppliers and many communities in which the Group conducts businesses. The INEDs also meet regularly without management present. The Board considers its INEDs to be of sufficient caliber and number and their views to be of sufficient weight that no individual or small group can dominate the Board's decision-making processes. The INEDs have no financial or contractual interests in the Group other than by way of their fees and shareholdings as set out in the Report of Directors.

The Board is of the view that its current composition of twelve (12) Directors is appropriate taking into account the scope and nature of the operations of the Company and of the Group.

Insurance cover in respect of legal proceedings and other claims against the Directors arising from their offices and execution of their powers, duties and responsibilities has been arranged. During the Financial Year, no legal action was made against any of the Directors in relation to their duties performed for the Company.

Mechanism(s) Ensuring Independent Views Available to the Board

The Board has adopted a board independent evaluation mechanisms during the Financial Year for Directors to seek independent professional advices for them to discharge their duties and responsibilities, and to ensure a strong independent element on the Board, which allows the Board to effectively exercise independent judgement to better safeguard Shareholders' interests. The Board has reviewed the implementation and effectiveness of the mechanisms and considered the same remain effective to ensure independent view and input are available to the Board for the Financial year.

Continuing improvement and development of the Board and its committee processes and procedures through Board independence evaluation provides a powerful and valuable feedback mechanism for improving Board effectiveness, maximising strengths, and identifying the areas that need improvement or further development. The evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board performance, for instance, addressing individual training and development needs of each Director.

Directors may, in making decisions to perform their duties as Directors, seek such independent professional advice and opinions as they considered necessary to fulfil their responsibilities and in exercising independent judgement at the Company's expense (the "Policy"). Independent professional advice shall include advice of lawyers, auditors, accountants, financial advisers and other professional on matters of law, accounting, tax and other regulatory and professional matters. If the Directors consider that independent professional advice and views are necessary, the Directors should communicate with the ED or the Company Secretary and to provide background and details of the events and/or transactions and/or the issues involved and/or their problems, questions, concerns or specific advice to be sought. Subject to the approval of the Board, the Company or the Directors shall contact a professional adviser within a reasonable period of time to seek independent professional advice. Any advice obtained through the Policy shall be duly documented and made available to other members of the Board.

Induction and Continuous Professional Development of Directors

Upon appointment, each Director receives appropriate induction training and coaching to develop individual skills as required. The Directors are also provided with updates on the relevant new laws, regulations and changing commercial risks in the Group's operating environment through regular presentations and meetings. They also have the opportunity to visit the Group's operational facilities and meet with management to gain a better understanding of business operations and governance practices.

The current Directors have confirmed that they had complied with code provision C.1.4 of the CG Code on continuous professional training. During the Financial Year, all the current Directors have participated in continuous professional development by attending seminars, in-house briefing or reading materials to develop and refresh their knowledge and skills and provided their records of training to the Company. The continuous professional development programmes received by each of the current Directors during the Financial Year is summarised as follows:

Name of Directors	Topics of training covered [Note]
Mr. Liu Yuhai (Chairman and NED)	A, B, C
Mr. Li Yao Min (Vice Chairman and NED)	A, B, C
Mr. Hu Zhiwei (President and ED)	A, B, C
Ms. Yang Meiyu (CEO and ED)	A, B, C
Mr. Shi Janson Bing (ED)	A, B, C
Mr. Liu Fangqing (ED)	A, B, C
Mr. Wang Hongxu (NED)	A, B, C
Mr. Feng Xiaoliang (NED) [Note 1]	A, B, C
Mr. Henry Tan Song Kok (Lead INED)	A, B, C
Mr. Kong Siu Chee (INED)	A, B, C
Mr. Zhang Hao (INED)	A, B, C
Mr. Lo Wai Hung (INED)	A, B, C

Notes:

A attending seminar(s) and/or conference on regulations and updates

B reading materials relating to business and operations of the Company, and legal and regulatory updates

C in-house briefing or training of the Company

1 Appointed as a Director with effect from after the voting and passing of the resolution at the Board meeting held on 31 March 2023.

NOMINATION MATTERS

Board Membership and NC

As at 31 December 2023, the NC comprised three (3) members, all of whom including the chairman were INEDs. The chairman and members of the NC during the Financial Year were as follows:

Mr. Lo Wai Hung — Chairman
Mr. Kong Siu Chee — Member
Mr. Henry Tan Song Kok — Member

The NC adopted the terms of reference on 31 March 2017 and amended on 16 April 2021. Its principle functions are to:

1. review the structure, size and composition (including skills, knowledge and experience) of the Board at least annually and make recommendations to the Board regarding any proposed changes to complement the Company's strategy;

2. identify, review and assess individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

3. assess the independence of INEDs on an annual basis;

4. make recommendations to the Board on the appointment or re-appointment of Directors (including the INEDs) in accordance with the AoA and succession planning for the Directors in particular the Chairman and the President; and

5. review the Board diversity policy (the "Board Diversity Policy") on a regular basis and recommend revisions, if any, to the Board for consideration and approval.

The Company has received written annual confirmation of independence from each of the INEDs and reviewed the independence of each INED pursuant to Rule 3.13 of the Listing Rules and is of the view that Messrs. Henry Tan Song Kok ("Mr. Tan"), Kong Siu Chee ("Mr. Kong"), Zhang Hao ("Mr. Zhang") and Lo Wai Hung ("Mr. Lo") are independent.

As at the date of this Annual Report, Mr. Kong, Mr. Tan and Mr. Zhang have served as the INEDs for more than nine years from their respective dates of first appointment to the Board.

At the annual assessment carried out by the NC and with the concurrence of the Board, it was concluded that the contributions of Mr. Kong, Mr. Tan and Mr. Zhang towards the Board remain objective and independent in expressing their views and in participating in the deliberations and decision making of the Board and Board Committees. The Board holds the view that a Director's independence cannot be determined arbitrarily by reference to a set period of service. The Company has benefited from Mr. Kong, Mr. Tan and Mr. Zhang's service in terms of their knowledge of the Company's businesses and each of them has proven his commitment, experience and competence to effectively provide core competencies and independent advice to the Company. The NC has confirmed that neither Mr. Kong, Mr. Tan and Mr. Zhang nor their respective associates had any business dealings with the Company.

During the Financial Year, NC held one (1) meeting.

The NC has reviewed the training and professional development programs participated by the Directors. The NC has assessed the independence of the INEDs and reviewed and made the recommendation on the appointment of Director and re-appointment of retiring Directors. The NC has reviewed the Board Diversity Policy which was adopted by the Board at the Board meeting held on 13 August 2013 for assessing the structure, size and Board composition before publication of this Annual Report. The NC would take into account various aspects for nominating the directors as set out in the Board Diversity Policy and nomination policy, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience. The NC would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption. In identifying and selecting suitable candidates for directorships, the NC would consider the candidate's character, qualifications, experience, independence and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board. External recruitment professionals might be engaged to carry out selection process when necessary. The Board, at the Board meeting held on 26 February 2015, accepted the recommendation by the NC that the maximum number of listed company board representations which any Director may hold be eight and all Directors have complied with the Board's resolution.

For the Financial Year and as at the date of this annual report, the Board consists of eleven (11) male members and one (1) female member. The NC considered that the Board was sufficiently diverse in terms of gender, background and experience, thus the Board had not set any measurable objectives. The Board will consider setting measurable objectives to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

Diversity in Workforce

During the Financial Year, among all the employees (including senior management) of the Group, male employees accounted for 62.5% and female employees accounted for 37.5%. The Group believes that the gender ratio of employees is within the reasonable range.

Appointment, Re-election and Removal of Directors

The procedures and processes of appointment, re-election and removal of Directors are laid down in the AoA. Recommendations for the appointments and re-appointments of Directors and appointments of the members of Board Committees are made by the NC and considered by the Board as a whole. The AoA provides that one-third of the Directors (including NEDs) for the time being (or, if the number is not a multiple of three, the number nearest to but not less than one-third), who have been longest in office since their last re-election or appointment, shall retire from office by rotation at each AGM. Each Director should retire at least once every three years. A retiring Director is eligible for re-election by the Shareholders at the AGM. In addition, any Director appointed by the Shareholders or the Board, as the case may be, either to fill a vacancy or as an additional director, shall retire at the next AGM and shall then be eligible for re-election at that meeting.

The dates of initial appointment, last re-election/re-appointment and other board representations of each of the Directors of the current Board members are set out below:

Name of Directors	Date of first appointment	Date of last re-election	Nature of appointment	Membership of Board Committee	Directorship/chairmanship both present and those held over the preceding three years in other listed company
Liu Yuhai	18 October 2021	16 June 2023	NED and Chairman	None	None
Li Yao Min	11 January 2007	24 June 2022	NED and Vice Chairman	None	None
Hu Zhiwei	18 October 2021	24 June 2022	ED and President	None	None
Yang Meiyu	28 March 2014	24 June 2022	ED and CEO	None	None
Shi Janson Bing	12 August 2016	24 June 2022	ED	None	None
Liu Fangqing	23 December 2022	16 June 2023	ED	None	None
Wang Hongxu	18 October 2021	24 June 2022	NED	None	None
Feng Xiaoliang*	31 March 2023	16 June 2023	NED	None	Director of the following companies: • Guangzhou Kingmed Diagnostics Group Co., Ltd. until 27 October 2020; and • Hillstone Network Communications Technology Co., Ltd. (山石網科通信技術股份有限公司) until 23 December 2021. Non-executive director of the following company: • New Century Healthcare Holding Co. Limited until 31 December 2020

* Mr. Feng Xiaoliang was appointed as a non-executive Director on 31 March 2023 and executed the then applicable Form B — Declaration and Undertaking with regard to Directors, and understood his obligations as a director of a listed issuer under the Listing Rules.

Name of Directors	Date of first appointment	Date of last re-election	Nature of appointment	Membership of Board Committee	Directorship/chairmanship both present and those held over the preceding three years in other listed company
Henry Tan Song Kok	25 September 2007	16 June 2023	Lead INED	Chairman of AC, a member of each of NC and RC	An independent non-executive director of the following companies: • Asia Vets Holdings Ltd; • BH Global Corporation Limited; • Dyna-Mac Holdings Ltd; • Penguin International Limited; • Trans-China Automotive Holdings Limited; • Yinda Infocomm Limited until 28 October 2020; and • YHI International Limited until 30 August 2021.
Kong Siu Chee	30 November 2006	16 June 2023	INED	Chairman of RC and a member of NC	An independent non-executive director of the following company: • Chinney Kin Wing Holdings Limited
Zhang Hao	13 February 2012	16 June 2023	INED	A member of AC	None
Lo Wai Hung	30 December 2021	24 June 2022	INED	Chairman of NC, a member of each of AC and RC	Independent non-executive director of the following companies: • Talent Property Group Limited; • Tibet Water Resources Ltd; and • Shandong Weigao Group Medical Polymer Company Limited until the conclusion of its AGM held on 6 June 2022; and • C Cheng Holdings Limited until 2 April 2023. Non-executive director of the following company: • SY Holdings Group Limited (formerly known as Sheng Ye Capital Limited)

Each of the NEDs and INEDs is appointed for a specific term ranging from 1 to 3 years and subject to retirement by rotation once every three years. An appointment letter has been issued to each of the NEDs and INEDs respectively.

Pursuant to Articles 86(1) and 86(2) of the AoA, Mr. Hu Zhiwei, Mr. Shi Janson Bing, Mr. Wang Hongxu and Mr. Lo Wai Hung will retire by rotation at the forthcoming AGM shall eligible for re-election thereat.

The NC recommends the re-election of the retiring Directors after assessing their contribution, performance and, where applicable, independence.

Board Performance

The Company believes that the Board's performance is ultimately reflected in the performance of the Company. The Board should ensure compliance with applicable laws and Board members should act in good faith, with due diligence and care and in the best interests of the Company and its Shareholders. In addition to these fiduciary duties, the Board is charged with two key responsibilities: setting strategic directions and ensuring that the Company is ably led. The measure of the Board's performance is also tested through its ability to give support to management especially in the times of crisis and to steer the Company in the right direction.

The Board through the delegation of its authority to the NC, has used its best efforts to ensure that the Directors appointed to the Board possess the integrity, background, experience, knowledge and skills relevant to the Company's business and that each Director with his/her special contribution brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

The NC has an annual Board performance evaluation to assess the effectiveness of the Board as a whole. The processes identify weaker areas where improvements can be made. The Board can thus direct more effort in those areas to further enhance the effectiveness of the Board.

Access to Information

Annual meeting schedules and agenda of each meeting are normally made available to Directors in advance.

Notice of regular Board meetings is served to all Directors at least fourteen (14) days before the meetings. For ad-hoc Board and Board Committee meetings, reasonable notice period is provided.

Meeting materials together with all appropriate, complete, relevant and reliable information are sent to all Directors at least 3 days before each Board meeting or Board Committee meeting to keep the Directors apprised of the latest developments and financial position of the Company as well as ongoing reports and to enable them to make informed decisions.

All Directors have unrestricted access to the Company's records and information and received detailed financial and operational reports from senior management during the Financial Year to enable them to carry out their duties. Directors also liaise with senior management as required, and may consult other employees and seek additional information on request.

All Directors have separate and independent access to the company secretary of the Company (the "Company Secretary"). The duly appointed secretaries administer, attend, prepare and keep minutes of the Board and Board Committee meetings. The Company Secretary also assist the Chairman in ensuring that the Board procedures are followed and reviewed so that the Board functions effectively, and in compliance with the AoA and relevant rules and regulations including requirements of the Stock Exchange. Draft minutes are normally circulated to the Directors for comment within a reasonable time after each meeting and the final versions thereof are open for the Directors' inspection.

The appointment and the removal of the Company Secretary is a matter for the Board as a whole and are considered at a Board meeting.

The AoA contain provisions requiring the Directors to abstain from voting and not to be counted in the quorum at meetings for approving the transactions in which such Directors or any of their associates have a material interest.

Should Directors, whether as a group or individually, need independent professional advice in the furtherance of their duties, the cost of such professional advice will be borne by the Company.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

As at 31 December 2023, the RC comprised three (3) members, all of whom including the chairman were INEDs. The chairman and members of the RC during the Financial Year were as follows:

Mr. Kong Siu Chee — Chairman
Mr. Henry Tan Song Kok — Member
Mr. Lo Wai Hung — Member

The RC adopted the terms of reference on 31 March 2017 and amended on 16 April 2021. Its principle functions are to:

1. make recommendations to the Board on the Company's policy and structure for all remuneration of the Directors and senior management and on the establishment of a formal and transparent procedure for developing a policy on such remuneration;

2. review and determine the specific remuneration packages for all EDs and senior management; and

3. make recommendations to the Board on the remuneration of non-executive Directors.

In carrying out their duties, the RC may obtain independent external legal and other professional advice as mentioned above, as it deems necessary, relating to the remuneration policy and in determining the level and mix of remuneration for the Directors and senior management. The expenses of such advice will be borne by the Company.

Level and Mix of Remuneration

The RC makes recommendations to the Board on remuneration packages of the EDs and senior management taking into account the performance of the Group, as well as the pay and employment conditions in the same industry and comparable companies, while aligning the EDs' interests with those of Shareholders and linking rewards to corporate and individual performance.

The INEDs receive directors' fees in accordance with their contributions and taking into account factors such as efforts, time involvement and responsibilities of the INEDs. Directors' fees are subject to approval of the Shareholders at the AGM.

The remuneration of the EDs and senior management comprises a basic salary component and a variable component. The variable component comprises a variable bonus linking to the Company's and individual performance and other variable components including the grant of share options. Details of the remuneration of Directors are set out in the Report of Directors.

The annual review of the remuneration packages of the Directors is carried out by the RC and recommendation if any is made to the Board with an aim to ensure the remuneration of the EDs and senior management is commensurate with their performance, giving due regard to the financial and commercial health and business needs of the Group. No Director should involve in deciding his/her own remuneration.

During the Financial Year, the RC held one (1) meeting to review and recommend the remuneration of the EDs and the senior management, the fees payable to the INEDs and the remuneration package of newly appointed ED and senior management.

Disclosure on Remuneration

Details of the remuneration of the Directors and top five (5) key executives' of the Group paid or payable for the Financial Year are set out in Note 29 to the financial statements.

The remuneration of senior management (other than the Directors) whose remuneration fell within the following band during the Financial Year are as follows:

	2023
RMB500,001–RMB1,000,000	1
RMB1,000,001–RMB1,500,000	2
	3

ACCOUNTABILITY AND AUDIT

Accountability

The Board aims to ensure that the interim and annual financial statements and results announcements of the Company are presented in a manner which provides a balanced and understandable assessment of the Group's performance, position and prospects. The Directors acknowledge their responsibility for preparing the financial statements of the Company for the Financial Year.

The financial statements for the Financial Year have been prepared in accordance with the International Financial Reporting Standards and give a true and fair view of the state of affairs including the operations and finances of the Group and of the Company and effective risk management and sound internal control systems are in place. The Board has received assurance confirming the same from the President and the chief financial officer of the Company (the "CFO"). It seeks to present a balanced and informed assessment of the Company's performance, position and prospects. The Board is not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Risk Management and Internal Control

The Board is responsible for the effectiveness of the overall risk management and internal control of the Group. The Board is fully aware that effective risk management and internal control play a crucial role in the sound operation of the enterprise. It believes that strengthening internal control is an important way to promote the reform of enterprise's management, achieve strong foundation, enhance efficiency and prevent risks. It is also an important measure to ensure the realization of the strategic objectives of the enterprise. Meanwhile, the Board is responsible for evaluating the nature and extent of risks the Group is willing to take in order to achieve strategic objectives, and is committed to the implementation of risk management procedures and the improvement of risk assessment framework.

Under the supervision and leadership of the Board, the management regularly reviews the Group's business and operation activities, identifies potential risks, evaluates the impact of risks under risk characteristics corresponding to different risks, and adopts timely and reasonable measures to control and mitigate such risks to ensure the effectiveness of risk management and internal control systems. The management and PricewaterhouseCoopers Business Consulting (Shanghai) Co., Limited Beijing Branch, the internal auditor, have reviewed all major control policies and procedures and will present all major potential issues to the Board and the AC.

The Board has continuously supervised the design, implementation and supervision of risk management and internal control systems of the Group, and assumed ultimate responsibility for the overall risk management and internal control systems of the Group. Meanwhile, the Board reviews the adequacy and completeness of the risk management and internal control systems of the Group and its subsidiaries every year, including all important control aspects such as finance control, operation control and compliance control. The Board also annually reviews the Company's resources, staff qualifications and competence in accounting, internal audit, financial reporting functions and those relating to the Environmental, Social and Governance ("ESG") performance and reporting, as well as the adequacy of training courses and related budgets that are received by relevant staff. In addition, the Board annually reviews the change in nature and severity of major risks (including ESG risks), the scope of work in relation to continuous monitoring of risks (including ESG risks) and internal control system by the management, and major monitoring errors or weaknesses occurred during the Financial Year.

The AC has been set up under the Board to review the Group's risk management and internal control systems so as to ensure that such systems are sound and adequate, and to protect the Shareholders' investment and the integrity, effectiveness and efficiency of the Company's assets. Internal audit of the enterprise is an important part of internal control and plays an important role in improving risk management and enhancing the value of enterprise. The Group has established an internal audit function under the management to guide, coordinate and supervise the implementation of internal control compliance by the Company and its subsidiaries. Internal audit function is responsible for ex-ante prevention, in-event coordination and planning, and ex-post supervision of risk management and internal control compliance. The Board also engaged an external institution to carry out the Group's internal control inspection in which main focus is placed on the internal control requirements by the Stock Exchange. The Group has improved risk management and internal control systems to form an internal control inspection report and supervised and assisted the management to rectify the issues identified in time. In addition, external institution also update the comprehensive risk management manual annually to ensure the standardization and compliance of the construction of the Company's comprehensive risk management system.

The risk management and internal control systems provides a reasonable (not absolute) assurance for the Group to achieve its business objectives and ensures that the Group will not be adversely affected by any reasonably predictable event in its pursuit of business objectives. However, the Board also notes the inherent limitations of internal control, and that no internal control system can provide absolute assurance in this regard, or provide absolute assurance towards major errors, misjudgement in decision-making, human mistakes, losses, frauds or other non-compliant matters. The Board believes that there is still room for further improvement in the current risk management and internal control systems. The management has pushed forwards its development and controlled risks as its main objective under internal and external changing environment and other comprehensive factors, and constantly strengthened the rationality, effectiveness and integrity of risk management and internal control systems in order to protect Shareholders' interests and safeguard the Company's assets and achieve strategic objectives.

As of 31 December 2023, according to the internal control system and enterprise's risk management framework established and maintained by the Group, and referring to the work of internal auditors and management reviews, the Board and the AC believed that the Group's internal control system and the risk management system are fully effective in coping with financial, operational, compliance and information technology risks. The Board has received written confirmations from the President and the CFO that the financial records are duly deposited and that the Company's financial statements are true and fair presentation of the Company's operation and financial conditions. The President and the CFO's confirmation also includes the effectiveness of the Company's risk management and internal control systems.

DISCLOSURE OF INSIDE INFORMATION

The Group acknowledges its responsibilities under the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong and the Listing Rules and the overriding principle that inside information should be announced immediately when it is the subject of a decision. The procedures and internal controls for the handling and dissemination of inside information are as follows:

- the Group conducts its affairs with close regard to the disclosure requirement under the Listing Rules as well as the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission of Hong Kong in June 2012;

- the Group has implemented and disclosed its policy on fair disclosure by pursuing broad and non-exclusive distribution of information to the public through channels such as financial reporting, public announcements and its website;

- the Group has strictly prohibited unauthorised use of confidential or inside information; and

- the Group has established and implemented procedures for responding to external enquiries about the Group's affairs, so that only the EDs, the Company Secretary and investor relations officers are authorised to communicate with parties outside the Group.

Audit Committee

As at 31 December 2023, the AC comprised three (3) members, all of whom including the chairman were INEDs. The chairman and members of the AC during the Financial Year were as follows:

Mr. Henry Tan Song Kok — Chairman
Mr. Zhang Hao — Member
Mr. Lo Wai Hung — Member

Mr. Henry Tan Song Kok possesses accounting and related financial management expertise and experience. The Board considers that Mr. Zhang Hao and Mr. Lo Wai Hung have sufficient financial knowledge and experience to discharge their responsibilities as members of the AC.

The AC adopted the new terms of reference on 31 March 2017 and amended on 16 April 2021. Its principal functions are to:

1. review the financial reporting process, management of financial risks and the audit process;

2. review the audit plans and results of the external auditors' examination and evaluation of the Group's systems of internal accounting control and any matters which the external auditors wish to discuss (in the absence of management, where necessary);

3. review the scope and results of the internal audit procedures;

4. review the financial statements of the Company and the consolidated financial statements of the Group before their submission to the Board and the external auditors' report on those financial statements;

5. review the interim and annual announcements on the results and financial position of the Company and of the Group;

6. review the co-operation and assistance given by the management to the Group's external auditors;

7. evaluate the cost effectiveness, independence and objectivity of the external auditors of the Company and the nature and extent of the non-audit services provided by them;

8. make recommendations to the Board on the appointment, re-appointment and remuneration of the external auditors of the Company;

9. evaluate the adequacy and adherence of the risk management and internal control systems including administrative, operating and internal accounting control of the Group; and

10. review connected transactions to ensure that they are on normal commercial terms and not prejudicial to the interests of the Company or its Shareholders.

The AC is authorised to investigate any matter within its terms of reference, and has full access to the management and resources which are necessary to enable it to discharge its functions properly. It also has full discretion to invite any Director or executive management to attend its meetings. The AC meets with the internal auditors and the external auditors separately, at least twice a year, without the presence of management, to discuss the reasonableness of the financial reporting process, to monitor and review the adequacy of audit arrangements with particular emphasis on the observations and recommendations of the external auditors.

During the Financial Year, the AC held three (3) meetings to, among others, review the scope and quality of audit by the Company's independent auditor, Ernst & Young ("EY"), the independence and objectivity of EY, the cost effectiveness of its audit and the risk management and internal control systems of the Group, the annual results for the year ended 31 December 2022 and interim results for the six months ended 30 June 2023 as well as the anti-fraud and anti-corruption policy and the whistle blowing policy. The AC also reviewed the service fee to EY. The details of annual audit fee and other assurance service fees to EY for the financial years ended 31 December 2022 and 2023 are set out below:

	2023	2022
	RMB'000	RMB'000
Annual audit fee	**2,500**	2,200
Other assurance service fee	**600**	750
Total	**3,100**	2,950

Through the AC, the Company has an appropriate and transparent relationship with EY. In the course of audit of the Group's financial statements, EY has highlighted to the AC matters that require the AC's attention. EY is invited to attend meetings of the AC for the purposes of presenting their audit plan and report as well as their comments on the audited financial statements.

The Company's annual results for the Financial Year have been reviewed by the AC.

EY's audit opinion on the consolidated financial statements of the Group for the Financial Year is set out in the "Independent Auditor's Report" on pages 115 to 119 of this Annual Report.

The AC is satisfied that EY is able to meet the audit obligations of the Company and has recommended to the Board the re-appointment of EY as the Company's independent auditor for the year ending 31 December 2024 subject to the approval of the Shareholders at the forthcoming AGM.

The Group has appointed different independent auditors for its subsidiaries in the People's Republic of China (the "PRC") in order to meet its local statutory regulations. The Board and the AC are satisfied that the appointment does not compromise the standard and effectiveness of the audit of the Company. The AC members takes measures to keep abreast of the changes to accounting standards and issues which have a direct impact on the financial statements through attendance at training and update on recent developments to accounting standards provided by professionals.

Whistle Blowing Policy

The Company has adopted a whistle blowing policy which provides a channel for employees to report serious concerns relating to financial reporting and unethical or illegal conduct.

Throughout the Financial Year, no whistle blowing report was received.

Anti-fraud and Anti-corruption Policy

The Company has established an anti-fraud and anti-corruption policy to promote and support anti-corruption laws and regulations. The Group is committed to achieving the highest standards of integrity and ethical behaviour in conducting business.

Internal Audit

To assist the Board in maintaining a sound system of internal control for the purposes of safeguarding Shareholders' investment and the Group's assets, the AC has also appointed an internal audit function team to enhance the internal controls of the Group. The internal audit function team reports to the chairman of the AC on any material weakness and risks identified in the course of the internal audit are also communicated to the management. The management will accordingly update the AC the status of the remedial action plans.

The AC reviews and approves the annual internal audit plans and reviews the scope and the results of the internal audit according to the procedures issued by the internal audit function team.

JOINT COMPANY SECRETARIES

Pursuant to the code provision C.6.1 of the CG Code, Ms. Cheng Lucy ("Ms. Cheng") of Boardroom Corporate Services (HK) Limited, the external service provider, was appointed as the Company Secretary with effect from 30 March 2020. During her engagement period, she reports to the Board and maintains contact with the President, Mr. Hu Zhiwei or his delegates.

Ms. Cheng has taken no less than 15 hours of relevant professional training during the Financial Year pursuant to Rule 3.29 of the Listing Rules.

On 28 March 2024, Ms. Mei Zhe was appointed as a joint Company Secretary, while Ms. Cheng continue to act as the other joint Company Secretary.

COMMUNICATION WITH SHAREHOLDERS

The Group acknowledges the importance of timely and equal dissemination of material information to the Shareholders, investors and public at large. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly as soon as practicable.

The AGM remains the principal forum for dialogue with Shareholders. Shareholders are encouraged to participate in the proceedings and ask questions about the resolutions being proposed at the AGM and the operations of the Group.

Corporate Governance Report

The Company has conducted roadshows regularly in Hong Kong and the PRC for business update and actively arrange for communications with Shareholders/investors in the light of specific progress of various projects in Hong Kong and other regions and areas. The Company strived to enable a comprehensive exchange of opinions and mutual understanding between Shareholders/investors.

The AoA allows a member of the Company (the "Member") entitled to attend and vote at the meeting of the Company to appoint one or more proxies to attend and vote on behalf of him/her and also provides that a proxy need not be a Member. Voting in absentia by facsimile or email is not currently permitted to ensure proper authentication of the identity of Shareholders and their voting intentions.

The chairmen of the AC, RC and NC are usually available at the AGM to answer any questions from the Shareholders relating to the work of these Board Committees. The Company's independent auditor is invited to attend the AGM and will assist the Directors in addressing queries from the Shareholders relating to the conduct of the audit and the preparation and content of the independent auditor's report.

During the Financial Year, notice of at least 21 days was given to the Shareholders for the 2023 AGM. Sufficient notice was given in accordance with the AoA and the laws of British Virgin Islands in which the Company is incorporated.

To safeguard Shareholders' interests and rights, a separate resolution is proposed for each substantial issue at Shareholders' meetings, including the election of individual Director. All resolutions put forward at Shareholders' meetings will be voted by poll pursuant to the Listing Rules and poll results will be published on the respective websites of the Company and Stock Exchange after each Shareholder's meeting.

Minutes of general meetings include substantial and relevant queries or comments from the Shareholders relating to the agenda of meeting and responses from the Board and management. These minutes would be available to the Shareholders upon their request.

The Company organises briefings and meetings with analysts and fund managers regularly to provide them with a better understanding of its businesses. In addition, the Company appointed Zhixin Investor Relations Consultant Limited (智信財經公關顧問有限公司) as its investor relations consultant to promote investor awareness for the Company.

The Group maintains a corporate website at www.china-newtown.com which contains the Company's publicly disclosed financial information, annual reports, interim reports, news releases, announcements and corporate developments.

Policy relating to Shareholders

The Company has in place a shareholders' communication policy to ensure that Shareholders' views and concerns are appropriately addressed. The policy is regularly reviewed to ensure its effectiveness.

Shareholders and potential investors are welcome to communicate with the Company or put forward enquiries, direct questions, request for publicly available information and provide comments and suggestions to the Board or management of the Company by any of the following ways:

Email	:	ir@china-newtown.com
Contact Number	:	+852 3643 0200
Fax Number	:	+852 3144 9663
Address	:	Suite 6508, Central Plaza,18 Harbour Road, Wanchai, Hong Kong.

During the Financial Year, the Board has reviewed the implementation and effectiveness of the shareholders' communication policy. Having considered the steps taken at the general meetings, the handling of queries received (if any) and the multiple channels of communication and engagement in place, the Board is of the review that the shareholders' communication policy has been properly implemented during the Financial Year and is effective.

Policy on Payment of Dividends

The Company has adopted a dividend policy (the "Dividend Policy"), pursuant to which the Company gives priority to distributing dividend in cash and shares its profits with its shareholders. The dividend payout ratio shall be determined or recommended, as appropriate, by the Board at its absolute discretion after taking into account the Company's financial results, future prospects and other factors, and subject to:

- the AoA;
- the applicable restrictions and requirements under the laws of the British Virgins Islands;
- the availability of dividends received from the subsidiaries in the PRC;
- earnings and financial performance;
- operating requirements; and
- capital commitments.

The Board will review the Dividend Policy from time to time and reserve its right in its sole and absolute to update, amend, modify and/or cancel the Dividend Policy. There can be no assurance that dividends will be paid in any particular amount for any given period.

SHAREHOLDERS' RIGHTS TO CONVENE AND PUT FORWARD PROPOSALS AT EXTRAORDINARY GENERAL MEETING ("THE EGM")

Pursuant to the AoA, EGMs may be convened by the Board on requisition in writing of the Shareholders holding not less than one-twentieth of the total voting rights of the matter for which the meeting is being requested. The written requisition shall be made to the Board or the Company Secretary at the business address or registered office address which are set out in the Corporate Information of this Annual Report, to request an EGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionists themselves may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

COMPLIANCE WITH MODEL CODE AND SECURITIES TRADING

The Company has adopted the Model Code as the code of conduct regarding securities transactions by the Directors. Specific enquiries had been made by the Company to all the current Directors who have confirmed that they had complied with the required standard as set out in the Model Code throughout the Financial Year.

The Company has also established the Securities Code for its employees who are likely to be in possession of unpublished price-sensitive information of the Company. It prohibits the Directors and employees from dealing in the Company's shares on short-term considerations and during the period commencing 30 days before the publication of the Company's financial results for each of the first six months of the financial year and 60 days before the publication of the Company's full year financial results (or, if shorter, the period from the end of the relevant financial period or year up to the publication date of the results).

No incident of non-compliance of the Securities Code by the employees was noted by the Company.

CONSTITUTIONAL DOCUMENTS

There was amendment made to the constitutional documents of the Company during the Financial Year. The Shareholders approved to amend the existing AoA and to adopt an amended and restated memorandum and AoA of the Company at the AGM held on 16 June 2023 in order to (i) bring AoA in line with the core shareholder protection standards set out in Appendix 3 to the Listing Rules which took effect on 1 January 2022; (ii) reflect certain updates in relation to the applicable laws of the British Virgin Islands; and (iii) to make some housekeeping amendments.

Pursuant to Rule 13.90 of the Listing Rules, the Company has posted its memorandum of association and AoA on the respective websites of the Stock Exchange and the Company.

MATERIAL CONTRACTS

Save as the service agreements between the Directors and the Company, there were no material contracts entered by the Company or its subsidiaries involving the interests of the President, any Director or controlling shareholders subsisting during the Financial Year or at the end of the Financial Year.

CONCLUSION

The Company recognizes the importance of good corporate governance practices for maintaining and promoting investor confidence. The Board will continue to review and improve its corporate governance practices on an ongoing basis.

Environmental, Social and Governance Report

I. PREAMBLE

Following the successful convening of the 28th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP28) in late 2023, global awareness regarding the critical importance of sustainable development and the pressing necessity for substantial, swift, and sustained reductions in worldwide greenhouse gas emissions has been reignited. In the convention, countries were committed to limiting the global temperature increase to 1.5 degrees Celsius above pre-industrial levels, addressing the need to transition away from fossil fuels and accelerating adaptation measures to prevent climate-related loss and damage. This collective commitment underscored a global recognition of the multifaceted challenges posed by climate change while various climate-related policies are predicted to be enforced by countries.

2023 marked the midpoint of China's 14th Five-Year Plan (2021–2025), which is a strategic blueprint illustrating China's commitment to environmental stewardship, pollution reduction, enhanced energy efficiency, and resource conservation. Among all, China aims for an 18% reduction in carbon dioxide emissions per unit of Gross domestic product ("GDP") and a 13.5% decrease in the energy consumption per unit of GDP. Therefore, China has been actively reshaping its development approach, integrating environmental considerations into its economic expansion, with a focus on achieving high-quality economic growth while simultaneously upholding rigorous environmental protection standards. Furthermore, in tandem with the international trend towards sustainable development and equality, China has established a robust legal framework to empower and protect the rights and interests of women and children, reflecting its determination to advance social equity and justice.

In 2023, the global community witnessed a gradual recovery from the COVID-19 pandemic ("the pandemic"), marked by the easing of preventive measures like social distancing and lockdowns. Simultaneously, people increasingly directed their attention towards the pressing issues of climate change and sustainability, causing a significant shift in societal focus. This heightened awareness stemmed from a collective realisation that the challenges posed by environmental issues are not only persistent but also demand urgent action. Therefore, as individuals adapted to the new normal in the post-pandemic era, the impact of climate change on the planet and its inhabitants became a central concern and has spurred discussions and initiatives, shaping a new collective mindset that acknowledges the interconnectedness of global health and ecological well-being.

In pursuit of our mission to advance the urbanisation level in the region and enhance citizens' living standards, China New Town Development Company Limited (the "Company") and its subsidiaries (collectively known as the "Group") are unwaveringly dedicated to the shared objective of sustainable development and curbing greenhouse gas ("GHG") emissions. Leveraging our financial robustness, extensive network resources, substantial experience in urbanization, and a forward-looking sustainability vision, the Group is committed to creating shared value for all stakeholders.

Amid the rapid urbanisation unfolding in China, the Group remains unwavering in its commitment to handle the risks and opportunities of this trend through the lens of sustainability. Demonstrating a resolute dedication to corporate responsibility, the Group has spared no effort in harmonizing its business operations with environmental, social, and governance ("ESG") policies. In addition, the Group recognises ESG advancements and regulatory compliance as components for prosperity, business opportunities and brand image while viewing them as catalyst to its ongoing success. To deepen the Group's engagement with ESG matters, it has integrated a comprehensive ESG management strategy into its "investment + downstream operation" business model, ensuring that environmental and societal concerns are seamlessly woven into every aspect of new town development. In doing so, the Group not only fulfils its corporate responsibilities but also positions itself as a leader in sustainable and inclusive urban development.

II. ABOUT THE REPORT

In compliance with the requirement under Appendix C2 — Environmental, Social and Governance Reporting Guide (the "ESG Guide") of Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") under the "Comply or Explain" provision, the Group is pleased to present its eighth ESG Report (the "Report") for the year ended 31 December 2023 ("FY2023"), which demonstrates the Group's approaches and performance in terms of ESG management and corporate sustainable development for FY2023. For corporate governance related information, please refer to the Group's 2023 Annual Report.

Boundary Setting

The Report utilises the operational control approach, encompassing businesses where the Group holds complete authority in operating policy formulation and execution. As such, the Report primarily analyses the environmental and social performance of the Group's office in the Hong Kong Special Administrative Region ("Hong Kong"), offices in Beijing, Nanjing, Shanghai, Wuhan and Shenyang in the People's Republic of China (the "PRC"). In addition, the Report covers the property managed by the Group's subsidiary, namely the Optical Valley New Development International Centre (光谷新發展國際中心).

In showcasing the commitment to ESG management and providing a more comprehensive overview, the Group has expanded the reporting boundary of the Report to include the Optical Valley New Development International Centre since 2022. The Centre is situated in the Wuhan Optical Valley High-tech Development Zone, a nationwide renowned optoelectronic and semi-conductor industry base with a total floor area of 172,496 m^2, offering flexible coworking tailored for both start-up companies and individuals.

Reporting Principles

The Report applies the reporting Principles as stated in the Stock Exchange's ESG Guide as the backbone, preparing the report content following the principles of Materiality, Quantitative, Balance and Consistency. The subsequent part provides a detailed account of how these principles have been integrated and applied across various facets of the Report.

Materiality:

To comprehensively identify material ESG issues, the Group undertook stakeholder engagement and materiality assessment to gain insights from key stakeholders. The science-based materiality assessment highlighted ESG matters that are pivotal to the Group's sustainable development and stakeholders' interests. For further information regarding the processes and results, please refer to the "Stakeholders Engagement" section.

Meanwhile, the Group thoroughly reviewed its GHG profile, disclosing both Scope 1 and Scope 2 GHG emissions in the Report. The Group has endeavoured to follow the recommendations of the Task Force on Climate-Related Financial Disclosure ("TCFD") to offer informative climate disclosure, despite the fact that the nature of the business is not inherently carbon-intensive.

Quantitative:

To transparently demonstrate the Group's ESG performance, the Report discloses the Group's ESG-related data quantitatively, with calculation methods, assumptions and conversion clearly stated in the footnote of the corresponding performance tables for reference. Notably, a Sankey Diagram has been incorporated into the Report to visually illustrate the geographical distribution of the Group's GHG footprints, enhancing data presentation. Following the Key Performance Indicators ("KPIs") outlined in the ESG Guide, an overview of the Group's environmental and social performance was included at the end of the Report.

Balance:
To impartially present the Group's current sustainability progress, the Report covers identified ESG achievements and areas for improvement in the year under review. The Group summarised its ESG data without intentional omissions, providing a comprehensive and objective account.

Consistency:
To ensure effective monitoring in ESG development, the Report has consistently adhered to the framework in the ESG Guide. In specific, the Report has adopted the same computation methods and scope as in previous years for meaningful comparison. In the event of any significant changes in calculation methodologies, KPIs or reporting framework, a detailed explanation will be provided accordingly.

Information Disclosure
The Report's information was gathered through channels including the review of internal policies from different subsidiaries of the Group, the factual evidence of the implementation of ESG practices in the Group, the feedback from staff via online surveys in the format of quantitative and qualitative questions based on the reporting framework, and the verified statistics of the Group's annual performance in business operations and sustainable development.

To deliver a more formalised ESG report that appeals to our local and global readership, the Group also referenced to internationally recognised framework during report preparation. A complete content index and a Global Reporting Initiative Standards ("GRI Standards") linkage table are available at the end of this ESG report for readers' convenience to check its integrity.

The Group will publish the Report in respect of the financial year ended 31 December 2023 on the websites of the Stock Exchange (www.hkexnews.hk) and the Company's website (https://www.china-newtown.com/en/) at the same time as its Annual Report is published. The Report will be accessible under the "Investor Relations" section of the Company's website.

The Report was prepared in both English and Chinese. If there is any conflict or inconsistency, the English version shall prevail.

III. SUSTAINABILITY MANAGEMENT

The Group values responsible business practices while striving to transit towards sustainable business mode. Throughout the years, the Group has been refining its sustainability management strategies to build a resilient, diverse and well-organised governance framework. The goal of the Group is to address ESG risks in a proactive manner while seizing ESG opportunities.

The Board of Directors (the "Board") takes a leadership role in guiding the Group towards sustainability. Employing the "Top-down" approach, the Board formulates and oversees ESG policies by enhancing communication and coordination across all levels of employees. In addition to monitoring the effectiveness of various ESG policies and reviewing the annual ESG Report, the Board is also responsible for identifying potential ESG-related risks and adjusting the Group's development approaches accordingly. For instance, the Board regularly gains ESG updates and insights from the annual Materiality Assessment and regular reporting of the management teams and company secretary to ensure the Group effectively manages and controls ESG risks. The Board also emphasises risk management and endeavours to strengthen risk management through well-defined sustainability metrics and the functioning of internal control systems.

The management teams, delegated by the Board, bear the responsibility of overseeing and monitoring the execution of sustainability practices while offering solutions to challenges that may arise during real implementation. The general employees are obligated to adhere to the outlined action plans and report practical difficulties during daily operations to the management. Each part of the Group systematically fulfils its respective responsibilities while collaborating effectively with each other to facilitate robust ESG management.

In view of the increasing global concern over sustainability and the popularisation of the Beautiful China Initiative, the Group is committed to allocating resources to ESG governance to excel in this area. Since FY2021, the Group has established a set of well-defined and long-term sustainability targets, directing employees towards success in building a resilient and sustainable enterprise. All the targets and metrics employed to track the progress are applicable to the Group's diverse businesses while closely relating to the Group's operations as well as sustainability plans. The Board reviews and monitors the performance and progress of the Group in achieving the well-established goals on an annual basis.

Moreover, the Group is planning to establish an ESG committee to support the Board in the management of ESG issues. Comprising members with expertise in relevant fields, including employees with membership of the Institute of Singapore Chartered Accountants Sustainability and Climate Change Reporting Committee, the committee is deemed to provide the Board with timely ESG information. For instance, the committee will present the progress, budgets and the latest policies to the Board, enabling it to make appropriate and informed decisions.

ESG Management

Board of Directors

- Determining the Group's sustainability approaches and direction
- Overseeing and formulating ESG policies based on identified ESG risks and opportunities
- Approving the materiality assessment results
- Taking the ultimate responsibility for ESG issues

Management Teams

- Monitoring ESG policy execution at the operational level
- Offering solutions to challenges in real operations
- Reporting material ESG issues and important ESG updates to the Board
- Coordinating stakeholders to conduct the materiality assessment

Employees Across All Departments

- Adhering to the outlined ESG action plans
- Reporting practical difficulties during operations to the management
- Giving meaningful opinions in the materiality assessment

Top-down approach emphasising communication and coordination

IV. BOARD STATEMENT

Dear valued stakeholders,

In 2023, business activities resumed with the cancellation of pandemic preventive measures. Following the "new urbanisation strategy" outlined in the 14th Five-Year Plan and China's perspective that urbanisation and cities are crucial for economic growth, we reckon tremendous development projects are ahead. Hence, we are dedicated to realising urbanisation with ESG factors taken into account, bringing a bright future for all.

ESG development strategy

Notably, the world experienced a remarkable recovery from the ripple impacts of the pandemic while entering the new normal in 2023. Even though advancing urbanisation facilitates our business development, we acknowledge the associated environmental pollution and social disparity, striving to leverage our professionalism to address the problems.

After the pandemic, we reckon that people are paying more attention to ESG issues, with the belief that the economy, environment and society are equally important. We are committed to properly addressing our stakeholders' concerns and aligning our business strategies with their expectations. As such, in 2023, we conducted stakeholder engagement and materiality assessment to gather stakeholders' opinions on diverse ESG issues. After thorough analysis, we enhanced our business strategies, directions and approaches based on the identified material ESG issues approved by the Board.

Furthermore, our dedication to responsible investment aligns with our core value of discerning and converting potential risks into opportunities. As a prominent player in new town development, we aim to be a role model to facilitate the industry to adopt sustainable practices. In specific, we design, build and manage new towns sustainably by incorporating ESG considerations in the stage of project screening and supplier selection. Besides, we integrate ESG factors into our "investment + downstream product operation" business model, only engaging in projects that value sustainability. In 2023, we not only strengthened our ESG efforts and achieved notable progress, but also made substantial contributions to the United Nations Sustainability Development Goals ("SDGs").

To boost our ESG improvement, we have also set specific ESG goals and targets that are related to our business operations. As a new-town development player, we analyse our ESG performance annually, especially our environmental performance, and disclose relevant information in the ESG Report. The Board reviews and approves the result to understand the Group's progress and achievements, thereby adjusting and refining the ESG goals, targets, strategies and measures.

Response to climate change

In 2023, climate change took centre stage as the increased frequency and severity of extreme weather events highlighted the threats. As demonstrated in the COP28, nations across the globe are determined to slow down climate change and enhance climate adaptation. For China, it has maintained its commitment to the "Dual Carbon Goals", aiming to peak carbon emissions by 2030 and achieve carbon neutrality before 2060. To curb GHG emissions and reduce national carbon footprints, it is expected that China will implement more stringent environmental policies and standards in the future.

In view of the global and national trends, we are committed to reducing our operational GHG emissions to contribute to the 1.5-degree Celsius goal. For instance, we have established emission and resource consumption targets to boost improvement. To comprehensively analyse our carbon profile for meaningful target setting and policy formulation, we clearly defined the reporting scope and quantified our GHG emissions. Meanwhile, we are exploring the possibility of applying climate scenario analysis to enhance the identification of potential climate-related risks and opportunities. We take the view that preparing for climate change fosters the Group's long-term prosperity. Therefore, we actively identify corresponding risks while developing mitigation measures to minimise adverse impacts and loss. For more information about our environmental targets and corresponding actions, please refer to the sub-section Goals and Actions.

Strong governance framework

In the year under review, we maintained a robust ESG governance and management system. Applying the top-down management approach, the Board continued its ultimate responsibility to oversee the Group's ESG approaches, shouldering the utmost responsibility for ESG matters. Meanwhile, the Group's dedicated management team executed, tracked and supervised the outlined ESG policies at the operational level. The Group valued the insights of its employees and believed their suggestions enhance the ESG policies' practicality. Therefore, the Group coordinated and communicated with general and frontline employees to facilitate the ESG policy execution.

In FY2023, we stayed alert to market dynamics and regulatory updates to ensure our ESG compliance. Meanwhile, we are going to establish a specific ESG Committee to enhance our ESG governance. The committee will be tasked with handling ESG issues and facilitating the Board's oversight when substantial risks are identified.

Looking ahead

Referencing the Proposals for Formulating the 14^{th} Five-Year Plan (2021–2025) for National Economic and Social Development and the Long-Range Objectives Through the Year 2035 (中共中央關於制定國民經濟和社會發展第十四個五年規劃和二零三五年遠景目標的建議) that strives to facilitate green development and human well-being, we will place more emphasis on environmental protection and poverty elimination. Our primary focus in the coming year will be fulfilling environmental commitments, demonstrating corporate social responsibilities and enhancing the governance framework. We aspire to foster green practices adoption within the Group while gradually influencing our peers and becoming an industry ESG leader.

On behalf of the Board of Directors, we would like to express our gratitude to the stakeholders for their support in the journey towards sustainability. We highly value the efforts, insights, and professional opinions contributed by all parties involved.

Best regards,

Hu Zhiwei
Executive Director and President
China New Town Development Company Limited

V. STAKEHOLDER ENGAGEMENT

The Group's Stakeholder

Since the Group appreciates stakeholders' opinions, it has interacted with both internal and external stakeholders to understand their concerns and expectations through stakeholder engagement and materiality assessment. Aiming to maintain robust and reliable stakeholder relationships, the Group has fostered meaningful communication with its key stakeholders through channels outlined in the following table.

Stakeholders	Expectations and concerns	Communication Channels
Government and regulatory authorities	— Compliance with laws and regulations — Anti-corruption policies — Occupational health and safety — Fulfilment of tax obligations — Social contribution	— Supervision on the compliance with local laws and regulations — Routine reports and tax payments
Shareholders	— Return on investments — Corporate governance — Business ethics — Information disclosure	— Regular reports — Announcements — General meetings — Official website of the Group — Investor briefings — Research reports

Stakeholders	Expectations and concerns	Communication Channels
Employees	— Protect the legitimate labour rights and interests of employees — Health and safety in the workplace — Eco-friendly daily operations — Internal training and development opportunities — Undertake the social responsibility of the state-owned enterprise — Promote local employment and develop educational projects — ESG regulation compliance — Risk management	— Performance appraisals — Regular meetings and training — Emails, notice boards, hotline, team building activities with the management — Focus groups
Customers	— Production quality assurance — Protection of customers' privacy and rights — Insistence on sustainable development strategy	— Customers' satisfaction surveys — Face-to-face meetings and onsite visits — Customer service hotline and emails
Suppliers	— Fair and open procurement — Win-win cooperation — Environmental protection — Protection of intellectual property rights — Long-term business relationship — Law compliance — ESG governance	— Open tender — Contracts and agreements — Suppliers' satisfaction assessment — Telephone discussions — Face-to-face meetings and on-site visits — Industry seminars
Professional organisations	— Policy formulation regulating the practice of employees and business operations — Resilience building and adaptability enhancement	— Telephone discussions — Questionnaires and Online engagement — Face-to-face meetings (private or AGMs)
General public	— Involvement in communities — Business ethics — Environmental protection awareness	— Media conferences and responses to enquiries — Public welfare activities — Face-to-face interview — Corporate website

When people shift their focus to sustainability, there is a growing focus on the United Nations SDGs. As such, the Group actively integrates the SGDs into its business objectives to publicly demonstrate its ESG commitment. Referencing the SDG Impact Standards, the Group has optimised its strategies, management approach, solutions and services to realise and contribute to the sub-targets of the SDGs. For further details on the Group's ESG strategies, programs, and goals that support specific SDGs, please refer to the section below.

The SDGs Alignment

Transparency

- Providing annual ESG performance disclosure in a unbiased way

Strategy

- Committing to responsible operations while considering the environmental and social aspects
- Understanding the relationship between various SDGs and the Group's business activities
- Determining the Group's material SDGs through stakeholder's engagement
- Establishing policies and targets that aligned with the SDGs

Governance

- Monitoring the ESG trends and updates
- Identifying ESG risks and opportunities through communication and reporting
- Utilising a top-down approach to ensure effective policy implementation within the organisation

Management Approach

- Integrating sustainability strategy into the Group's development approach
- Considering material SDGs topics in decision-making
- Striving for ongoing improvement in ESG reporting, management and performance through stakeholder engagement

In FY2023, the Group conducted an online survey to gather its stakeholders' opinions, striving to determine their concerns and priorities related to SDGs. On top of the five prioritised SDGs identified in FY2022, namely, Goal 3 (Good health and well-being), Goal 4 (Quality education), Goal 5 (Gender equality), Goal 6 (Clean water and sanitation) and Goal 7 (Affordable and clean energy), the Group further identified Goal 1 (No poverty) and Goal 13 (Climate action) as its focus areas among the 17 SDGs in the year under review. To formulate approaches and policies that meet stakeholders' expectations, the Group is dedicated to allocating additional resources to these areas and establishing metrics to monitor the progress.

Corporate realisation of the United Nations SDGs

3 GOOD HEALTH AND WELL-BEING

Issues related to the health and well-being of people have always been in the spotlight, and they are catching more attention after the pandemic when people realise public health and economic development are equally important. Since the Group fully understands how public health threats affect its operations and business prosperity after the hard times of the pandemic in the past few years, it is dedicated to ensuring healthy lives for all and building a community with adequate health protection.

Notably, the Group has undergone different healthcare and retirement projects, such as the specific planning approval and construction of the Junzhuang Project, to facilitate childcare and elderly-care services in the community. Even though the pandemic has relieved, the Group still continues to monitor the related updates, striving to act in a prompt manner to lower everyone's health risks. Besides, the Group provides its employees with medical insurance and subsidies while offering occupational health and safety training.

Target: *The Group strives to maintain zero work-related injuries or incidence of occupational hazard in next five years*

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4 QUALITY EDUCATION

Believing knowledge is a fundamental component for improvement and prosperity, the Group is dedicated to promoting fair and quality education. The Group takes the view that learning empowers everyone, bringing benefits in various aspects, including but not limited to increasing productivity, enhancing public health and facilitating environmentally friendly practices.

The Group integrates diversified education components in its urbanisation projects to ensure accessible learning opportunities in the new community, contributing to a fair and quality education system. Besides, the Group has built an international bilingual K-12 school and a Reigate Grammar Bilingual School through the Kaiyuan Education Fund LP.

Since the Group emphasises lifelong learning opportunities, it offers regular training for its employees to advance their technical skills and widen their horizons. To encourage continuous learning, the Group utilises digital technologies to organise online programs, including QingXueTang (輕學堂), HuiXianMingJia (匯賢名家) and LeBanBan (樂班班). The Group actively encourages its employees to grasp learning opportunities to strengthen their skills by establishing the "Learn weekly" (周周學) initiative.

Target: *The Group strives to provide at least one training to each employee every year*

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5 GENDER EQUALITY

Since women and girls account for around half of the world's population, representing tremendous potential and productivity, it is crucial to consider their contributions and ideas. Realising both genders are of great importance to the Group's operations, it strives to ensure both genders achieve fair treatment and reasonable compensation while maintaining a balanced ratio between male and female employees.

In the year under review, the Group employed 48 female employees, accounting for 37.50% of the total workforce. Meanwhile, the Group arranged training for 43 female employees, with a total of 210 training hours. The Group has also formulated effective internal policies to avoid gender discrimination. For instance, strict instructions illustrate that promotion, retirement and training decisions must be made without gender consideration.

Target: *The Group strives to eradicate work-related gender discrimination or sexual harassment within the Group*

6 CLEAN WATER AND SANITATION

While clean water is vital for human survival, its availability is limited, and only a privileged few enjoy easy access to it. Meanwhile, water scarcity has recently become a hot topic due to the disruptive impact of extreme weather on rainfall patterns, resulting in shortages in certain regions. In view of the increasing concern over stable water supply, the Group is dedicated to incorporating water infrastructure and sanitation facilities into its urbanisation projects, ensuring consistent clean water supply to meet the basic needs of residents.

Meanwhile, although the Group's operations have not been associated with substantial water consumption or water sourcing difficulties, the Group actively manages its water usage by implementing effective water-saving measures to lower the water consumption intensity. For instance, the Group promptly addresses any leaks in the water supply system once any leaks are spotted.

Target: *The Group strives to maintain its water consumption intensity at the level of FY2023 and aspire to gradually reduce its water consumption intensity on a yearly basis*

7 AFFORDABLE AND CLEAN ENERGY

Energy sectors have always been major contributors to climate change as burning fossil fuels emits significant amount of GHGs. However, energy is essential for business operations as it boosts productivity and thereby enhances performance.

To this end, the Group is dedicated to transitioning towards sustainable alternatives in order to simultaneously reduce energy-related GHG emissions and maintaining operational efficiency. Meanwhile, the Group has implemented various energy-saving measures internally, striving to decrease its carbon footprints through energy consumption reduction. In addition, the Group analyses the energy requirements of projects during preliminary research and remains dedicated to excluding energy-intensive urbanisation projects.

Target: *The Group strives to seek opportunities and adopt innovative technologies to lower its energy intensity further*

1 NO POVERTY

In recent years, the pandemic has caused a significant disruption to business operations and imposed restrictions on economic activities, resulting in declines in economic output and a surge in unemployment rates. Consequently, the number of jobless individuals has risen, and people's living standards have been adversely affected.

Despite these challenging economic circumstances, the Group remains steadfast in its commitment to enhancing the living quality of citizens by participating in charitable events. For instance, the Group generously contributed funds to the Wuxi Transportation Charity Fund (無錫交通愛心慈善基金) to help with poverty alleviation. Meanwhile, the Group also donated clothes to impoverished children, demonstrating the Group's commitment to helping the underprivileged.

Target: *The Group strives to allocate more resources to assist vulnerable groups*

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13 CLIMATE ACTION

Climate change is an urgent and paramount issue that demands the attention and actions of everyone, as its consequences pose long-term threats to human existence. Concerted efforts are needed to limit the rise of global temperature to below 2ºC above pre-industrial levels in order to prevent devastating damage. Meanwhile, enhancing climate adaptation and resilience is of great importance in mitigating potential climate-related risks.

Recognising the correlation between GHG emissions and climate change, the Group is dedicated to lowering its operational carbon emissions by decreasing electricity usage and gasoline demand for transportation. For instance, the Group prioritises energy-efficient equipment while ensuring its corporate vehicles maintain a high level of energy efficiency. In the meantime, the Group takes a proactive approach to identify its climate-related risks, striving to implement mitigation measures promptly while enhancing its resilience to minimise the adverse climate impacts on its operations.

Target: *The Group strives to closely monitor its specific climate-related risks and take corresponding actions to minimise the negative impacts*

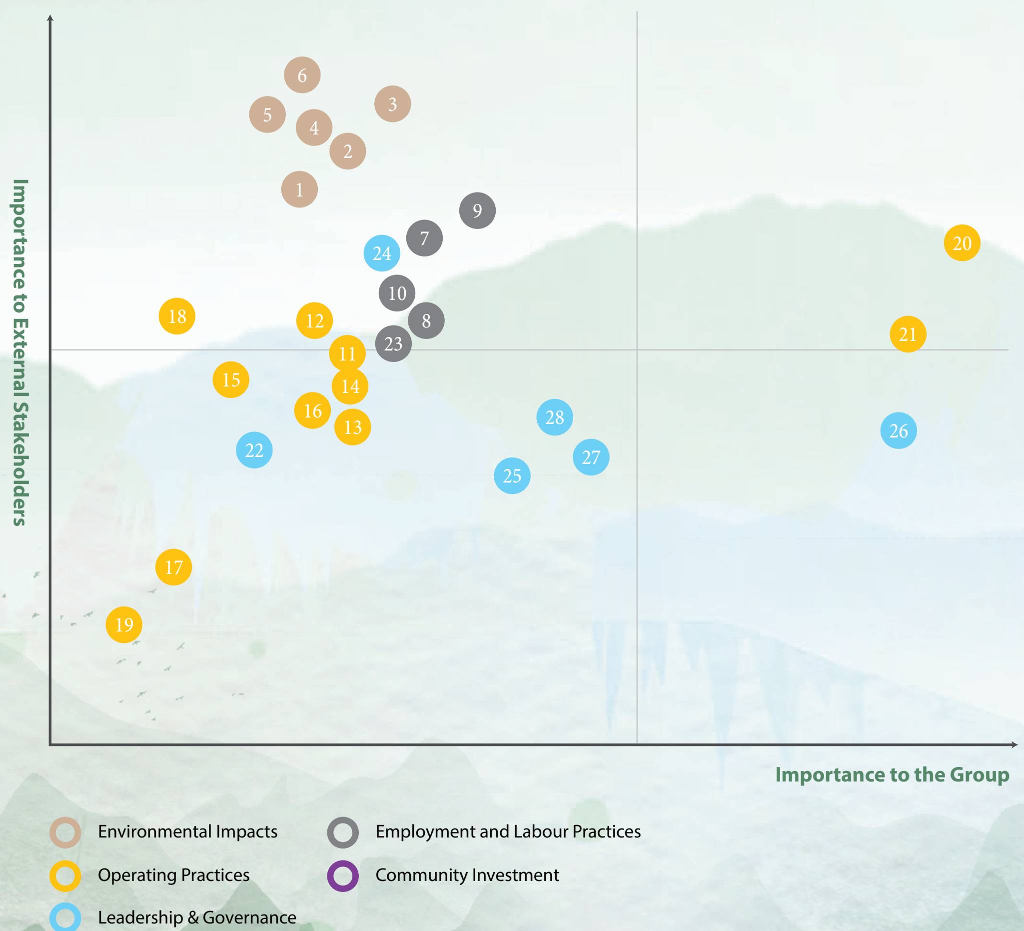
Materiality Assessment

It is evident that businesses with different characteristics and business models face various ESG risks and opportunities. Therefore, it is crucial to identify the Group's specific ones and address them promptly. Every year, the Group conducts a materiality assessment survey with its identified key stakeholders to update their primary concerns regarding ESG issues.

In FY2023, the Group conducted stakeholder engagement activities by entrusting a third-party agency, striving to enhance the credibility and objectivity of the materiality assessment. Based on influence and dependence on the Group, the Group identified and categorised its key internal and external stakeholders. In specific, the Group referenced the principles illustrated in ISO 26000 (Guidance on Social Responsibility) to weighted and prioritised stakeholders following criteria such as legal obligations, power of influence, significance in the value chain and willingness for engagement. Representatives from each identified key stakeholder group were then invited to participate in the online survey, expressing their opinion on a list of ESG matters deemed material to the Group's business development. In FY2023, the Group invited suppliers/business partners, customers, general employees, managerial staff, senior management and independent non-executive directors to participate in the survey. In order to highlight the matters of greatest concern to stakeholders, the Group thoroughly analysed the survey results, using a materiality matrix to present the data. The Group values the assessment results while applying them as a reference to direct its ESG strategies and action plans.

The Group strives to determine relevant and material stakeholders to enhance the meaningfulness and effectiveness of the materiality assessment. As such, the Group has formulated a transparent and fair process to facilitate the assessment and generate informative insights for decision-making. To prioritise the stakeholder, the Group applies the "Analytic Hierarchy Process" ("AHP"), which is a structured technique of assigning weights to different groups by pairwise comparisons. In particular, the Group utilises the following six criteria, including Vulnerability, Influence, Legitimacy, Willingness for engagement, Contribution and Necessity of involvement, for the comparisons among the stakeholder groups. The final outcome is generated with a permissible limit of Consistency Ration ("CR"), with the weighting of each stakeholder group applied to the topic materiality assessment.

Stakeholder Engagement Materiality Matrix



Materiality Assessment Factors

1.	GHG Emissions	**15.**	Product/Service Quality and Safety
2.	Energy Management	**16.**	Customer Privacy and Data Security
3.	Water and Wastewater Management	**17.**	Marketing and Promotion
4.	Solid Waste Stewardship	**18.**	Intellectual Property Rights
5.	Climate Change Mitigation and Adaptation	**19.**	Labelling Relating to Products/Services
6.	Renewable and Clean Energy	**20.**	Business Ethics and Anti-corruption
7.	Labour Practices	**21.**	Internal Grievance Mechanism
8.	Employee Remuneration and Benefits	**22.**	Participation in Philanthropy
9.	Occupational Health and Safety	**23.**	Cultivation of Local Employment
10.	Employee Development and Training	**24.**	Support of Local Economic Development
11.	Green Procurement	**25.**	Business Model Adaptation and Resilience to Environmental, Social, Political and Economic Risks and Opportunities
12.	Engagement with Suppliers	**26.**	Management of the Legal and Regulatory Environment (Regulation-compliance Management)
13.	Environmental and Social Risk Management of Supply Chain	**27.**	Critical Incident Risk Responsiveness
14.	Supply Chain Resilience	**28.**	Systemic Risk Management (e.g. Financial Crisis)

As shown in the above materiality matrix, "Business Ethics and Anti-corruption" and "Internal Grievance Mechanism" were classified as the foremost significant ESG issues of the Group. To address stakeholders' concerns, the Group is committed to focusing on the risks and opportunities management in these areas. Relevant management measures are discussed in different sections of this report.

Stakeholders Feedback

As the Group strives for excellence, the Group welcomes stakeholders' feedback and advice on the improvement of corporate ESG approach and performance, especially under the topics listed as the highest importance in the materiality assessment. Readers are also welcome to share their views with the Group at http://www.china-newtown.com/Contact-Us/Contact-Us.

VI. ENVIRONMENTAL SUSTAINABILITY

Embracing President Xi's philosophy that "Lucid waters and lush mountains are invaluable assets" (綠水青山就是金山銀山), the Group believes the environment is a fundamental component of its development and prosperity. The Group has always emphasised environmental protection, striving to safeguard precious natural resources and reducing operational nuisances. Therefore, the Group has actively incorporated environmental protection and sustainability in its management approaches and decision-making. Over the years, the Group has endeavoured to strengthen its environmental management to effectively implement sustainable practices while transitioning to green operations.

In view of the escalating extreme weather events, nations realise the importance of curbing carbon emissions and realising the 1.5-degree Celsius temperature rise (above pre-industrial levels). China, our major operating venue, has formulated an ambitious "30.60" national goal, aspiring to peak its carbon emission in 2030 while achieving carbon neutrality in 2060. Recognising the global and national efforts, the Group has formulated relevant policies to limit its GHG emissions across various scopes, striving to support and contribute to worldwide and national goals.

The Group has integrated environmental aspects into its "urbanisation investment" and "downstream operation" business portfolio. For instance, the Group considers environmental factors in decision-making, prioritising low-carbon business activities and investments. In the investment for livelihood improvement project, the Group takes into account the project's environmental compliance and ecological benefits, aiming to screen truly sustainable projects that create value for future generations. Meanwhile, the Group promotes the use of intelligent technologies to enhance natural resources management while adopting high energy efficiency equipment to reduce overall consumption.

In FY2023, the Group adhered to relevant environmental laws and regulations in cities of the PRC and Hong Kong, including the following:

- Waste Disposal Ordinance (Cap. 354 of the Laws of Hong Kong);
- Environmental Protection Law of the People's Republic of China (中華人民共和國環境保護法);
- Environmental Impact Assessment Law of the People's Republic of China (中華人民共和國環境影響評價法); and
- Energy Conservation Law of the People's Republic of China (中華人民共和國節約能源法).

This section primarily includes the Group's environmental-related policies, practices, and quantitative data related to emissions, use of resources, the environment and natural resources as well as climate change in FY2023.

A.1 Emissions

In FY2023, the Group adhered to the applicable laws and regulations related to air and GHG emissions, discharges into water and land, generation of hazardous and non-hazardous wastes, and noise that have a significant impact on the Group.

In FY2023, the Group's air pollutant emissions mainly comprised of sulphur oxides ("SOx"), nitrogen oxides ("NOx") and particulate matter ("PM"), with the sources including vehicles transportation and stationary combustion. The amount of air pollutants emitted were 2.84 kg, 149.74 kg and 33.72 kg respectively.

At the same time, the Group's business activities and office operations generated 15.10 tonnes of non-hazardous solid commercial wastes and 170,950.00 m^3 of non-hazardous wastewater, with no hazardous wastes or wastewater generated. The Group's total emissions in FY2023 are summarised in Table 1 below.

Table 1 The Group's total emissions by category in FY2022 and FY2023[10]

Emission Category	Key Performance Indicator (KPI)	Unit	Amount in FY2023	Intensity[1] (Unit/ Million RMB) in FY2023	Amount in FY2022	Intensity[1] (Unit/ Million RMB) In FY2022)
Air Emissions[2]	SOx	Kg	2.84	6.64×10^{-3}	3.37	8.30×10^{-3}
	NOx	Kg	149.74	0.35	179.08	0.44
	PM	Kg	33.72	0.08	40.68	0.10
GHG Emissions	Scope 1[3] (Direct Emissions)	Tonnes of CO_2e	606.29	1.42	1,001.89	2.47
	Scope 2[4] (Energy Indirect Emissions)	Tonnes of CO_2e	9,762.41	22.84	9,313.48[8]	22.96[8]
	Scope 3[5] (Other Indirect Emissions)	Tonnes of CO_2e	89.81	0.21	67.30[9]	0.17[9]
	Carbon offset by Tree removal	Tonnes of CO_2e	829.15	1.94	840.10	2.07
	Total (Scope 1 and 2 and 3)	Tonnes of CO_2e	9,629.35	22.53	9,542.58[8, 9]	23.52[8, 9]
Non-hazardous Waste	Solid Wastes[6]	Tonnes	15.10	0.04	16.00	0.04
	Wastewater[7]	m^3	170,950.00	399.99	156,542.00	385.89

1. Intensity was calculated by dividing the amount of air, GHG and other emissions by the operating income of the Group in FY2023 and FY2022 respectively, which was 427,389 RMB'000 in FY2023 and 405,668 RMB'000 in FY2022;

2. Air emissions included the air pollutants in the vehicle exhaust gas from the combustion of fossil fuels for business transportation, as well as the stationary combustion of gaseous fuel during its operations;

3. The Group's Scope 1 (Direct Emissions) included only the emission arose from the consumption of fuels for motor vehicles and boiler operations. The carbon offset included GHG removals by 36,050 trees in FY2023 and 36,501 trees in FY2022;

4. The Group's Scope 2 (Energy Indirect Emissions) included only the emission arose from the electricity consumption;

5. The Group's Scope 3 (Other Indirect Emissions) included only the emissions arose from paper waste disposed of at landfills, electricity used for processing fresh water and sewage by government departments and business air travel;

6. The solid wastes only covered commercial wastes from the property buildings where the Group's employees worked;

7. Except the headquarter in Beijing, the wastewater generated from the Group that was incorporated in the calculation only covered commercial sewage from employees, which was directly handled by the management unit of property buildings. The total amount of wastewater discharged from the Group was based on the assumption that 100% of the consumed fresh water entered the municipal drainage system;

8. The data was updated because the subsidiary in Nanjing has reconsolidated the electricity consumption for FY2022;

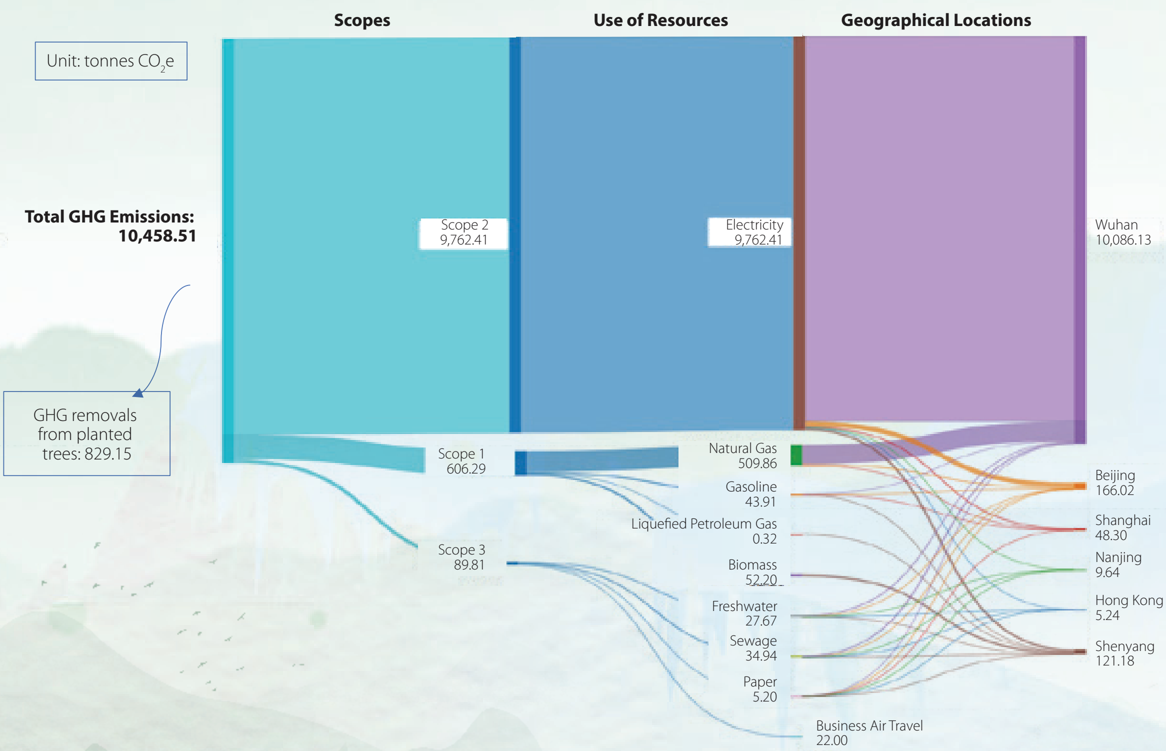
9. The data was updated because the subsidiary in Beijing has reconsolidated the paper consumption for FY2022; and

10. The methodology adopted for reporting on GHG emissions set out above was based on "How to prepare an ESG Report — Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, GHG Protocol Corporate Standard and the IPCC Emission Factor Database.

GHG Emissions

To visually present the Group's GHG emission profile from the perspective of geographical locations, use of resources, and emission scopes, a Sankey diagram has been produced based on the emission data. The diagram clearly illustrates the Group's GHG emissions patterns, with the width of the flows reflecting the magnitude of emissions for each aspect.

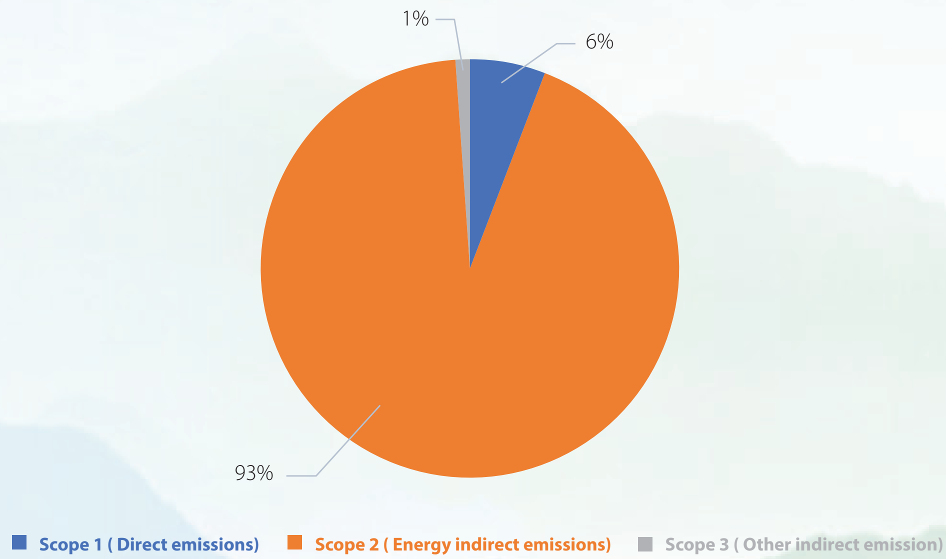
Sankey Diagram for GHG Emissions of the Group in FY2023



Acknowledging the detrimental effects of GHGs and their association with enhanced temperatures that accelerate extreme weather events, the Group has taken proactive measures to manage its operational GHG emissions. For instance, the Group quantified its GHG emissions to identify areas for improvement and develop corresponding management policies.

In FY2023, the Group's major GHG emissions stemmed from transportation's fossil fuel combustion and electricity consumption of offices, resulting in a total GHG emissions of 9,629.35 tonnes of CO_2e. Scope 2 emissions (Energy Indirect Emissions) continued to dominate the Group's GHG emission profile, accounting for 93.34% of the overall emissions. Meanwhile, the Group's overall GHG emission remained consistent compared to FY2022, despite the resumed business activities in the post-pandemic era.

GHG emission distribution in FY2023



Goals and Actions

Recognising that addressing climate change is a collective responsibility, the Group strives to encourage every employee to facilitate the green transition and achieve the environmental targets. The Group provides environmental-related training and seminars to raise employees' awareness while formulating internal policies to monitor its operational environmental performance.

The Group has formulated environment targets referencing China's "30.60 Dual Carbon Goals" of reaching peak carbon emissions by 2030 and achieving carbon neutrality by 2060. In specific, the Group aims to achieve a 22.5% reduction in Scope 1 and Scope 2 emissions by 2030, using FY2021 as the baseline year. In the year under review, the Group made progress in controlling GHG emissions, which was demonstrated by the 39.49% reduction in Scope 1 emissions compared to FY2022. Meanwhile, the Group has successfully maintained its Scope 2 emissions at a steady level even though the business activities increased in FY2023, illustrating the Group's efforts and the effectiveness of the following GHG reduction practices and policies:

- Closely supervise the environmental performance of outsourced projects by requiring subcontractors to incorporate ESG considerations and adopt eco-friendly practices, including cleaning the vehicles' wheels before leaving the construction site and rinsing the ground or sprinkling water daily to settle dirt and prevent sludge accumulation;
- Turn off the idle lighting and heat-producing appliances to minimise air-conditioning load;
- Promote low-carbon transportation and prioritise public transit over private vehicles through employee education;
- Enhance the management of the Group's vehicle usage; and
- Assign dedicated employees to monitor the subsidiaries' electricity and water consumption.

For more information regarding the policies and actions taken by the Group, please refer to the subsections headed "**Electricity**" and "**Other energy resources**" below.

Wastewater

Due to the nature of its business operations, the Group does not have a high water demand and thus does not generate significant amounts of wastewater. In FY2023, the total wastewater generated by the Group was 170,950.00 m^3, which primarily consisted of commercial wastewater from offices and wastewater from project buildings. It is worth noting that even after business activities resumed in the post-pandemic era, the amount of wastewater production remained consistent compared to the levels observed in FY2022.

Generally, the Group discharges its non-reusable wastewater through the building's municipal sewage networks, which are handled by the property management. Recognising the close relationship between wastewater production and freshwater consumption, the Group actively monitors its water consumption patterns and implements water-saving measures to reduce overall water usage. For specific details of the actions taken, please refer to the subsection titled "**Water**".

Solid Wastes

In FY2023, the Group's solid wastes mainly consisted of non-hazardous domestic and commercial waste generated from daily operational activities. Since the Group actively managed its solid waste in the year under review, the amount of solid waste decreased by 5.63% as compared to that of FY2022, with the intensity being 0.04 tonnes/million RMB. At the same time, the Group recycled a total of 1.03 tonnes of solid waste in the year under review, majorly comprised of packaging paper boxes.

Goals and Actions

Considering that the Group's current level of solid waste generation falls within an acceptable range, the Group does not perceive an immediate need to establish an ambitious solid waste reduction target. Therefore, the Group has set a target to maintain its solid waste intensity within a 5% margin, using FY2021 as the baseline year. In the year under review, the Group managed to maintain a similar solid waste intensity compared to that in FY2022, successfully achieving its solid waste target. Nonetheless, the Group remains steadfast in working towards this target in the coming years.

In recent years, China has been promoting the concept of circular economy development. To align with China's initiative, which emphasises recycling and reuse, the Group classifies solid waste to identify and reuse recyclables. The Group actively fosters a waste recycling culture to minimise waste disposal to landfills and extend the life cycle of valuable resources. An example of this commitment is the strong encouragement for recycling used ink cartridges.

Since the Group believes that every small step matters, it has implemented policies and guidelines to boost behaviour change. In view of the urgent need to reduce solid waste, the Group strives to strengthen its waste management efforts. In specific, the Group has established Sustainable Waste Management practices according to the "Waste Hierarchy". Among all objectives, the Group endeavours to achieve the following:

- **ELIMINATE** the usage of materials, e.g. Use electronic documents and digital materials to eliminate paper consumption; Abolish the use of disposable items such as plastic tableware.

- **REDUCE** material consumption, e.g. Set double-sided printing as the default mode for printing devices; Install microwaves in the offices to encourage employees to bring their own lunch boxes, thereby reducing waste associated with takeaway meals.

- **REUSE** materials, e.g. Use non-confidential printing paper as draft paper; Reuse office supplies.

- **RECYCLE** materials, e.g. Dispose of outdated electronics or materials through recycling organisations.

- **DISPOSAL** of non-recyclable material appropriately through waste classification.

To better control the purchase amount and thereby avoid stockpiling and wastage, the Group has implemented rigorous internal policies to standardise the procurement process. For instance, the Group's "Administrative Items Management Measures" (行政物品管理辦法) requires employees to illustrate the purchase details in the "Approval Form for Receipt of Small Value Items and Office Consumables" (小額物品及辦公耗材領用審批表) and obtain approval before receiving the items.

To comprehensively enhance its environmental performance, the Group also pays attention to the environmental emissions of its supply chains and contractors. The Group regularly reviews and tightens requirements for contractors and subcontractors while prioritising business partners that excel in sustainability aspects, including air emissions, GHG emissions and waste management. Given the business model of "investment + downstream product operation", the Group thoroughly analyses its investment projects in the preliminary study by considering environmental benchmarks and sustainability-related criteria. The Group is committed to investing and engaging in projects that align with its vision.

A.2 Use of Resources

In FY2023, the Group's resource consumption encompassed electricity, gasoline, natural gas, liquefied petroleum gas (LPG), water, paper and biomass. Notably, natural gas served as a significant energy resource for operating boilers in project management. Meanwhile, packaging materials do not apply to the Group's operations because of its business nature.

Recognising resources are precious and limited, the Group strives to minimise its operational resource consumption. Hence, the Group diligently assesses and monitors its resource consumption and has formulated reduction approaches based on the "3R Principle — Reduce, Reuse, Recycle". To enhance resource efficiency and reduce overall consumption, the Group has formulated and enacted internal policies and standards, including the "Measures for the Administration of Official Vehicles" (公務用車管理辦法). Meanwhile, the "China New Town Development Company Limited Policy Compilation" (中國新城鎮發展有限公司制度彙編) defines the General Department as the responsible party for managing and overseeing the utilisation of materials and resources in accordance with internal policies. The Group's detailed resource usage in FY2023 is summarised in Table 2 below.

Table 2 Total Resource Consumption in FY2023 and FY2022[5]

Use of Resources	Key Performance Indicator (KPI)	Unit	Amount in FY2023	Intensity[1] (Unit/Million RMB) in FY2023	Amount in FY2022	Intensity[1] (Unit/Million RMB) in FY2022
Energy	Electricity	MWh	16,005.75	37.45	16,033.56[3]	39.52[3]
	Gasoline	MWh	159.42	0.37	146.34	0.36
	LPG	MWh	1.39	3.25×10^{-3}	2.09	0.01
	Natural gas	MWh	2,930.31	6.86	3,550.66	8.75
	Biomass	MWh	145.00	0.34	966.67	2.38
	Total energy consumption	MWh	19,241.87	45.02	20,699.32[3]	51.03[3]
Water	Water	m^3	171,650.00	401.62	157,129.00	387.33
Paper	Paper[2]	Kg	1,082.50	2.53	1537.71[4]	3.79[4]

1. Intensity was calculated by dividing the amount of resources that the Group consumed in FY2023 and FY2022 by the operating income of the Group in FY2023 and FY2022 respectively, which was 427,389 RMB'000 in FY2023 and 405,668 RMB'000 in FY2022;

2. Paper consumption = paper inventory at the beginning of reporting period + paper added to inventory during reporting period – paper collected for recycling purposes – paper inventory at end of the reporting period;

3. The data was updated because the subsidiary in Nanjing reconsolidated the electricity consumption data for FY2022;

4. The data was updated because the subsidiary of Beijing reconsolidated the paper consumption data for FY2022; and

5. The methodology adopted for reporting on the total resource consumption of the Group was based on "How to prepare an ESG Report — Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange and with reference to the IPCC Default Net Calorific Values Database.

Electricity

In FY2023, the Group's electricity consumption from local utilities remained at a similar level compared to FY2022, amounting to 16,005.75 MWh. The Optical Valley New Development International Centre (光谷新發展國際中心) continued to be the primary consumer of the Group's electricity in the year under review.

Goals and Actions

The Group strives to reduce its reliance on electricity and thereby reduce the relevant GHG emissions, contributing to China's carbon reduction initiatives. Hence, the Group has established ongoing targets to lower its electricity intensity consistently while aiming at reducing the emission from Scope 2 by 22.5% by FY2030 (taking FY2021 as the baseline). In conjunction with the management measures and policies for other energy resources, the ultimate goal of improving electricity efficiency is to align with the Group's 2030 carbon reduction plan. Despite the resumed business activities, the Group managed to maintain its electricity consumption level and thereby the associated carbon emissions in the year under review.

As an enterprise primarily driven by office operations, the Group consumes a significant amount electricity, with electricity-related GHG emissions dominating its GHG emission profile. As such, the Group recognises reducing electricity consumption is an effective means of enhancing its overall environmental performance. With an aim to avoid electricity wastage and to improve electricity utilisation efficiency, the Group actively implements the following electricity-saving practices:

- Switch off office equipment after office hours and avoid leaving them in standby mode;
- Regularly inspect the appliances in offices to ensure efficient functioning (e.g. some subsidiaries of the Group have designated specific staff to provide maintenance and repair solutions when needed);
- Turn off the idle air-conditioners in offices and meeting rooms;
- Raise employees' awareness by placing "Save Energy" labels at apparent areas;
- Adjust the temperature of air conditioners manually in offices when necessary (e.g. some subsidiaries of the Group have regulated that the temperature of air conditioners in the offices should not be lower than 26ºC in summer and higher than 20ºC in winter);
- Prioritise energy-efficient equipment with good environmental performance labels in offices; and
- Apply a centralised approach to better monitor all lighting fixtures in public areas.

Other energy resources

In FY2023, the Group utilised 16,450.00 L gasoline for transportation and 270,490.00 m^3 natural gas for boilers. In addition, the Group consumed 100.00 kg LPG and 45,000.00 kg biomass for its daily operations.

Goals and Actions

After reviewing its GHG emission profile, the Group has decided to focus on managing emissions in Scope 1 (Direction emissions). Intending to reduce the Scope 1 emission by 22.5% by FY2030 (taking FY2021 as the baseline), the Group closely monitors its operational energy consumption and evaluates its energy usage annually by recording and reviewing the energy performance of all sectors. In addition, the Group has developed regulating policies that focus on energy consumption. For instance, the "Measures for the Administration of Official Vehicles" (公務用車管理辦法) control the use of corporate vehicles and prevent inappropriate or abusive usage. Specific guidance includes but is not limited to the following:

- The department or personnel requiring the use of corporate vehicles for business trips must complete the "Application Form for Corporate Vehicle Use" (公務用車申請單). The General Department will review the application, with the Head of Department being responsible for confirmation;

- The use of corporate vehicles during holidays and weekends must be strictly controlled and requires stringent approval; and

- Drivers must conduct regular checks of corporate vehicles to ensure safety and efficiency.

Meanwhile, the Group's internal policies play a pivotal role in encouraging environmentally friendly behaviours among its employees, fostering a "low carbon" business culture. As part of these policies, the subsidiaries of the Group are required to wash and wax the corporate vehicles to enhance the aerodynamics and thereby increase fuel efficiency. Drivers are advised to adopt the shortest route and maintain a constant speed to minimise sudden braking, while employees are encouraged to use public transportation for business trips.

In the year under review, the Group managed to decrease the energy consumption when business activities increased, demonstrating the effectiveness of its policies and measures in controlling energy usage. It is also worth noting that the total energy consumption (excluding electricity) was 3,236.12 MWh, which reflected a 30.64% decrease compared to that in FY2022.

Water

In FY2023, the Group's freshwater consumption amounted to 171,650.00 m^3, which showed a 9.24% increase compared to FY2022. The uptick could be due to the longer office operating hours in the post-pandemic era when social distancing measures were cancelled.

Despite enhanced business opportunities in the year under review, the majority of business offices were able to maintain their water consumption intensity because of their effective water management practices. Besides, the Group did not encounter issues in sourcing water that was fit for its purpose during the year review.

Goals and Actions

In view of the increasing water resources-related incidents, the Group understands the importance of protecting this precious and limited substance. Hence, the Group is committed to enhancing its water efficiency through using water in a sustainable manner and minimising domestic water wastage. The Group actively implements water-saving practices to reduce operational water intensity, alleviating the national water scarcity problem while reducing operating costs.

Despite the fact that the Group's business nature is not water intensive, it is dedicated to further controlling its water consumption to contribute to China's water conservation promotion plan for the 14th Five-Year Plan period (2021–2025) and stay aligned with the customers' expectations. Hence, the Group has established an indefinite reduction target to boost consistent improvement. Specifically, the Group aims to maintain its water intensity at the FY2022 level and further lower the intensity on an annual basis.

To realise its targets, the Group has integrated water conservation into its business development plans and emphasised water-saving measures in its operations. Since the Group recognises water conservation not only brings environmental advantages, but is also associated with economic appeal, it has formulated internal water conservation policies encompassing the following measures:

- Oversee subsidiaries' environmental performance by recording and documenting water consumption data;
- Design water-saving approaches based on the water consumption statistics to enhance effectiveness;
- Facilitate internal communication and commit to employing a monitoring and control approach to report progress and reward achievements;
- Promote the 3R principle among employees, for instance, encouraging them to close the taps when not in use and reusing water for plant irrigation; and
- Conduct regular equipment inspections to identify dripping taps and fix them timely.

Paper

In FY2023, the Group consumed 1,082.50 kg of paper for administrative purposes. Meanwhile, the Group recycled 182.50 kg of paper attributed to its effective waste management.

Goals and Actions

Paperless working mode has become a popular culture with the advancement of the internet and digital documentation, with many enterprises gradually transitioning to paperless working style. In the year under review, the Group managed to reduce its paper consumption by 29.60% compared to FY2022. To further reduce paper waste, the Group has implemented the following measures to realise a paperless working environment:

- Purchase recycled paper and reuse paper bags for filing;
- Set double-sided printing as the default setting of printers;
- Use electronic versions instead of printing the document out;

- Post reminder stickers to remind employees to avoid unnecessary printing;
- Collect single-sided paper for reuse and recycling;
- Use the back of single-sided documents for second printing or draft paper; and
- Re-design the paper into artistic handicrafts.

Meanwhile, the "Administrative Procurement Management Measures" (行政採購管理辦法) strictly manages the Group's paper procurement and usage, intending to avoid overconsumption and wastage. In order to formulate effective and tailored management approaches and internal policies, the Group collects and documents the paper usage of all its subsidiaries and operating units for analysis.

A.3 The Environment and Natural Resources

Given the Group's business nature, its operations did not cause significant impacts on the environment and natural resources during the year under review. Nevertheless, the Group proactively conducts comprehensive environmental performance analysis, covering the emissions and resource utilisation, to identify room for further improvement. Specifically, the Group pinpointed GHG emissions from business travels and electricity consumption as having relatively more influence on the environment.

The Group understands the correlation between GHG emissions, extreme weather and climate change. Therefore, the Group is committed to minimising its operational GHG emissions through various internal policies, particularly focusing on reducing the overall electricity consumption. Other than that, the Group strives to support the national goal of peaking its carbon emissions in 2030. As such, the Group has set well-defined carbon emission targets and has formulated corresponding internal policies to facilitate the achievement. To walk the talk, the Group has stringent management in place for fossil fuel and electricity consumption. Moreover, the Group gains stakeholders' insight to optimise its strategies and actions annually. By adopting a systematic approach, the Group strives to better adapt to and address environmental risks and opportunities, reinforcing its commitment to sustainable and responsible business practices.

Recognising that energy consumption inevitably causes pollution, the Group has adopted a holistic data management platform to thoroughly evaluate its consumption patterns. Specifically, the management platform stores all sectors' resource usage data in an orderly manner. Then, the Group applies the information for comparison and designs control plans accordingly to provide the most practical and effective mitigation measures.

At the same time, the Group actively moves towards a low-carbon operation mode. For instance, the Group is actively exploring renewable energy to alleviate its GHG emissions while eagerly promoting a paperless working culture. The Group is dedicated to following the sustainable principle in every business activity to reduce environmental nuisance. In the operation of downstream projects, the Group emphasises ecological well-being, seeking to get a balance between profits and sustainable development.

A.4 Climate Change

Addressing climate change is a pressing global challenge that requires collaborative efforts to mitigate its impacts and transition towards sustainable and resilient practices. Notably, extreme weather events related to climate change are accelerating, threatening people's lives and buildings to a large extent. To better identify potential climate-related risks and opportunities, the Group has referenced the overarching four pillars of the TCFD framework in its climate-related management.

Governance

The Board holds the responsibility for overseeing climate-related issues, including approving the Group's climate-related approaches and monitoring the allocation of resources to mitigate potential physical and transitional risks. In FY2023, the Board conducted a comprehensive climate risk assessment using online surveys to highlight the gaps between the Group's management system and the current best practices. Moving forward, the Group plans to implement robust actions aimed at enhancing the resilience of its operations to sustain its long-term development.

Strategy

Climate change affects the Group in various ways. To better identify the potential adverse effects of climate change, the Group has categorised the material climate-related risk into two aspects, namely physical risks and transition risks.

Risks		Potential Impacts
Physical Risks	• Increasing occurrence and intensity of extreme weather events, including drought, flooding and typhoon	• Damage to the properties and infrastructures may incur extra repair costs • Operation suspension may delay development projects' timeline, extending the delivery date
Transition Risks	• Enhanced regulations and standards	• Non-compliance fee may be incurred if the environmental performance is not up to standards • Non-compliance of relevant regulation and standards may affect the Group's brand image, decreasing its market competitiveness • Adoption of new technologies to meet the stricter requirement may require extra investment

The Group believes climate change is also associated with opportunities while taking the view that responsible investments are crucial and profitable in the long term. Referencing the "Guiding Opinions of the State Council on Accelerating the Establishment and Improvement of a Green, Low-Carbon and Circular Development Economic System" (國務院關於加快建立健全綠色低碳循環發展經濟體系的指導意見), the Group is dedicated to prioritised ecological civilisation and green development.

Opportunities	Potential Impacts
Green building design with advance technologies to save energy	• Reduction in overall resource consumption may reduce operational costs
Construction of buildings with climate-resistant features	• Strengthened building resilience may avoid maintenance costs/equipment renewal expenditure

Risk Management

Given that climate change is irreversible, the Group is committed to strengthening its risk management to address climate-related risks and thereby reduce its associated negative impacts. In specific, the Group has developed systematic risk management processes and policies to define each party's responsibilities, as well as standardising procedures and preventive measures. Flood risk assessment is conducted in the preliminary project study as a general practice, striving to incorporate flood-adaptive elements in project designs and operations based on the identified flood probability.

Since local governments will tighten the environmental laws and regulations in response to China's carbon reduction visions, the Group anticipates needing more resources and capital to comply with relevant laws and regulations if their operations are carbon intensive. Recognising the transition risks associated with carbon-intensive projects, the Group believes there are uncertainties in those projects and views them as risky. Hence, the Group has integrated carbon risk exposure assessment into its decision-making process, aiming to determine and avoid carbon-intensive projects in the screening stage.

Metrics and Targets

The Group has formulated clear environmental targets to monitor its progress and act as motivation. Regarding GHG emissions, the Group aspires to reduce them by 22.5% before 2030, using FY2021 as the baseline. Acknowledging the expanding business, the Group takes the Scope 1 and Scope 2 emission intensities as indicators to provide meaningful results for monitoring and comparison.

To fulfil the commitment, the Group provides training on environmentally friendly measures to staff at all levels and enacts environmental policies at the organisational level. Aiming to facilitate comments and suggestions from stakeholders, the Group also discloses its environmental performance transparently and openly. Besides, the Capital Market Department and the company secretary are responsible for generating a report for the Board to review annually.

Looking ahead, the Group is committed to conducting climate scenario analysis to inform the development of climate-related strategy, enhancing its climate resilience while grabbing potential climate-related opportunities.

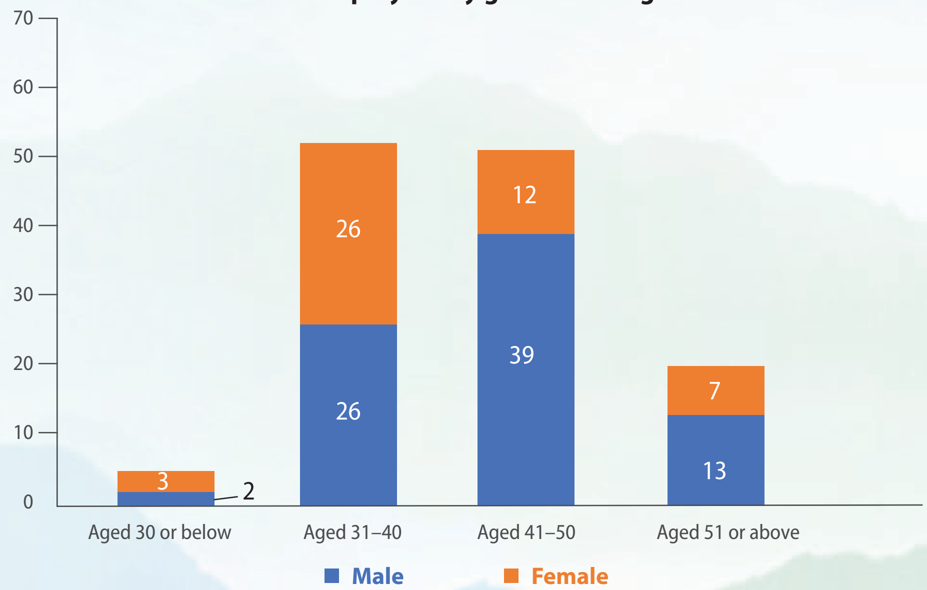
VII. SOCIAL SUSTAINABILITY

EMPLOYMENT AND LABOUR PRACTICES

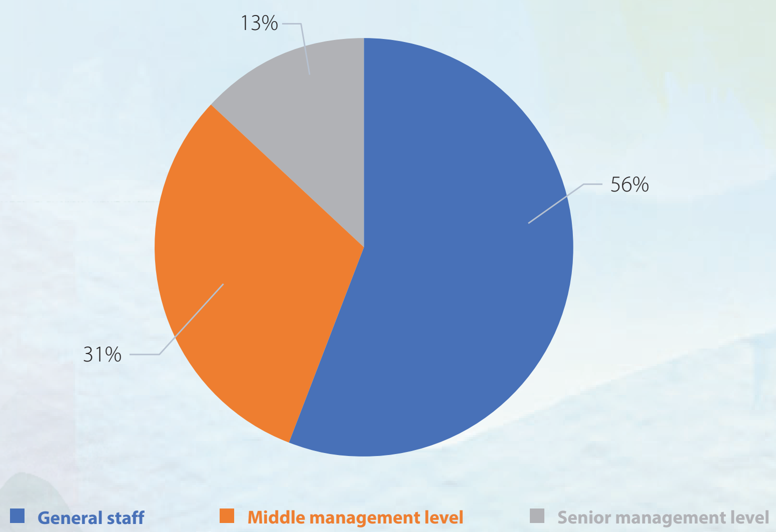
B.1 Employment

The Group acknowledges that its business development over the past two decades has depended on its dedicated employees. Recognising employees as a fundamental component of the Group's operations, the Group strives to construct a competitive workforce by attracting and retaining talents. The Group's comprehensive employment policies protect employees' rights by adhering to relevant applicable labour regulations. As of the end of FY2023, the Group maintained a workforce of 128 full-time employees, comprising 118 employees in the PRC and 10 employees in Hong Kong.

The number of employees by gender and age in FY2023



The percentage of employees by position in FY2023



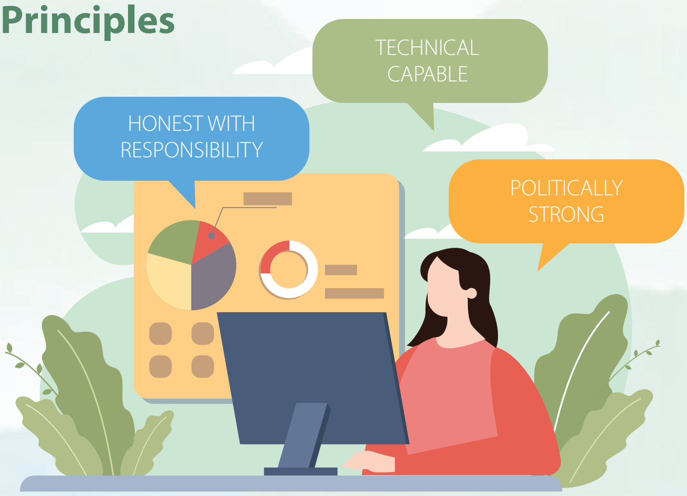
Law compliance

The Group closely monitors the update of labour-related laws and regulations to amend internal policies in a timely manner. The Human Resources Department is responsible for ensuring the Group's employment practices align with relevant laws and regulations. In FY2023, the Group complied with the following labour-related laws and regulations:

- Employment Ordinance (Cap. 57 of the Laws of Hong Kong);
- Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong);
- Disability Discrimination Ordinance (Cap. 487 of the Laws of Hong Kong);
- Labour Law of the People's Republic of China (中華人民共和國勞動法);
- Labour Contract Law of the People's Republic of China (中華人民共和國勞動合同法); and
- Insurance Law of the People's Republic of China (中華人民共和國社會保險法).

Recruitment and promotion

Recruitment Principles



In pursuit of sustaining long-term prosperity through talent acquisition, the Group has formulated and enacted internal recruitment and employee management policies. For instance, the "Measures on Recruitment and Dismissal Management" (員工招聘與離職管理辦法) under "China New Town Development Company Limited Policy Compilation" (中國新城鎮發展有限公司制度彙編) aim at monitoring the recruitment process, ensuring both legal compliance and equitable recruitment practices. The guidelines provide transparent information on recruitment standards, procedures and methods to mitigate ambiguities during the recruitment process.

The Group upholds "Prioritising Both Ability and Virtue To Pursue Meritocracy" (德才兼備、以德為先、任人唯賢) as a core recruitment principle when formulating its recruitment approaches. The standardised recruitment procedures consist of six distinct phases, which are planning, employment advertising, resume filtration, written and oral examination, candidate identification and notification. To attract high-calibre candidates, the Group is dedicated to offering the fairest and most competitive salary packages and benefits with reference to applicants' educational backgrounds, personal attributes, job experiences and career aspirations.

When a department requires additional human resources, it is required to submit a "Staff Demand Application Form" (人員需求申請表) to the Human Resource Department for evaluation and obtain directors' approval before initiating the recruitment process.

Recruitment Approach

In acknowledgment of employees' contributions and accomplishments, the Group implements promotions aligned with prevailing market standards, ensuring fair treatment for all employees demonstrating exemplary performance. The Group established the "Staff Manual" (員工手冊) and "Measures on Staff Promotion Management" (員工晉升管理辦法) to define the promotion criteria and monitor the process.

Furthermore, the Group's management adheres to the principle of "Virtuous and Gifted, Practical Standards, Mass Line" (德才兼備、實踐標準、群眾路線). In line with this principle, the Group provides various opportunities for its employees to explore their potential and acquire new skills. The Group also believes in the concept of "The capable ones are promoted, the mediocre ones are inferior, and the inferior are eliminated" (能者上、庸者下、劣者汰) which aims to boost morale and efficiency, sustaining the Group's long-term development.

Compensation and dismissal

In order to ensure compensation and benefits are compelling and competitive, the Group regularly evaluates its salary package based on employees' achievements and performance. The Group conducts periodic appraisals to review employees' contributions and remunerate them accordingly following the "Measures on Compensation Management" (薪酬管理辦法). In specific, the guidelines define the Group's salary structure, grade difference, salary composition, fixed-float ratio and a series of key indicators that form the basis of the salary system.

In addition to providing attractive compensation, the Group is committed to preventing any unfair or unlawful dismissals. In general, the Group will first issue a verbal warning to underperforming employees. If the employee persistently repeats the mistake without remorse and improvement, the Group will dismiss the relevant person following the "Measures on Staff Discipline and Code of Conduct Management" (員工紀律和行為規範管理辦法) and "Measures on Recruitment and Dismissal Management" (員工招聘與離職管理辦法). The Group adheres to the stipulated procedures and regulations outlined in its internal policies to ensure the legitimacy of any dismissal. In FY2023, the Group's employee turnover rate was 7.81%.

Working hours and rest periods

Recognising the importance of reasonable working hours and adequate rest time in safeguarding employees' health and sustaining their productivity, the Group has formulated relevant internal policies to monitor employees' working hours and rest periods. For instance, the Group has implemented the "Measure on Staff Attendance and Vacation Management" (員工考勤與休假管理辦法) and "Supplementary Provisions for Strengthening Employee Attendance Management" (加強員工考勤管理的補充規定) to regulate working hours and stipulate compensation for overtime working. Besides, an attendance machine is available for employees to register their entry and exit times. Should any employees fail to register their attendance, they are required to complete the "Special Punching Situation Explanation Form" (特殊打卡情況說明表) at the front desk. The Group regularly updates these internal policies to ensure alignment with local employment laws including the "Provisions of the State Council on Employees' Working Hours" (國務院關於職工工作時間的規定).

In addition to statutory holidays, the Group also provides its employees with additional leave entitlements, including maternity leave, medical leave, bereavement leave, and so forth. Given the local regulatory updates, the Beijing office has extended the maternity leave for female staff since FY2022.

Equal opportunity and anti-discrimination

Dedicated to fostering a positive culture that promotes fairness in the workplace, the Group embeds principles of anti-discrimination and justice in its human resources management and employment decisions. Training and promotion opportunities, dismissals and retirement are made without consideration of age, sex, marital status, pregnancy, family status, disability, race, colour, descent, national or ethnic origins, nationality, religion or any other criteria unrelated to job performance.

To construct a diverse, respectful and inclusive working environment that raises cohesion, the Group strictly adheres to relevant laws and regulations and follows the "Staff Manual" (員工手冊) to eradicate workplace discrimination, harassment or vilification. The Group also encourages employees to report potential instances of discrimination or harassment to the Human Resources Department. If a case is substantiated with evidence after thorough and fair investigations, the Group will take corresponding disciplinary actions against the assailants.

Meanwhile, the Group adopts various channels, including emails and regular corporate meetings, to facilitate communication between employees and management, ensuring employees' concerns are adequately addressed.

Other benefits and welfare

The Group recognises that an extensive employee benefits package is instrumental in attracting and retaining talents. Hence, the Group offers a diverse range of employee benefits, including medical subsidies, continuous education funds, supplementary insurance, special seasonal bonus and designated subsidies (e.g. for heatstroke prevention).

In FY2023, the Group actively organised a wide range of festive and leisure activities to raise cohesion and relieve employees' working pressure. Employees were encouraged to participate in entertainment programmes and activities, including annual gatherings, festive gatherings, sports events and body-building activities. Dedicated to building a harmonious working environment, the Group also enhanced the workplace in the year under review by adding leisure equipment such as billiards tables, table tennis tables and table football machines and designating special areas for relaxation.

Festive and leisure activities

"Women's Day Hand-painted Crystal Table Lamp"
Female employees interacted and exchanged their skills while having an enjoyable moment

Father's Day Celebration
Fathers received blessings and special gifts prepared by the Group

"1 June Parent-Child Photography Contest"
Employees showcased their fruitful life by demonstrating their work-life-balanced living style

"Green Transportation, Fun Cycling"
Employees were encouraged to adopt green commuting methods to protect the environment and strengthen their wellness

Sports activities

Badminton Games
Employees trained their bodies while building team spirit during the exercise time

Gymnastics competition
Employees demonstrated their exercise skills

"2023 China New Town Cup — Billiards Competition"
Employees showcased their sports talents in the competition and had a wonderful time together

In FY2023, the Group collaborated with the Party Branch to organise an array of educational campaigns focusing on the Party to cultivate patriotism. In specific, the Group arranged visits to the Memorial Hall of New Chinese Cultural Movement (北京新文化運動紀念館), the China Gift Museum (中國禮品博物館) and the China Railway Museum (中國鐵道博物館) in order to let employees experience the great sprit of "patriotism, progress, democracy, and science".

In the year under review, the Group complied with relevant laws and regulations concerning compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, welfare and other benefits that have a significant impact on the Group.

B.2 Health and Safety

Law compliance

Over the years, the Group has set high occupational health and safety standards, striving to safeguard its employees. Hence, the Group has established internal policies and regulations on health and safety following national and local standards in Hong Kong and the PRC. The relevant national and local laws and regulations include the following:

- Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong);
- Law of the People's Republic of China on the Protection of Production Safety (《中華人民共和國安全生產法》); and
- Regulation on Work-Related Injury Insurance (《工傷保險條例》).

Management approach

Adhering to its commitment to workplace health and safety, the Group has formulated a comprehensive mechanism with internal policies to control and eliminate workplace risks, with the General Department taking responsibility for the overall occupational health and safety management. In specific, the Group adheres to "Measures on Security and Emergency Management" (安全保衛和應急管理辦法), "Measures on Safety in Construction Management" (安全文明施工管理辦法) and "Measures on Security Management" (安全保衛工作管理辦法) in its operations. While health and safety issues have not significantly impacted the Group in the past, it continues to strictly enact its internal guidelines based on national standards, aiming to further enhance its performance.

Regarding the practical measures, the Group not only provides health examinations and insurance coverage, but also arrange training sessions on fire control, food safety and occupational health and safety for its employees. Besides, the Group conducts regular inspections of its fire control systems and emergency exits to ensure their functionality. Internal departments are responsible for monitoring these areas and promptly addressing any identified deficiencies. To prevent hazards and maintain a safe working environment, the Group rigorously prohibits smoking and alcohol consumption in the workplace and sanitises the air-conditioning systems frequently.

Table 3 Number and rate of work-related fatalities of the Group in past three financial years[1]

Year	FY2023	FY2022	FY2021
Number of work-related fatalities	0	0	0
Rate of work-related fatalities	0	0	0

1. The information about injury and fatality was obtained from the Group's Human Resources Department. The methodology adopted for reporting the number and rate of work-related fatalities set out above was based on "How to prepare an ESG Report — Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

Adhering to relevant health and safety laws and regulations that have a significant impact on the Group, the Group ensured a safe working environment and effectively shielded its employees from occupational hazards. Attributed to the Group's effort, it did not encounter any lost days due to work-related injuries in the year under review.

Actions in the post-pandemic era

During the widespread pandemic, the Group formulated internal policies adhering to instructions from the central and local governments to safeguard its employees and the community. For instance, the Group formulated the "Measures to Strengthen Epidemic Prevention and Control from the Beijing Office" (關於進一步嚴格落實防控責任做好北京地區疫情防控有關工作的通知) to guide its staff to adopt appropriate mitigation measures. To enhance the Group's capabilities in pandemic management, the Epidemic Prevention and Control Taskforce was established to design and implement action plans and emergency measures based on the prevailing situation. At the same time, the Responsibility for Epidemic Prevention and Control was implemented to allocate specific duties to each department and team.

In 2023, attributed to the coordination between the central government and local governments, the pandemic was alleviated nationwide. The easing of prevention and control measures signified the fact that we had overcome the hard times of the pandemic and entered a new normal. Even though the number of infected cases dropped significantly during the year under review, the Group remained vigilant and closely monitored the local government policies to promptly adjust its approach.

In the post-pandemic era when physical health threats were no longer in the spotlight, the Group shifted its attention to mental health issues. In FY2023, the Group arranged one-on-one psychological counseling activities to understand employees' difficulties and needs.

The Group takes the view that enhancing the mental quality of employees boosts working performance while aspiring to solve minor problems in a timely manner through psychological guidance to prevent serious outcomes. Hence, the Group is dedicated to allocating more resources to mental health matters so as to construct a truly positive working environment that fosters improvement, personal development and efficiency. Meanwhile, recognising the importance of public health, the Group is committed to strengthening its health management with the experience of the pandemic. In the future, the Group will continue to monitor the hygiene standard of its workplace, conduct regular cleaning and provide quality psychological counselling.

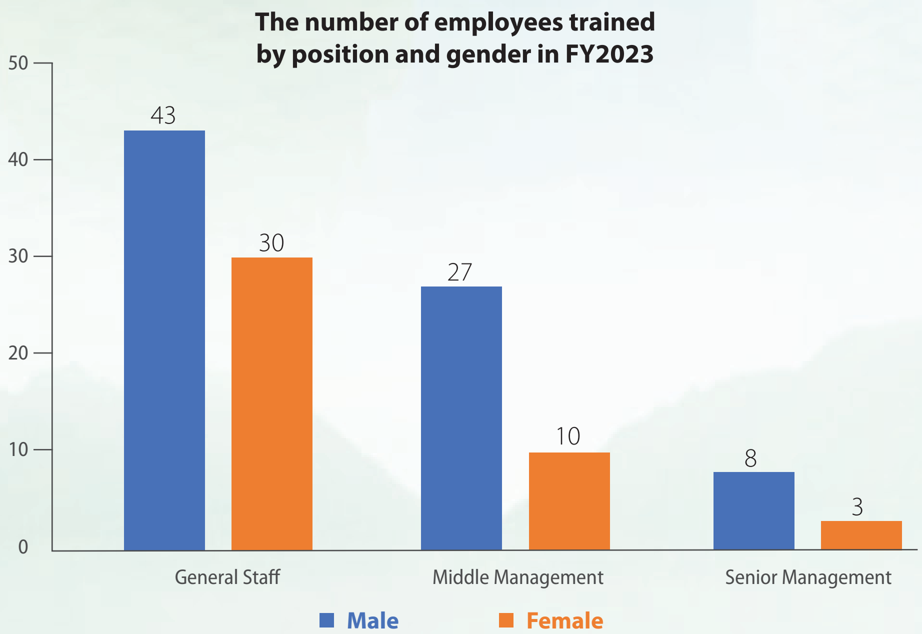
B.3 Development and Training

Since the Group is committed to enhancing its employees' skills and expanding their horizons, it has provided various training programs through different channels and platforms. Meanwhile, the Group has established the "Staff Manual" (員工手冊) and the "Measures on Training Management" (培訓管理辦法) to enhance the management of training-related matters.

Reasons for emphasis on corporate training

In FY2023, the Group continued to uphold the concept of "Learning often, Learning in daily life" (學在經常、學在日常) and "Extensive learning, Huge improvement and Strict implementation" (大學習、大提升、大落實). Hence, the Group has organised various training and workshops to foster an active learning environment. To sustain its employees' competitiveness, the Group provided regular profession-oriented courses to experienced staff to advance their technical expertise and expand their horizons. In specific, the Group's Labour Union organised a total of 4 training workshops, including "Financial Knowledge Training", "Beijing Federation of Trade Unions Labor Dispute Training", "Constitutional Publicity Training" and "Employee Mental Health Training". Meanwhile, the Shanghai subsidiary arranged training sessions on various topics, including industry risk analysis and real estate finance business model exploration under the new development model. They also cover project investment financial due diligence and tax analysis, as well as structural thinking. At the same time, the Group implemented comprehensive orientation programs that introduced new hires to its corporate culture, organisational structure and relevant policies, to ensure new hires have a clear understanding of the Group's culture, principles and internal policies.

To maintain employees' learning interest, the Group has actively explored new methods of training, leveraging digital technologies to host online lessons that are engaging and enjoyable. In FY2023, the online courses were offered through platforms such as Xuexi Qiangguo (學習強國), HuiXianJiangTan (匯賢名家講壇), QingXueTang (輕學堂) and LeBanBan (樂班班). Besides, the Human Resources Department organised the "Learn Weekly" (周周學) initiative to encourage participation. Meanwhile, the Group tracked employees' annual online learning hours and incorporated the data into the annual performance appraisal, with a target exceeding 50 hours.



B.4 Labour Standards

Being a supporter of the International Labour Organisation's ("ILO") Declaration on Fundamental Principles and Rights at Work, the Group respects human rights and freedom of association while having zero tolerance for any forced or compulsory labour, child labour, and discrimination.

In FY2023, the Group complied with applicable labour-related laws and regulations, including but not limited to:

- Employment Ordinance (Cap. 57 of the Laws of Hong Kong); and
- Labour Law of the People's Republic of China (中華人民共和國勞動法).

The Group has formulated numerous regulations to protect employees' rights, including the "Measures on Recruitment and Dismissal Management" (員工招聘與離職管理辦法), the "Measures on Labour Contract Management" (勞動合同管理辦法) and a series of internal policies. In specific, the Group's internal policies stringently control the recruitment procedure to ensure legitimacy. To avoid illegal employment such as child labour, underage workers and forced labour, the Human Resource Department meticulously verifies applicants' identity documents to check their eligibility for legal employment before finalising any hiring decisions. Besides, the Group and the Labour Union conduct periodic background and age checks on employees.

The Group's Human Resource Department oversees the revision of corporate policies and practices in alignment with relevant laws and regulations, targeting to combat child and forced labour. Should any violations of applicable labour laws, regulations or internal standards come to light, the Group will immediately terminate the associated contract and take disciplinary action against the persons in charge of the employment.

In FY2023, the Group complied with applicable laws and regulations related to the prevention of child and forced labour that have a significant impact on the Group.

OPERATING PRACTICES

B.5 Supply Chain Management

Given the business nature of the Group's business in "urbanisation investment" and "downstream operation", its operations heavily rely on suppliers. Hence, having high-quality suppliers with minimal ESG risks is essential for the Group's growth and development. Recognising the significance of supply chain management, the Group strives to formulate comprehensive policies to identify potential environmental and social risks within its value chain and respond promptly. In particular, the Group places emphasis on supply chain management in administrative procurement, which includes office supplies, and collaborations with service providers such as solution consultants. Attributed to effective evaluation and management policies, the Group has successfully maintained a stable supplier relationship built on mutual trust over the years.

In FY2023, the Group collaborated with 39 major suppliers, comprising 5 suppliers from Hong Kong and 34 from mainland China. The Group strictly applied relevant supply chain management policies to all of its major suppliers. Meanwhile, operating subsidiaries of the Group are responsible for evaluating and monitoring suppliers' business practices following the corresponding internal policies.

Management Approach

The Group has set internal policies to define supplier selection criteria and assessment procedures that promote the engagement of "green suppliers". For instance, "Measures on Administrative Procurement Management" (行政採購管理辦法), "Measures for the Administration of Intermediaries" (中介機構管理辦法), "Measures for the Administration of External Lawyers" (外聘律師管理辦法) and "Measures for the Administration of Business Contraction Documents" (業務合同檔案管理辦法) are in place to monitor supplier engagement approaches and standardise evaluation standards. During the initial stage of supplier selection, the Group takes into account various factors, including the quality of goods and services offered by potential suppliers, possession of a valid business license, timeliness of product delivery, adherence to corporate ethics and the fulfilment of social and environmental responsibilities.

To enhance supplier management, the Group has designated specific departments to oversee the procurement process and supplier interaction, each with well-defined responsibilities. The host department, responsible for contract file management, handles procurement contracts related to business collaborations. The Operation Management Department supervises the file management activities, while the Finance Department is tasked with establishing contract ledgers. Meanwhile, the General Department is responsible for the contract seals and ensures the proper filing of contract documents in accordance with relevant policies.

The Group has identified several effective communication channels to understand the needs and difficulties of its business partners and suppliers. For example, the Group interacts with them through the Internet and phone calls. Meanwhile, the Group takes the view that suppliers' ESG performance impacts its overall sustainability approaches. Hence, the Group proactively reviews, analyses and monitors suppliers' services and products with respect to internal criteria. During the year under review, the Group supervised all relevant suppliers in accordance with the Group's general supply chain management policies.

Social risks management

To mitigate procurement risks and ensure supplier integrity, the Group's Operation Management Department, Investment and Development Department and General Department oversee the implementation of social risk management policies while conducting onsite inspection and online comparisons to filter potential suppliers who meet the necessary criteria.

The procurement of administrative items is regulated by the "Measures on Administrative Procurement Management" (行政採購管理辦法), which specifies the divisions accountable for procurement, outlines standardised procedures from supplier identification to ledger management and provides details of the supervisory methods involved.

Regarding the service provider engagement, the Group adheres to standardised policies, including "Measures for the Administration of Intermediaries" (中介機構管理辦法), "Operating Procedures for External Financial Intermediaries" (聘財務中介操作規程), "Operating Procedures for External Consultants" (外聘諮詢顧問操作規程), "Measures for the Administration of External Lawyers" (外聘律師管理辦法) and "Measures for the Administration of the Authorisation for Signing External Legal Documents" (對外簽署法律文書授權管理辦法). Specifically, the Group integrates the principle of "Lowest Price and Comprehensive Evaluation" (報價最低及綜合評價原則) into its decision-making process and adopts the Invitation For Bid, Competitive Negotiation and other approaches according to the intermediary selection process.

Environmental risks management

In light of growing concerns about environmental protection, the Group places a strong emphasis on "Green Procurement", giving priority to suppliers that offer environmentally preferable products and services. The Group strives to minimise environmental disruptions within its supply chain and improve its overall environmental performance. For instance, the Group has adjusted its supply chain management to focus more on environmental considerations. While the types of suppliers themselves may not present significant environmental threats, the Group assesses suppliers' environmental performance when making purchasing decisions. Besides, the Group favours environmentally friendly products, such as energy-efficient equipment and devices, as well as products designed for improved recyclability and longer lifespans.

The Group's General Department is responsible for overseeing and evaluating the implementation of the "Green Procurement" principle during the procurement process.

B.6 Product Responsibility

In FY2023, the Group made investments in various projects, including the development and operation of industrial parks, as well as science and technology parks in new urbanisation areas. Other than that, the Group extended its support to the education and healthcare sectors, aiming to enhance the quality of life of citizens within the community.

The Group closely monitors the quality of its products and services, striving to maintain a positive brand image. Regarding the Group's health and safety, advertising, labelling and privacy matters of its products and services, the Group complied with the following relevant rules, regulations and standards in the PRC and Hong Kong in FY2023:

- Tort Liability Law of the People's Republic of China (中華人民共和國侵權責任法);
- Patent Law of the People's Republic of China (中華人民共和國專利法);
- Law of the People's Republic of China on the Protection of Consumer Rights and Interests (中華人民共和國消費者權益保護法); and
- Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong).

Management Approach

To ensure top-tier product and service quality, the Group has developed and enacted a series of internal policies following the "China New Town Development Company Limited Policy Compilation" (中國新城鎮發展有限公司制度彙編). For instance, the Group has formulated the "Measures for the Management of Material Information" (重大信息管理辦法), "Project Due Diligence Operational Procedures" (項目盡職調查操作規程), "Measures for the Management of Business Secrets" (商業秘密管理辦法), "Measures for the Administration of Information and Supervision" (信息和督辦工作管理辦法) to define the Group's product and service responsibilities and ensure their quality meets the required standards. In accordance with the accountability system, the Group's Capital Market Department, Operation Management Department and General Department are responsible for executing the relevant policies, while the corresponding functional units are required to support the implementation process.

Product and Service Assurance

The Group strives to fulfil its fiduciary duty by prioritising corporate stewardship and responsible investment practices. As such, the Group integrates ESG factors into its preliminary analysis and investment decision-making processes. Prior to investing in development projects, the Group conducts comprehensive background research and due diligence to assess the ESG risks associated with each project. In general, the Group avoids projects that pose significant risks to prevent uncertainty.

Furthermore, the Group has formulated and implemented the "Risk Management Regulations" (風險管理條例) and "Measures for the Administration of Investment Business" (投資業務管理辦法) to mitigate identified investment, project and operational risks. These internal guidelines illustrate professional business practices and management strategies to ensure compliance with strict laws and industry standards. Meanwhile, the "Investment Business Operating Procedures" (投資業務操作規程) govern the Group's investment process, which includes project acceptance, project approval, due diligence and project promotion, investment review and decision-making, investment execution, post-investment management, and project exit.

Complaints

The Group places significant importance on feedback from its clients. Hence, client suggestions and comments are carefully considered, utilising established response mechanisms and handling procedures. Upon receiving complaints or opinions, the head office conducts verification before proceeding with subsequent actions. Meanwhile, the responsible department is accountable for updating the complainant about the outcome of the resolution process.

In FY2023, the Group did not receive any complaints concerning product quality.

Privacy Matters

Since the Group values privacy, it has devised the "Measures on Business Confidential Information Management" (商業秘密管理辦法) and "Measures on IT Management" (IT管理辦法) to standardise employee conduct. All personal data collected through any means is restricted for predetermined purposes and all employees are prohibited from disclosing confidential information to third parties without customers' authorisation. Meanwhile, employees in relevant positions are mandated to sign non-disclosure agreements to ensure strict adherence to the principle. The Group's General Department is responsible for overseeing customer privacy-related matters, while the IT Department is responsible for inspecting and upgrading the Group's system to prevent data leakage and protect against virus threats.

In FY2023, the Group complied with relevant laws and regulations related to health and safety, advertising, labelling and privacy matters of its products and services that have a significant impact on the Group. Considering the Group's business nature, aspects such as recall procedures, labelling, advertising, and intellectual property rights issues are not significant nor relevant to its operations. Hence, with respect to the principle of Materiality, the Report does not include policies and information regarding these subjects.

B.7 Anti-corruption

Law Compliance

Ensuring honesty, fairness and transparency in operations and business decisions contributes to the Group's success. In FY2023, the Group complied with local laws and regulations related to anti-corruption and bribery, irrespective of the region in which the Group operated. The relevant laws and regulations including:

- Anti-Corruption Law of the People's Republic of China (中華人民共和國反腐敗法);
- Law of the People's Republic of China on Anti-money Laundering (中華人民共和國反洗錢法);
- Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615 of the Laws of Hong Kong); and
- Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong).

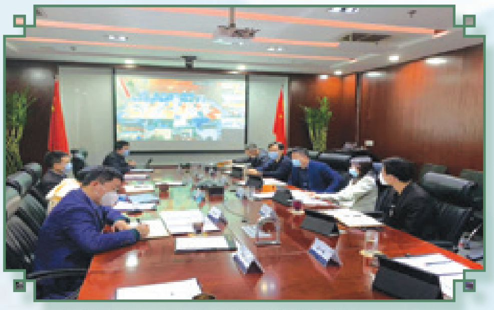
Management Approach

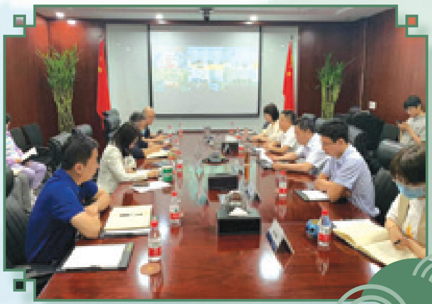
The Group has formulated and implemented various internal policies to cultivate an ethical workplace. For instance, the "Measures on Staff Discipline and Code of Conduct Management" (員工紀律和行為規範管理辦法), "Measures for the Administration of Points for Minor Violations" (輕微違規行為積分管理辦法) and "Outgoing Audit Management Measures" (離任審計管理辦法) have established clear operational guidelines, eliminating ambiguities related to improper behaviours.

Meanwhile, in late 2022, the Group has devised the "China New Town Development Company Limited Anti-fraud (corruption) System" (中國新城鎮發展有限公司反舞弊 (貪污) 制度), which is applicable to all of its subsidiaries across the entire Group. The system aims to strengthen the Group's internal risk control, standardise employee behaviour and safeguard shareholders' interests. The Board is responsible for urging the management to establish an anti-corruption environment, while the management is responsible for implementing anti-corruption policies and evaluating their effectiveness. To further enhance the anti-corruption management, the Group has also established an Anti-corruption Working Group, consisting of the Human Resources Department, the Compliance and Legal Department, the Capital Market Department and the Finance Department. The Audit Committee, under the Board's supervision, is responsible for coordinating and supervising the effective implementation of anti-corruption policies within the Group.

The Group emphasises employees' trustworthiness and integrity. Hence, the Group actively promotes the concept of combating bribery and corruption. The Group introduces its anti-corruption procedures and practices through different forms, including policy compilation, rule and regulation release and publicity. In FY2023, the Group organised four training workshops and seminars with around nine training hours, focused on anti-corruption and ethics to raise the management and general employees' awareness and update business practitioners with the latest anti-corruption laws and regulations requirements. In January, May and June 2023, the Group organised Integrity Warning Education Seminars ("廉政警示教育") for managerial staff and middle-level employees of departments, using the educational film (《永遠吹衝鋒號》) and case studies to highlight the importance of integrity. Since the Group has always aspired to prevent non-ethic behaviours through warning and education, it will continue to arrange similar activities in the future.

Integrity Warning Education Seminar





The Group integrates anti-corruption into the risk analysis, striving to identify areas with a high possibility of unethical behaviours. The Group particularly focuses on positions with integrity risks and has developed specific corruption preventive measures targeting key areas, key links, and business positions that are prone to conflicts of interests or transfer of interests. Attributed to the Group's continuous efforts, there was no concluded legal case regarding corrupt practices brought against the Group or its employees in the year under review.

In FY2023, the Group introduced the "China New Town Development Company Limited Reporting System (Mechanism)" (中國新城鎮發展有限公司舉報制度(機制)) to encourage employees to report behaviours that violate the Group's norms and regulations. Whistle-blowers can report any suspected misconduct to the Anti-corruption Working Group verbally or in writing, providing comprehensive details of the incident along with supporting evidence. The Working Group registers the reported incident and conducts investigations into suspected or illegal behaviour. The Group is committed to conducting confidential investigation to protect whistle-blowers from unfair dismissal or victimisation. If the Group confirms any criminal activity, a report will be promptly submitted to relevant regulators or law enforcement authorities as deemed necessary by the Group's management.

In FY2023, the Group complied with relevant laws and regulations in relation to bribery, extortion, fraud and money laundering that have a significant impact on the Group.

COMMUNITY

B.8 Community Investment

Over the years, the Group has been dedicated to creating long-term social and environmental benefits by allocating both financial and non-financial support. The Group actively contributes to the national goal of urbanisation and poverty elimination, striving to enhance people's living standards.

In FY2023, the Group's involvement in physical charitable activities was constrained by the pandemic-associated preventive measures. However, the Group remained committed to addressing the needs of vulnerable populations through different means. During the year under review, the Group organised a fundraising activity for the Wuxi Transportation Charity Fund (無錫交通愛心慈善基金), which is committed to poverty alleviation, medical assistance, elderly care and education support. Besides, in August and September, employees of the Group initiated donations to Wuxi Charity Federation (無錫市慈善總會), with 59 people donating a total of RMB4,052. Meanwhile, in November and December, the Group supported the Union in Dongcheng District Beijing by donating clothes to impoverished children.

In view of the recovery from the pandemic, the Group is ready to adhere to the guiding principle of "Remain true to our original aspiration and keep our mission firmly in mind" (不忘初心，牢記使命) and allocate more resources to fulfil its corporate social responsibility. Shifting focus from public health issues, the Group endeavours to place attention to other social aspects in the years ahead.

VIII. APPENDIX I

Goal	Criteria	Global Prioritisation	Managerial Staff	General Staff	Senior Management	Independent Non-Executive Director	Supplier/ Business Partner	Customers
Prioritisation of Stakeholder Groups in the Materiality Assessment	Vulnerability	7.40%	0.113	0.319	0.140	0.270	0.069	0.090
	Influence	5.30%	0.088	0.088	0.208	0.213	0.343	0.061
	Legitimacy	39.20%	0.053	0.361	0.124	0.308	0.074	0.080
	Willingness for engagement	27.50%	0.166	0.427	0.077	0.095	0.118	0.117
	Contribution	10.90%	0.427	0.148	0.094	0.225	0.072	0.033
	Necessity of involvement	9.70%	0.123	0.403	0.204	0.072	0.093	0.105
			13.80%	**34.20%**	**12.10%**	**21.00%**	**10.20%**	**8.70%**

Vulnerability — The likelihood of stakeholders being seriously affected (either positively or negatively) by the Group's decisions and activities;

Influence — The power of stakeholders whose activities and decisions can greatly affect or even change the Group's operations and business;

Legitimacy — The extent to which the organisation has legal obligations in the relationship with its stakeholders;

Willingness for engagement — The willingness, initiative and friendliness of the Group's stakeholders to express their concerns and participate in the events and activities leading to the Group's sustainable development;

Contribution — The level of expertise, power, information and knowledge of stakeholders that allow them to help the Group address certain risks and specific issues regarding ESG;

Necessity of involvement — The extent to which the exclusion of certain stakeholder in engagement could derail or delegitimise the process or undermine the Group's interest in its sustainable development.

IX. APPENDIX II

TABLE A — Number of Employees by Age Group, Gender, Employment Type, Position Level and Geographical Location of the Group in FY2023[1]

Unit：Number of employees

	Age group				
Gender	**Aged 30 or below**	**Aged between 31 and 40**	**Aged between 41 and 50**	**Aged 51 or above**	**Total**
Male	2	26	39	13	80
Female	3	26	12	7	48
Total	5	52	51	20	128

	Employment type	
Full time	**Part time**	**Total**
128	0	128

	Position Level		
General employees	**Middle-level management**	**Senior management and directors**	**Total**
71	40	17	128

Geographical location	
Locations	**Number of employees**
PRC	118
Hong Kong	10
Total	128

1. The employment data in headcount was obtained from the Group's Human Resources Department based on the employment contracts entered into between the Group and its employees. The data covered employees engaged in a direct employment relationship with the Group according to relevant local laws and workers whose work and/or workplace was controlled by the Group. The methodology adopted for reporting on employment data set out above was based on "How to prepare an ESG Report — Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

TABLE B — Employee Turnover Rate by Age Group, Gender and Geographical Location in FY2023[1]

Unit：Number of employees

Gender	Age group Aged 30 or below	Aged between 31 and 40	Aged between 41 and 50	Aged 51 or above	Total
Male	0	1	1	3	5
Employee turnover rate	0.00%	3.85%	2.56%	23.08%	6.25%
Female	0	2	0	3	5
Employee turnover rate	0.00%	7.69%	0.00%	42.86%	10.42%
Total	0	3	1	6	10
Total employee turnover rate	0.00%	5.77%	1.96%	30.00%	7.81%

Locations	Geographical locations Employee turnover	Employee turnover rate (percentage)
PRC	10	8.47%
Hong Kong	0	0.00%

1. The turnover data in headcount was obtained from the Group's Human Resources Department based on the employment contracts entered into between the Group and its employees. Turnover rate was calculated by dividing the number of employees who resigned in FY2023 by the number of employees in FY2023. The methodology adopted for reporting on turnover data set out above was based on "How to prepare an ESG Report — Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

TABLE C — Number and Percentage of Training Participants of the Group by Gender and Position in FY2023[1]

Total employees trained in FY2023	121
Total employees in FY2023	128
% of total employees trained	94.53%

Unit：Number of employees

Gender	Position General employees	Middle management	Senior management and directors	Total
Male	43	27	8	78
% of employees trained	35.54%	22.31%	6.61%	64.46%
Female	30	10	3	43
% of employees trained	24.79%	8.26%	2.48%	35.54%
Total	73	37	11	
% of employees trained	60.33%	30.58%	9.09%	

1. The training information was obtained from the Group's Human Resources Department. Training refers to the vocational training that the Group's employees attended in FY2023. The methodology adopted for reporting on the number and percentage of employees trained set out above was based on "How to prepare an ESG Report — Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

TABLE D —Training Hours of the Group by Gender and Position in FY2023[1]

Unit：Training Hours

Gender	Position General staff	Middle management	Senior management and directors	Total
Male	122.00	134.00	25.00	281.00
Average training hours	3.05	4.79	2.08	3.51
Female	98.00	57.00	55.00	210.00
Average training hours	3.16	4.75	11.00	4.38
Total	220.00	191.00	80.00	491.00
Average training hours	3.10	4.78	4.71	3.84

1. The training information was obtained from the Group's Human Resources Department. The methodology adopted for reporting training hours set out above was based on "How to prepare an ESG Report — Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

X. REPORT DISCLOSURE INDEX

Stock Exchange ESG Guide content index

Aspects	ESG Indicators	Description	GRI Standards and Disclosures*	Section	Page
A. Environmental					
A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.	GRI 2–27, GRI 3–3 (c), GRI 305, GRI 306	Environmental Sustainability	67
	KPI A1.1	The types of emissions and respective emissions data.	GRI 305–1, 305–2, 305–3, 305–6, 305–7	Environmental Sustainability — Emissions	67
	KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	GRI 305–1, 305–2, 305–4	Environmental Sustainability — Emissions	67
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	GRI 306–3 (a)	Environmental Sustainability — Emissions	67
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	GRI 306–3 (a)	Environmental Sustainability — Emissions	67
	KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	GRI 3–3 (c, d), GRI 305–5	Environmental Sustainability — Emissions	69
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	GRI 3–3 (c, d), GRI 306–4, 306–5	Environmental Sustainability — Emissions	71

Aspects	ESG Indicators	Description	GRI Standards and Disclosures*	Section	Page
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	GRI 3–3 (c)	Environmental Sustainability	72
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in'000s) and intensity (e.g. per unit of production volume, per facility).	GRI 302–1, 302–3	Environmental Sustainability — Use of Resources	72
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	GRI 303–5	Environmental Sustainability — Use of Resources	72
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	GRI 3–3 (c, d), GRI 302–4, 302–5	Environmental Sustainability — Use of Resources	73
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	GRI 3–3 (c, d), GRI 303–1	Environmental Sustainability — Use of Resources	74
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	GRI 301–1	Environmental Sustainability — Use of Resources	72
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	GRI 3–3 (c)	Environmental Sustainability	76
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	GRI 3–3 (c, d), GRI 303–1, GRI 304–2, GRI 306–1, 306–2	Environmental Sustainability — The Environment and Natural Resources	76
A4: Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	GRI 2–12 (a, b-i), GRI 3–3 (c)	Environmental Sustainability	77
	KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	GRI 201–2	Environmental Sustainability — Climate Change	77

Aspects	ESG Indicators	Description	GRI Standards and Disclosures*	Section	Page
B. Social					
Employment and Labour Practices					
B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	GRI 2–27, GRI 3–3 (c)	Social Sustainability	79
	KPI B1.1	Total workforce by gender, employment type (for example, full- or parttime), age group and geographical region.	GRI 2–7 (a, c), GRI 405–1 (b)	Appendix II	96
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	GRI 401–1 (b)	Appendix II	97
B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	GRI 2–27, GRI 3–3 (c), GRI 403–1	Social Sustainability	85
	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	GRI 403–9, 403–10	Social Sustainability — Health and Safety	85
	KPI B2.2	Lost days due to work injury.	N/A	Social Sustainability — Health and Safety	86
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	GRI 3–3 (c, d), GRI 403–1, 403–3, 403–5, 403–7	Social Sustainability — Health and Safety	85
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	GRI 3–3 (c), GRI 404–2 (a)	Social Sustainability	87

Aspects	ESG Indicators	Description	GRI Standards and Disclosures*	Section	Page
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	N/A	Appendix II	97
	KPI B3.2	The average training hours completed per employee by gender and employee category.	GRI 404–1	Appendix II	98
B4: Labour Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	GRI 2–27, GRI 3–3 (c)	Social Sustainability	88
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	GRI 3–3 (c), GRI 408–1 (c), GRI 409–1 (b)	Social Sustainability — Labour Practices	89
	KPI B4.2	Description of steps taken to eliminate such practices when discovered	GRI 3–3 (c, d), GRI 408–1 (c), GRI 409–1 (b)	Social Sustainability — Labour Practices	89
Operating Practices					
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	GRI 3–3 (c)	Social Sustainability	89
	KPI B5.1	Number of suppliers by geographical region.	GRI 2–6 (b-ii)	Social Sustainability — Supply Chain Management	89
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	GRI 2–6 (b-ii), GRI 3–3 (c, d), GRI 303–1 (c), GRI 308–1, 308–2, GRI 414–1, 414–2	Social Sustainability — Supply Chain Management	89
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	GRI 2–6 (b-ii), GRI 3–3 (c, d), GRI 303–1 (c), GRI 308–1, 308–2, GRI 414–1, 414–2	Social Sustainability — Supply Chain Management	90
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	GRI 3–3 (c, d)	Social Sustainability — Supply Chain Management	90

Aspects	ESG Indicators	Description	GRI Standards and Disclosures*	Section	Page
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	GRI 2–27, GRI 3–3 (c), GRI 417–2, 417–3, GRI 418–1	Social Sustainability	91
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	N/A	—	The Group did not experience any recall incident during the year under review.
	KPI B6.2	Number of products and service related complaints received and how they are dealt with.	GRI 2–29, GRI 3–3 (c, d), GRI 418–1	Social Sustainability — Product Responsibility	92
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	N/A	—	Due to its business nature, Intellectual Property Rights are considered not material to the Group.
	KPI B6.4	Description of quality assurance process and recall procedures.	N/A	Social Sustainability — Product Responsibility	91
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	GRI 3–3 (c)	Social Sustainability — Product Responsibility	92
B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	GRI 2–27, GRI 3–3 (c), GRI 205–3	Social Sustainability	92

Aspects	ESG Indicators	Description	GRI Standards and Disclosures*	Section	Page
	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	GRI 205–3	Social Sustainability — Anti-corruption	93
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	GRI 2–26, GRI 3–3 (c), GRI 205	Social Sustainability — Anti-corruption	94
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	GRI 205–2	Social Sustainability — Anti-corruption	93
Community					
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	GRI 3–3 (c)	Social Sustainability	94
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	GRI 203–1 (a)	Social Sustainability — Community Investment	94
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	GRI 201–1(a-ii)	Social Sustainability — Community Investment	94

* The linkage between the GRI standards and disclosures that relate to each aspect in HKEX ESG Reporting Guide refers to the summary table from the 'Linking the GRI Standards and HKEX ESG Reporting Guide' (updated July 2020), with amendments from the GRI Universal Standards 2021.

Report of Directors

The directors of China New Town Development Company Limited (the "Company" and the "Directors", respectively) are pleased to present the annual report of the Company (the "Annual Report") together with the audited consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the financial year ended 31 December 2023 (the "Financial Year").

PRINCIPAL ACTIVITIES

The Group is a new town investor and developer in the People's Republic of China (the "PRC"). Since 2014, the Group's business model has been optimized through land development to developing investment and product operation in terms of new urbanization and people's livelihood improvement and participating in diversified product operation in the field of people's livelihood improvement based on the investment of fixed return. The principal activities of its principal subsidiaries are set out in Note 3 to the financial statements on pages 154 to 160 of this Annual Report.

BUSINESS REVIEW

As regards to the detailed review of the Company's business, principal risks and uncertainties facing, important events affecting the Company that have occurred since the end of the Financial Year, the likely future development in the Company's business and analysis using financial key performance indicators, please refer to the sections headed "Chairman's Statement", "President's Statement" and "Management Discussion and Analysis" on pages 8 to 15 and pages 24 to 30 of this Annual Report, respectively.

Environmental Policies and Performance

The Group is highly aware of the importance of environment protection and has implemented environmental protection measures and also encouraged staff to be environmental friendly at work by consuming the electricity and paper according to actual needs, so as to reduce energy consumption and minimize unnecessary waste. The Company has complied with the relevant environmental laws, regulations and policies in the PRC during the Financial Year.

Details of the environmental policies and performance are set out in "ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT" on pages 51 to 104 of this Annual Report.

Compliance with the Relevant Laws and Regulations that Have a Significant Impact on the Company

During the Financial Year, the Company was not aware of any non-compliance with the relevant laws and regulations that had a significant impact on it.

Relationships with Employees, Customers, Suppliers and Others

The Group has good relationships with its employees, customers and suppliers. The Group maintains continuous dialogue with key internal and external stakeholders, including employees, shareholders, investors, banks, business partners, suppliers, clients and local community, via various channels such as meetings, seminars and site visits. Their feedback and suggestions are reviewed regularly by the Group to identify and prioritise any emerging environmental, social and governance risks, and devise future action plans to turn risks into opportunities. Ongoing professional development is important to the employees given the competitive business environment in which the Group operates. To ensure that employees continue to cultivate skills and knowledge for the fulfillment of their duties and responsibilities, the Group has provided various training programs to its staff. Information about their remuneration package is set out in the paragraph headed "EMOLUMENT POLICY" in this report.

Major Customers and Suppliers

We operate on a distinctive business model and our business mainly includes urbanization investment income and property leasing operation income.

During the Financial Year, purchases from our single largest supplier accounted for approximately 64% of our total purchases, while purchases from our five largest suppliers accounted for approximately 83% of our total purchases. Sales to our largest customer accounted for approximately 8% of our total sales and the sales to our five largest customers accounted for approximately 30% of our total sales.

The Directors were not aware of any interests of any Directors, their respective close associates (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange" and the "Listing Rules", respectively)) or any substantial shareholders (including any Director who held more than 5% of the number of issued shares) in the five largest suppliers or customers.

PERMITTED INDEMNITY PROVISION

Insurance cover in respect of legal proceedings and other claims against the Directors arising from their offices and execution of their powers, duties and responsibilities has been arranged during the Financial Year and remained in force as of the date of this report.

Pursuant to the articles of association of the Company (the "AoA"), if a Director acted honestly and in good faith and in what he believed to be the best interests of the Company and, in the case of criminal proceedings, he had no reasonable cause to believe that his conduct was unlawful, the Directors shall be indemnified against all expenses including legal fees, and against all judgment, fines and amounts paid in settlement and reasonably incurred in connection with legal, administrative or investigative proceedings.

RESULTS AND APPROPRIATIONS

The Group's results for the Financial Year are set out in the consolidated statement of profit or loss and other comprehensive income on page 120 of this Annual Report.

The board of Directors (the "Board") has resolved to recommend the payment of final dividend of HK$0.0034 per ordinary share for the Financial Year (2022: Nil).

RESERVES

Details of the movements in the reserves of the Group and the Company during the Financial Year are set out in Note 23 to the financial statements on page 189 of this Annual Report.

DISTRIBUTABLE RESERVES

Subject to the BVI Business Companies Act 2004, the Company may declare final dividends in any currency, but no dividend may be declared in excess of the amount recommended by the Board. The AoA provide that before recommending any dividends, the Board may set aside out of the profits of the Company such sums as it determines as reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied and pending such application may, also at such discretion, either be employed in the business of the Company or be invested in such investments as the Board may from time to time think fit and so that it shall not be necessary to keep any investments constituting the reserve or reserves separate or distinct from any other investments of the Company. The Board may also without placing the same to reserve carry forward any profits which it may think prudent not to distribute.

Having reviewed the Company's Statement of Financial Position and the Group's Consolidated Statement of Financial Position as at 31 December 2023, cash flow position and the likely business conditions of the Group, the Directors are of the opinion that the Company will continue to satisfy the solvency test in that the value of the assets of the Company exceeds its liabilities and that the Company is able to pay its debts as they fall due immediately.

SHARE CAPITAL

Details of movements in the share capital of the Company during the Financial Year are set out in Note 22 to the financial statements on page 188 of this Annual Report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the AoA which would oblige the Company to offer new shares of the Company (the "Shares") on a pro-rata basis to the shareholders of the Company (the "Shareholders").

TAXATION IN THE BRITISH VIRGIN ISLANDS ("BVI")

The Company is a BVI business company. A BVI business company is exempt from all provisions of the Income Tax Ordinance of the BVI (including with respect to all dividends, interests, rents, royalties, compensations and other amounts payable by the company to persons who are not resident in the BVI). Capital gains realized with respect to any shares, debt obligations or other securities of the company by persons who are not resident in the BVI are also exempt from all provisions of the Income Tax Ordinance of the BVI.

No estate, inheritance, succession or gift tax is payable by persons who are not resident in the BVI with respect to any shares, debt obligations or other securities of the company, save for interest payable to or for the benefit of an individual resident in the European Union.

DONATIONS

During the Financial Year, the Group has not made any donations (2022: Nil).

BANK BORROWINGS

Details of the movements in bank borrowings of the Group during the Financial Year are set out in Note 24 to the financial statements on pages 190 and 191 of this Annual Report.

GUARANTEED BONDS

On 20 April 2023, the Company, CNTD Success Company Limited (the "Issuer"), a wholly-owned subsidiary of the Company and Wuxi Communications Industry Group Co., Ltd. ("Wuxi Communications") (the "Guarantor"), a substantial shareholder of the Company entered into the subscription agreement with the managers in connection with the issue of the CNY1.5 billion, 3.98 per cent. guaranteed bond due on 27 April 2026 in China (Shanghai) Pilot Free Trade Zone (the "Bonds") for the purpose of expansion of the Group's business.

The net proceeds, after deducting commissions and other estimated expenses payable in connection with the offering of the Bonds, will be used to fund the project construction and replenish the working capital of the Company in accordance with applicable laws and regulations. For further details, please refer to the announcement of the Company dated 20 April 2023 and Note 24 to the financial statements on pages 190 and 191 of this Annual Report.

FIXED ASSETS

Details of the movements of the Group during the Financial Year for property, plant and equipment are set out in Note 16 to the financial statements on page 182 of this Annual Report.

GROUP'S FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past five financial years is set out on page 23 of this Annual Report.

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

During the Financial Year, 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 listed securities.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float as required under the Listing Rules during the Financial Year and as at the date of this Annual Report.

EQUITY-LINKED AGREEMENT

The Group has not entered into any equity-linked agreements during the Financial Year or existed as at the end of the Financial Year.

DIRECTORS

The Directors in office during the Financial Year and up to the date of this report are:

Executive Directors (the "EDs")
Hu Zhiwei *(President)*
Yang Meiyu *(Chief Executive Officer)*
Shi Janson Bing
Liu Fangqing

Non-executive Directors (the "NEDs")
Liu Yuhai *(Chairman)*
Li Yao Min *(Vice Chairman)*
Wang Jiangang (resigned on 31 March 2023)
Wang Hongxu
Feng Xiaoliang (appointed on 31 March 2023)

Independent Non-executive Directors (the "INEDs")
Henry Tan Song Kok
Kong Siu Chee
Zhang Hao
Lo Wai Hung

Pursuant to Articles 86(1) and 86(2) of the AoA, Mr. Hu Zhiwei, Mr. Shi Janson Bing, Mr. Wang Hongxu and Mr. Lo Wai Hung will retire by rotation at the forthcoming annual general meeting of the Company (the "2024 AGM") and shall be eligible for re-election at the 2024 AGM.

The nomination committee of the Board recommends the re-election of Mr. Hu Zhiwei, Mr. Shi Janson Bing, Mr. Wang Hongxu and Mr. Lo Wai Hung after assessing their contribution and performance. All the aforesaid retiring Directors, being eligible, have offered themselves for re-election thereat.

None of the Directors proposed for re-election at the forthcoming 2024 AGM has a service contract with the Company or any of its subsidiaries, which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and senior management are set out on pages 16 to 22 of this Annual Report.

MANAGEMENT CONTRACTS

No contracts, other than employment contracts and directors' contract of service, concerning the management and administration of the whole or any substantial part of the Company's business were entered into or in existence as at end of the Financial Year and at any time during the Financial Year.

DIRECTOR'S INTEREST IN COMPETING BUSINESS

From the beginning of the Financial Year and up to the date of this report, none of the Directors is considered to have an interest in the businesses, which competed or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the Listing Rules.

INTERESTS IN SIGNIFICANT CONTRACTS OF DIRECTORS, CHIEF EXECUTIVES AND CONTROLLING SHAREHOLDERS

Save as disclosed below and under the sections headed "Connected Transactions" and "Continuing Connected Transactions" of this report, none of the Directors, chief executives or controlling shareholders (as defined in the Listing Rules) of the Company or any of its subsidiaries or an entity connected with a Director has entered into any transaction, arrangement or significant contract (whether for the provision of services to the Group or not) in relation to the business of the Group to which the Company or its holdings company or any of its subsidiaries or fellow subsidiaries, in which they had a material interest, directly or indirectly and which subsisted at the end of, or at any time during the Financial Year.

EMOLUMENT POLICY

The Group remunerates its employees including the Directors, based on their performances, experiences and the prevailing market rate. Other employee benefits include insurance, medical cover and selective subsidized training. Emoluments of the Directors are determined after taking into consideration of their expertise and job specifications.

Pension Schemes

In Hong Kong, we operate a defined contribution retirement benefits scheme under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all of our employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to our profit and loss account as they become payable. Our contributions as employer vest fully with the employees when we contribute to the scheme. We contribute 5% of the relevant monthly salary to such scheme and our employees contribute the lower of HKD1,500 or 5% of their monthly salary to such scheme as employee mandatory contributions.

In the PRC, we participate in the relevant social insurance contribution plans organised by the relevant local governmental bodies. In accordance with relevant PRC laws, members of our Group operating in the PRC are required to pay a monthly social insurance premium covering pension insurance, medical insurance, unemployment insurance, occupational injury insurance and maternity (where applicable) for their relevant employees. We are also required by the relevant PRC regulations to register with a competent housing provident fund management centre and make contributions to the respective housing provident funds for our employees.

Details of the employer's pension cost for the Financial Year are set out in Note 29 of the audited consolidated financial statements on pages 193 to 196 of this Annual Report.

CORPORATE GOVERNANCE

The Corporate Governance Report for the Financial Year is set out on pages 31 to 50 of this Annual Report.

RELATED PARTY TRANSACTIONS

The related party transactions set out in Note 31 to the financial statements did not constitute one-off connected transactions or continuing connected transactions, which are required to comply with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

On 15 December 2023, Beijing Xincheng Kaiyuan Asset Management Company Limited ("Xincheng Kaiyuan") and Shanghai Jiatong Enterprises Co., Ltd ("Shanghai Jiatong"), both are a wholly-owned subsidiary of the Company, entered into the limited partnership agreement in relation to the formation of partnership with Wuxi Guosheng Asset Management Company Limited ("Wuxi Guosheng"), a wholly-owned subsidiary of Wuxi Tonghui Capital Company Limited ("Wuxi Tonghui") and Wuxi Tonghui, a wholly-owned subsidiary of Wuxi Communications, to jointly set up Wuxi Xinsheng Investment Partnership (Limited Partnership) ("Wuxi Xinsheng") (the "Limited Partnership Agreement").

In connection with the Limited Partnership Agreement, on 15 December 2023, (1) the partners entered into the rights and obligations arrangement agreement, pursuant to which Wuxi Tonghui agreed to make up the shortfall for Xincheng Kaiyuan and Shanghai Jiatong, respectively, and to acquire the respective interests held by Xincheng Kaiyuan and Shanghai Jiatong in Wuxi Xinsheng (the "Rights and Obligations Arrangement Agreement"); and (2) Wuxi Communications entered into the guarantee agreement with each of Xincheng Kaiyuan and Shanghai Jiatong, respectively, pursuant to which Wuxi Communications agreed to provide a general guarantee to Xincheng Kaiyuan and Shanghai Jiatong (as the case may be) on the performance of the shortfall makeup and acquisition obligations of Wuxi Tonghui under the rights and obligations arrangement agreement (the "Guarantee Agreements").

Wuxi Communications is a substantial shareholder of the Company, indirectly holding approximately 29.99% of the entire issued share capital of the Company and Wuxi Guosheng and Wuxi Tonghui are wholly-owned subsidiaries of Wuxi Communications. Therefore, Wuxi Communications and its associates (including Wuxi Guosheng and Wuxi Tonghui) are connected persons of the Company under the Listing Rules.

Accordingly, the transactions contemplated under the Limited Partnership Agreement, the Rights and Obligations Arrangement Agreement and the Guarantee Agreements constitute a major and connected transaction of the Company under the Listing Rules and is subject to reporting, announcement, circular (including independent financial advice) and independent shareholders' approval requirements under the Listing Rules.

An extraordinary general meeting of the Company was held on 22 March 2024 to approve, confirm and ratify the Limited Partnership Agreement, the Rights and Obligations Arrangement Agreement and the Guarantee Agreements by the independent shareholders of the Company. For details, please refer to (i) the announcements of the Company dated 15 December 2023, 8 January 2024, 28 February 2024 and 22 March 2024; and (ii) the circular of the Company dated 6 March 2024.

Save as disclosed above, there were no connected transaction and continuing connected transaction between the Group and its connected persons (as defined under the Listing Rules) which are subject to the reporting, announcement and the independent shareholders' approval requirement under the Listing Rules for the Financial Year.

FINANCIAL ASSISTANCE AND GUARANTEE TO AFFILIATED COMPANIES

Pursuant to Rule 13.22 of the Listing Rules, a pro forma combined balance sheet of affiliated companies with financial assistance from the Group and the Group's attributable interest in those affiliated companies as at 31 December 2023 are as follow:

	Pro forma combined balance sheet	**Group's attributable interest**
	RMB'000	RMB'000
Non-current assets	949,463	472,031
Current assets	1,246,502	609,426
Current liabilities	(1,232,266)	(603,074)
Non-current liabilities	(478,438)	(239,219)
	485,261	239,164

The pro forma combined balance sheet of the affiliated companies is prepared by combining their balance sheet, after making adjustments to conform with the Group's significant accounting policies and re-grouping into significant classification in the balance sheet as at 31 December 2023.

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the Financial Year was the Company, its holding companies, or any of its subsidiaries or fellow subsidiaries, a party to any arrangement whose objects are, or one of whose object is, to enable the Directors to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

SECURITIES INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at 31 December 2023, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), which were required (a) to be notified to the Company and the Stock Exchange 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 Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 (renamed as Appendix C3 with effect from 31 December 2023) to the Listing Rules (the "Model Code") were as follows:

Long Position in the Shares

Name of Directors	Capacity	Number of Shares held Personal interest	Family interest	Corporate interest	Total	Approximate percentage of the issued Shares
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 31 December 2023, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange 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 Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SECURITIES

As at 31 December 2023, to the best of the Directors' knowledge, the following persons who (other than a Director and the chief executive of the Company) or organisations which had or were deemed or taken to have an interest and/or a short position in the Shares or the underlying Shares, which would fall to be disclosed to the Company under the provisions of 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 Direct interest	Corporate interest	Other interests	Total	Approximate percentage of the issued Shares
Xitong International Holdings (HK) Limited ("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%

Name of substantial shareholders	Capacity	Number of Shares held Direct interest	Corporate interest	Other interests	Total	Approximate percentage of the issued Shares
China Development Bank International Holdings Limited ("CDBIH")(2)	Beneficial owner	2,430,921,071	—	—	2,430,921,071	24.99%
China Development Bank Capital Corporation Limited ("CDBC" or "CDB Capital")(2)	Interests of a controlled corporation	—	2,430,921,071	—	2,430,921,071	24.99%
China Development Bank Corporation ("CDB")(2)	Interests of a controlled corporation	—	2,430,921,071	—	2,430,921,071	24.99%
SRE Investment Holding Limited ("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%
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.

(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 31 December 2023, had an interest and/or short position in the Shares or underlying Shares, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or were required to be entered in the register kept by the Company pursuant to section 336 of the SFO.

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors and the five individuals with the highest emoluments for the Financial Year are set out in Note 29 to the financial statements, respectively.

AUDIT COMMITTEE

The audit committee of the Board (the "AC") comprises the following members:

Mr. Henry Tan Song Kok	*(Lead INED and Chairman of the AC)*
Mr. Zhang Hao	*(INED)*
Mr. Lo Wai Hung	*(INED)*

The AC has recommended to the Board the nomination of Ernst & Young ("EY") for re-appointment as the independent auditor of the Company (the "Independent Auditor") at the forthcoming 2024 AGM.

The functions performed by the AC (including the review of the audited consolidated financial statements of the Group for the Financial Year) are detailed in the Corporate Governance Report.

INDEPENDENT AUDITOR

There were no changes of independent auditor in the past three years.

The consolidated financial statements of the Group for the Financial Year have been audited by EY who will retire and, being eligible, offer themselves for re-appointment at the forthcoming 2024 AGM. A resolution to re-appoint EY as the Independent Auditor and to authorise the Directors to fix their remuneration will be proposed at the 2024 AGM.

For and on behalf of the Board

Liu Yuhai
Non-executive Director and Chairman

Hu Zhiwei
Executive Director and President

28 March 2024

Independent Auditor's Report

To the shareholders of China New Town Development Company Limited

(Incorporated in the British Virgin Islands with limited liability)

OPINION

We have audited the consolidated financial statements of China New Town Development Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 120 to 216, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs") issued by the International Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Hong Kong Institute of Certified Public Accountants' *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

To the shareholders of China New Town Development Company Limited
(Incorporated in the British Virgin Islands with limited liability)

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Allowance for debt instruments at amortised cost	
IFRS 9 requires that the measurement of impairment of financial assets should be based on the "expected credit losses ("ECLs") model". To assess the impairment of debt instruments at amortised cost under IFRS 9, significant judgements and estimates were made by management in aspects such as assessing whether there had been a significant increase in credit risk since initial recognition, estimating the parameters, including estimation of future cash flows, and assumptions for measuring ECLs and determining the forward-looking adjustments. As at 31 December 2023, the gross carrying amount of debt instruments at amortised cost of the Group amounted to RMB3,200 million. The allowance for debt instruments at amortised cost amounted to RMB408 million. Since the impairment assessment of financial assets involved significant judgements and estimates and in view of the significance of the amount, allowance for debt instruments at amortised cost was considered a key audit matter. Relevant disclosures were included in notes 2.3, 2.4, 13 and 34 to the consolidated financial statements.	We obtained an understanding of the process of management's assessment of ECLs. We performed credit review for the debt instruments at amortised cost to assess the appropriateness of management's evaluation on the debt instruments' credit ratings. We assessed the models and key parameters used in the collective impairment assessment, including the significant increase in credit risk, probability of default, loss given default, risk exposure, and forward-looking adjustments. We assessed the models and the related assumptions used in individual impairment assessment, including the amount, timing and likelihood of management's estimation on future cash flows. We assessed the appropriateness of the disclosures in the consolidated financial statements relating to the ECLs of debt instruments at amortised cost.

To the shareholders of China New Town Development Company Limited
(Incorporated in the British Virgin Islands with limited liability)

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of investment property The Group's investment property, which was located in Mainland China, was an urban complex with office premises, retail and car park spaces. The investment property was measured at fair value based on the income approach at 31 December 2023, which required significant judgements and estimates that were mainly based on market conditions existing at the valuation date, including the discount rate, market rent price, vacancy rate and cash flow projections. As at 31 December 2023, the carrying amount of the investment property amounted to RMB1,486 million and the fair value gain recognised to the current year's profit amounted to RMB1,456 thousand. Since the determination of the fair value involved significant judgements and estimations and in view of the significance of the amount, the valuation of the investment property was considered a key audit matter. Relevant disclosures were included in notes 2.3, 2.4, 15 and 36 to the consolidated financial statements.	We obtained an understanding of the process of management's assessment of the valuation of the investment property. We assessed the independence, objectivity and expertise of the external valuer engaged by the Group. We assessed the model and key parameters used by the external valuer in the assessment of the valuation of investment property, in terms of the valuation methodology, market rent price, vacancy rate and discount rate. We also assessed the appropriateness of the related disclosures in the consolidated financial statements.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

To the shareholders of China New Town Development Company Limited
(Incorporated in the British Virgin Islands with limited liability)

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

To the shareholders of China New Town Development Company Limited
(Incorporated in the British Virgin Islands with limited liability)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Benny Bing Yin Cheung.

Ernst & Young
Certified Public Accountants
Hong Kong
28 March 2024

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the financial year ended 31 December 2023

(All amounts expressed in RMB'000 unless otherwise specified)

	Notes	2023	2022 Restated*
Operating income		**427,389**	405,668
Revenue	5	**337,482**	305,029
Other income	6	**89,907**	100,639
Operating expenses		**(213,955)**	(339,888)
Cost of sales	7	**(38,441)**	(43,267)
Selling and administrative expenses	7	**(113,393)**	(116,673)
Finance costs	8	**(91,192)**	(44,615)
Other expenses	9	**(15,483)**	(110,219)
Reversal of impairment losses/(impairment losses) on financial assets		**44,554**	(25,114)
Operating profit		**213,434**	65,780
Share of losses of joint ventures and associates	4	**(12,351)**	(9,292)
Profit before tax		**201,083**	56,488
Income tax	10	**(49,827)**	(49,018)
Profit for the year		**151,256**	7,470
Other comprehensive income			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Share of other comprehensive income of associates		**2,518**	14,950
Other comprehensive income for the year, net of tax		**2,518**	14,950
Total comprehensive income for the year, net of tax		**153,774**	22,420

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the financial year ended 31 December 2023
(All amounts expressed in RMB'000 unless otherwise specified)

	Notes	2023	2022 Restated*
Profit attributable to:			
Equity holders of the parent		**140,858**	2,718
Non-controlling interests		**10,398**	4,752
		151,256	7,470
Total comprehensive income attributable to:			
Equity holders of the parent		**143,376**	17,668
Non-controlling interests		**10,398**	4,752
		153,774	22,420
Earnings per share (RMB per share) attributable to ordinary equity holders of the parent:			
Basic and diluted, profit for the year	12	**0.0145**	0.0003

* The 2022 consolidated financial statements have been restated to meet the disclosure requirement of the adoption of amendments to International Accounting Standards ("IAS") 12.

The accompanying accounting policies and explanatory notes are an integral part of the consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2023

(All amounts expressed in RMB'000 unless otherwise specified)

	Notes	2023	2022 Restated*
Assets			
Non-current assets			
Investments in joint ventures	4(a)	**225,599**	238,810
Investments in associates	4(b)	**172,921**	169,413
Debt instruments at amortised cost	13	**942,974**	715,172
Financial assets at fair value through profit or loss	14	**216,545**	162,438
Investment property	15	**1,485,700**	1,485,700
Property, plant and equipment	16	**8,439**	9,175
Deferred tax assets	10	**—**	712
Right-of-use assets	17(a)	**29,387**	11,681
Other assets		**1,341**	1,981
Total non-current assets		**3,082,906**	2,795,082
Current assets			
Land development for sale	18	**780,537**	779,714
Prepayments		**2,271**	1,719
Other receivables	19	**640,837**	604,870
Trade receivables	20	**42,913**	45,526
Debt instruments at amortised cost	13	**1,849,131**	947,053
Other assets		**7,234**	9,693
Financial assets at fair value through profit or loss	14	**19,176**	895,643
Cash and bank balances	21	**1,454,360**	504,252
Total current assets		**4,796,459**	3,788,470
Total assets		**7,879,365**	6,583,552
Equity and liabilities			
Equity			
Attributable to:			
Equity holders of the parent:			
Share capital	22	**4,070,201**	4,070,201
Accumulated losses		**(498,349)**	(619,620)
Foreign currency translation reserve		**9,804**	7,286
Other reserves	23	**607,839**	607,839
		4,189,495	4,065,706
Non-controlling interests		**480,629**	470,231
Total equity		**4,670,124**	4,535,937

Consolidated Statement of Financial Position

As at 31 December 2023

(All amounts expressed in RMB'000 unless otherwise specified)

	Notes	2023	2022 Restated*
Liabilities			
Non-current liabilities			
Interest-bearing loans and borrowings	24	**2,019,354**	738,223
Other liabilities		**6,054**	6,207
Deferred tax liabilities	10	**145,257**	128,515
Total non-current liabilities		**2,170,665**	872,945
Current liabilities			
Interest-bearing loans and borrowings	24	**299,295**	381,924
Trade payables	25	**110,450**	108,525
Other payables and accruals	26	**166,869**	227,986
Advance from customers	27	**38,786**	19,848
Current income tax liabilities		**40,687**	40,072
Contract liabilities	28	**382,489**	396,315
Total current liabilities		**1,038,576**	1,174,670
Total liabilities		**3,209,241**	2,047,615
Total equity and liabilities		**7,879,365**	6,583,552
Net current assets		**3,757,883**	2,613,800
Total assets less current liabilities		**6,840,789**	5,408,882

* The 2022 consolidated financial statements have been restated to meet the disclosure requirement of the adoption of amendments to IAS 12.

The accompanying accounting policies and explanatory notes are an integral part of the consolidated financial statements.

Liu Yuhai
Chairman

Hu Zhiwei
President

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2023
(All amounts expressed in RMB'000 unless otherwise specified)

	Attributable to equity holders of the parent						
	Share capital	Other reserves	Foreign currency translation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
As at 1 January 2022	4,070,201	607,839	(7,664)	(621,336)	4,049,040	465,479	4,514,519
Effect of adoption of amendments to IAS 12	—	—	—	(1,002)	(1,002)	—	(1,002)
As at 1 January 2022 (restated)	4,070,201	607,839	(7,664)	(622,338)	4,048,038	465,479	4,513,517
Profit for the year (restated)	—	—	—	2,718	2,718	4,752	7,470
Other comprehensive income	—	—	14,950	—	14,950	—	14,950
Total comprehensive income (restated)	—	—	14,950	2,718	17,668	4,752	22,420
As at 31 December 2022 (restated)	4,070,201	607,839	7,286	(619,620)	4,065,706	470,231	4,535,937
Profit for the year	—	—	—	140,858	140,858	10,398	151,256
Other comprehensive income	—	—	2,518	—	2,518	—	2,518
Total comprehensive income	—	—	2,518	140,858	143,376	10,398	153,774
Interim 2023 dividend	—	—	—	(19,587)	(19,587)	—	(19,587)
As at 31 December 2023	**4,070,201**	**607,839**	**9,804**	**(498,349)**	**4,189,495**	**480,629**	**4,670,124**

The accompanying accounting policies and explanatory notes are an integral part of the consolidated financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2023
(All amounts expressed in RMB'000 unless otherwise specified)

	Notes	2023	2022
Cash flows from operating activities			
Profit before tax		**201,083**	56,488
Adjustments for:			
(Reversal of impairment losses)/impairment losses on financial assets		**(44,554)**	25,114
Depreciation of property, plant and equipment	7	**1,175**	1,439
Depreciation of right-of-use assets	7	**11,866**	12,544
Amortisation of intangible assets		**1,270**	346
Net fair value gain on an investment property	6	**(1,456)**	(12,319)
Net gain on financial instruments at fair value through profit or loss	6	**(44,439)**	(59,540)
Share of losses of joint ventures and associates	4	**12,351**	9,292
Interest from debt instruments at amortised cost and dividend income from other investment	5(b)/5(c)	**(179,361)**	(150,084)
Interest income from bank deposits	6	**(27,650)**	(3,874)
Interest expense on lease liabilities	8	**786**	386
Interest expense on loans and borrowings	8	**90,406**	44,229
Foreign exchange loss/(gain)	6	**12,209**	(6,242)
Loss on disposal of property, plant and equipment	9	**19**	4
Impairment provision for land development for sale	9	**—**	109,434
		33,705	27,217
Increase in land development for sale		**(823)**	(1,747)
Increase in prepayments		**(552)**	(138)
(Increase)/decrease in other receivables and other assets		**(28,467)**	4,059
Decrease/(increase) in trade receivables		**2,672**	(1,841)
Increase in advances from customers		**18,938**	8,625
(Decrease)/increase in contract liabilities		**(13,826)**	409
Increase/(decrease) in trade and other payables		**71**	(18,752)
		11,718	17,832
Income tax paid		**(31,758)**	(51,747)
Net cash outflow from operating activities		**(20,040)**	(33,915)

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2023
(All amounts expressed in RMB'000 unless otherwise specified)

	Notes	2023	2022
Cash flows from investing activities			
Purchases of property, plant and equipment		**(458)**	(359)
Investments in joint ventures and associates		**(4,318)**	—
Capital expenditure on an investment property		**(5,225)**	(81,545)
Investments in debt instruments at amortised cost		**(2,601,000)**	(300,000)
Proceeds from recovery of debt instruments at amortised cost		**1,506,600**	208,000
Interest received from debt instruments at amortised cost and other investment		**168,294**	136,656
Investments in financial assets at fair value through profit or loss		**(49,132)**	(2,841,788)
Proceeds from redemption of financial assets at fair value through profit or loss		**895,625**	3,055,325
Interest received from bank deposits		**27,650**	3,874
Investment income from financial assets at fair value through profit or loss		**20,306**	47,318
Payments for intangible assets		**(30)**	(560)
Investment losses from derivatives		**(29,894)**	—
Net cash (outflow)/inflow from investing activities		**(71,582)**	226,921
Cash flows from financing activities			
Proceeds from loans and borrowings	37	**1,511,690**	45,621
Repayment of loans and borrowings	37	**(394,502)**	(70,000)
Payment of lease liabilities	17(b)/37	**(12,482)**	(12,853)
Dividends paid		**(19,483)**	—
Interest paid	37	**(43,590)**	(38,384)
Net cash inflow/(outflow) from financing activities		**1,041,633**	(75,616)
Net increase in cash and cash equivalents		**950,011**	117,390
Effect of exchange rate changes on cash and cash equivalents		**97**	859
Cash and cash equivalents at beginning of year		**504,252**	386,003
Cash and cash equivalents at end of year	21	**1,454,360**	504,252

The accompanying accounting policies and explanatory notes are an integral part of the consolidated financial statements.

1. CORPORATE AND GROUP INFORMATION

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

The Company together with its subsidiaries (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 ("PRC") since 2002. Since 2014, the Company's business models have been further optimized. With the business strategy of "investment + downstream operation", on top of fixed income investment in urbanization projects, the Group introduced brands of urbanization to the region in the field of people's livelihood improvement at the same time, such as education, tourism and healthcare.

The Company was a then subsidiary of SRE Group Limited ("SRE"), a company listed on the Stock Exchange 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 ("CDBC" or "CDB Capital"), became the largest and controlling shareholder of the Company. As an appendix of the Subscription Agreement, there was a disposal master agreement (the "Disposal Master Agreement") between the Company and SREI to dispose of the specified assets and liabilities not relating to the Group's principal business of the planning and development of new town projects in Mainland China (the "Disposal Assets"). Execution of the Disposal Assets was completed in 2016.

On 11 June 2021, CDBIH signed a share transfer agreement in respect of approximately 29.99% of the shares of the Company (the "Share Transfer Agreement") with Wuxi Communications Industry Group Co., Ltd. ("Wuxi Communications") and Xitong International Holdings (HK) Limited ("Xitong International"), a wholly-owned subsidiary of Wuxi Communications, pursuant to which CDBIH has agreed to transfer 2,917,000,000 shares of the Company held by it (the "Transfer Shares") to Xitong International, 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.

Subsidiaries

The principal activities of the subsidiaries are disclosed in note 3 below.

2.1 BASIS OF PREPARATION

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

The consolidated financial statements have been prepared on a historical cost basis, except for investment property and financial assets 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 2023. A subsidiary is an 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/Company and to the non-controlling interests, even if it results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.1 BASIS OF PREPARATION (continued)

(a) Basis of consolidation (continued)

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.

2.2 CHANGES IN ACCOUNTING POLICIES 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 2023 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 17 Insurance Contracts

IFRS 17 *Insurance Contracts* is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 *Insurance Contracts*. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

New and amended standards and interpretations (continued)

Definition of Accounting Estimates — Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments had no impact on the Group's consolidated financial statements.

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

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

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

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

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

Prior to the initial application of these amendments, the Group applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. Upon initial application of these amendments, the Group recognised (i) a deferred tax asset for all deductible temporary differences associated with lease liabilities (provided that sufficient taxable profit is available), and (ii) a deferred tax liability for all taxable temporary differences associated with right-of-use assets as at 1 January 2022, with cumulative effect recognised as an adjustment to the balances of retained profits and non-controlling interests at that date. The quantitative impact on the financial statements is summarised below.

(All amounts expressed in RMB'000 unless otherwise specified)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

New and amended standards and interpretations (continued)

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

Impact on the consolidated statement of financial position:

	Increase/(decrease)		
	As at 31 December 2023	As at 31 December 2022	As at 1 January 2022
Liabilities			
Deferred tax liabilities (Note)	**982**	986	1,002
Total non-current liabilities	**982**	986	1,002
Total liabilities	**982**	986	1,002
Net assets	**(982)**	(986)	(1,002)
Equity			
Accumulated losses	**(982)**	(986)	(1,002)
Equity holders of the parent	**(982)**	(986)	(1,002)
Total equity	**(982)**	(986)	(1,002)

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

(All amounts expressed in RMB'000 unless otherwise specified)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

New and amended standards and interpretations (continued)

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

Impact on the consolidated statement of profit or loss and other comprehensive income:

	Increase/(decrease) For the year ended 31 December	
	2023	2022
Income tax	**(4)**	(16)
Profit for the year	**4**	16
Profit attributable to:		
Equity holders of the parent	**4**	16
Total comprehensive income attributable to:		
Equity holders of the parent	**4**	16

The adoption of amendments to IAS 12 did not have any material impact on the basic and diluted earnings per share attributable to ordinary equity holders of the parent, other comprehensive income and the consolidated statements of cash flows for the years ended 31 December 2023 and 2022.

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

The amendments to IAS 12 have been introduced in response to the Organisation for Economic Co-operation and Development's Base Erosion and Profit Shifting Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception — the use of which is required to be disclosed — applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

2.3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of the assets or liabilities affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(i) Property lease classification — Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases.

(ii) Land development services

The Group applies significant judgements in identifying performance obligations and allocation of transaction price to each performance. When the performance is not distinct, the Group combine those construction and service with other promised construction or services until it identifies a bundle of performance that is distinct. The contract price is allocated based on their relative fair values of the construction works, determined by reference to the relative estimated construction costs of each component.

Revenue derived from land development service is recognised over time based on the portions of the specific construction works or services completed. Significant judgement is made by the Group in determining the proportion of the performance obligations completed.

(iii) Contractual cash flow characteristics

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics. The Group needs to make significant judgment on whether the contractual cash flows are solely payments of principal and interest on the principal amount outstanding.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are disclosed below:

2.3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

(i) Carrying amount of land development for sale

Land development for sale is stated at lower of cost and net realisable value

Based on the Group's recent experience and the nature of the subject land development, the Group makes estimates of cost allocated to each parcel of land and their recoverable amounts, i.e., the revenue to be derived from the land development services, compensations from local government or proceeds in other forms.

If the cost is higher than the amount of consideration, compensations or proceeds the Group is expected to receive from the government authorities, less costs directly relate to completion and providing those services, if any, an impairment is recognised. The assessment of impairment requires the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and impairment for land development for sale in the periods in which such estimate is changed will be adjusted accordingly. In 2022, an impairment of RMB109 million was charged to state the land development for sale at net realisable value (Note 18).

(ii) Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences, and the carry forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Where the actual or expected tax positions of the relevant companies of the Group in future are different from the original estimates, such differences will impact on the recognition of deferred tax assets and income tax charge in the period in which such estimate has been changed.

(iii) Allowance for expected credit losses

The Group uses the probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD") model to estimate the expected credit losses ("ECLs") for debt instruments at amortised cost. The parameters used by the Group to measure the ECLs, including PD, LGD and EAD, each involve numerous judgements and assumptions. The Group made adjustments based on the results of the internal rating and bridged to the external rating PD curve in determining the PD. When estimating the LGD, the Group uses the default setting of Basel Agreement since the risk of their debt instruments at amortised cost is similar to subordinated bonds. The Group also applies expert judgements to predict macroeconomic indicators, analyses the correlations with modelled parameters such as PD, and makes forward-looking adjustments on parameters.

2.3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

(iii) Allowance for expected credit losses (continued)

The Group uses the historical credit loss experience to estimate the ECLs of trade receivables and other receivables. The provision rates are based on groupings of various counterparty segments that have similar loss patterns. It is initially based on the Group's historical observed default rates and was adjusted by forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between the PD, LGD, historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future.

Significant estimation of future cash flows is made by the Group when measuring the credit loss for the impaired debt instruments at amortised cost, trade receivables and other receivables. Factors affecting this estimate include, among other things, financial information related to specific counterparties and the relevance of sector trends to the future performance of individual counterparties.

(iv) Fair value measurement of financial instruments

When the fair values of financial instruments recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

(v) Fair value measurement of investment property

The fair value of the Group's investment property is evaluated by an independent professionally qualified valuer at the end of each reporting period using the income approach, which is on the basis of capitalisation of net rental income derived from the existing tenancies with due allowance for reversionary income potential of the property interest. In making the estimate, the Group considers information from current rentals of the lease contracts recently entered and other information that are relevant in assessing the market conditions existing at the end of each reporting period.

2.4 MATERIAL ACCOUNTING POLICIES

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group's investments in its associates and joint ventures are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date less any impairment losses. Goodwill, if any, relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in other comprehensive income ("OCI") of those investees is presented as part of the Group's OCI. In addition, where there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate or a joint venture is shown on the face of the consolidated statement of profit or loss and other comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the investor. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in an associate or a joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognises the loss within 'Share of profits and losses of joint ventures and associates' in the statement of profit or loss and other comprehensive income.

Upon loss of joint control over the joint venture or loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture or associate upon loss of joint control or loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on the current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right for the Group to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Fair value measurement

The Group measures investment property and certain financial instruments, such as financial assets at fair value through profit or loss, at fair value at the end of each reporting period. Also, the fair values of investment property and financial instruments are disclosed in note 36.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or

- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	—	Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2	—	Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3	—	Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies for "Revenue from contracts with customers".

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial assets (continued)

Subsequent measurement (continued)

(a) *Financial assets at amortised cost (debt instruments)*

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

(b) *Financial assets at fair value through OCI (debt instruments)*

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the consolidated statement of profit or loss and other comprehensive income and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

(c) *Financial assets designated at fair value through OCI (equity instruments)*

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: *Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss and other comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

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

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss and other comprehensive income when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

General approach (continued)

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1	—	Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
Stage 2	—	Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3	—	Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. It is based on its historical credit loss experience, adjusted for forward-looking factors to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at amortised cost and financial liabilities at fair value through profit or loss. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings, and financial liabilities at fair value through profit or loss.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

(a) *Financial liabilities at amortised cost*

Financial liabilities at amortised cost including trade and other payables, and interest-bearing loans and borrowings are subsequently measured at amortised cost, using the EIR method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the statement of profit or loss and other comprehensive income.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Subsequent measurement (continued)

(b) *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress ("CIP"), are stated at cost less accumulated depreciation and any impairment losses.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Such cost includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives for this purpose are as follows:

Buildings	50 years
Furniture, fixtures and equipment	3 to 5 years
Motor vehicles	5 years

When parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted prospectively if appropriate, at the end of each reporting period.

The Group reviews the estimated residual values and expected useful lives of assets at least annually. In particular, the Group considers the impact of health, safety and environmental legislation in its assessment of expected useful lives and estimated residual values.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the fair value less cost to sell and the carrying amount of the relevant asset.

CIP is stated at cost less any impairment in value, and is not depreciated. Cost mainly comprises the direct costs during the period of construction and capitalised interest. CIP is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Land development for sale

Cost of land development for sale comprises the aggregate cost of development, materials and supplies, capitalised borrowing costs on related borrowing funds during the period of construction and other costs directly attributable to such land development for sale.

Land development for sale is stated at lower of cost and net realisable value. An impairment exists if the carrying amount of the land development for sale exceeds the amount of consideration the Group is expected to receive from the local government authorities, less costs directly relate to completion and providing those services.

An impairment loss is recognised in profit or loss only if the carrying amount of the land development for sale exceeds its recoverable amount.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks and demand deposits, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the statement of cash flows, cash and bank balances comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss and other comprehensive income.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than land development for sale, inventories, deferred tax assets, financial assets and investment property), the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessee (continued)

(a) *Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Buildings	2 to 3 years
Motor vehicles	2 to 3 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) *Lease liabilities*

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases. It also applies the recognition exemption to its leases of low-value assets.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Lease revenue is recognised in accordance with the terms of lease contracts over the lease term on a straight line basis and is included in revenue in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Variable lease income are recognised in profit or loss in the period in which they are earned.

Investment properties

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of the retirement or disposal.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

(a) *Revenue from land development service*

Revenue derived from land development service is recognised over time based on the portions of the specific construction works or services completed because the customer controls the asset as it is being created or enhanced.

(b) *Property management revenue*

Property management revenue is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

Revenue from other sources

(a) *Operating lease income*

Operating lease income from investment property is recognised on the straight-line basis over the lease term, which is the non-cancellable period for which the lessee has contracted to lease the property together with any further terms for which the lessee has the option to continue to lease the property, with or without further payments, when at the inception of the lease, it is reasonably certain that the lessee will exercise the option.

(b) *Interest income*

Interest income is recognised on a time proportion basis using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial instrument.

(c) *Dividend income*

Dividend income is recognised when the shareholders' right to receive payment has been established, which is generally when the shareholders approve the dividend.

Contract balances

Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Contract balances (continued)

Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, that is, assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Other borrowing costs are recognised as expenses when incurred.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of fund. The interest capitalised is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amounts capitalised are the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalised as from the commencement of the development work until the date of practical completion. The capitalisation of finance costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalised on the purchase cost of a set of properties acquired specifically for redevelopment but only where activities necessary to prepare the asset for redevelopment are in progress.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Income tax (continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Employee retirement benefits

Pursuant to the relevant regulations of the PRC government, the companies comprising the Group operating in Mainland China (the "PRC group companies") have participated in a local municipal government retirement benefit scheme (the "Scheme"), whereby the PRC group companies are required to contribute a certain percentage of the salaries of their employees to the Scheme to fund their retirement benefits. The only obligation of the Group with respect to the Scheme is to pay the ongoing contributions under the Scheme. Contributions under the Scheme are charged to profit or loss as incurred.

In Hong Kong, the Group operates a defined contribution retirement benefit scheme under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all of the employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable. The Group's contributions as an employer vest fully with the employees when the Group contributes to the scheme. The Group contributes 5% of the relevant monthly salaries to such scheme and the Group's employees contribute the lower of HKD1,500 and 5% of their monthly salaries to such scheme as employee mandatory contributions.

Foreign currency translation

The Group's consolidated financial statements are presented in RMB which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. All transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating to those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the reporting period. All differences arising on settlement or translation of monetary items are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

Dividends

When final dividends have been approved by the directors and shareholders and declared, they are recognised as a liability.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group. Contingent liabilities and assets are not recognised in the statement of financial position of the Group.

Government grants

Government grants (including non-monetary grants) are recognised at their fair value where there is reasonable assurance that the grants will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, the grant is deducted from the relevant asset before arriving at the carrying amount of the asset. The grant is recognised in profit or loss over the time of asset realisation by way of a reduced cost of assets' depreciation charge. Grants received in connection with the Group's role in planning and constructing the ancillary public facilities are deducted from the development cost of the ancillary public facilities and would be recognised indirectly in the form of an increased profit margin over the course of recognising revenue in connection with the ancillary public facility services.

2.5 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretation that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretation, if applicable, when they become effective.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed.

The amendments are not expected to have a material impact on the Group's financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

2.5 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

Amendments to IAS 1: Classification of Liabilities as Current or Non-current (continued)

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Supplier Finance Arrangements — Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments*: *Disclosures* to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed.

The amendments are not expected to have a material impact on the Group's financial statements.

Amendments to IAS 21: Lack of Exchangeability

The amendments specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application.

The amendments are not expected to have a material impact on the Group's financial statements.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture — Amendments to IFRS 10 and IAS 28

In December 2015, the IASB decided to defer the effective date of the amendments until such time as it has finalised any amendments that result from its research project on the equity method. Early application of the amendments is still permitted.

The amendments address the conflict between IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture.

The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3 Business combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

The amendments must be applied prospectively. Early application is permitted and must be disclosed.

The amendments are not expected to have a material impact on the Group's financial statements.

(All amounts expressed in RMB'000 unless otherwise specified)

3. INVESTMENTS IN SUBSIDIARIES

Company

	Notes	2023	2022
Unlisted shares, at cost less impairment loss	(a)	**2,181,877**	3,524,561
Advances to subsidiaries, net	(b)	**582,976**	582,976
		2,764,853	4,107,537

(a) As at 31 December 2023 and 2022, the Group's direct or indirect interests in subsidiaries are set out below:

Directly held by the Company

Name	Place and date of incorporation	Carrying amount	Proportion of ownership interest (%) 2023	Proportion of ownership interest (%) 2022	Principal activities/ place of operation
Meeko Investment Limited ("Meeko")	British Virgin Islands 19 August 2005	412,561	**100.00**	100.00	Investment holding/ Hong Kong
Weblink International Limited ("Weblink")	British Virgin Islands 17 November 2005	269,316	**100.00**	100.00	Investment holding/ Hong Kong
Protex Investment Limited	British Virgin Islands 18 October 2006	—	**100.00**	100.00	Investment holding/ Hong Kong
China New Town Holding Co., Ltd. ("CNT Holding")	Hong Kong 17 July 2014	1,500,000	**100.00**	100.00	Investment holding/ Hong Kong and Mainland China
CNTD Success Company Limited ("Success")	British Virgin Islands 23 March 2022	—	**100.00**	100.00	Investment holding/ Hong Kong
		2,181,877			

(All amounts expressed in RMB'000 unless otherwise specified)

3. INVESTMENTS IN SUBSIDIARIES (continued)

(a) As at 31 December 2023 and 2022, the Group's direct or indirect interests in subsidiaries are set out below: (continued)

Indirectly held by the Company

Ultimately held through	Name	Place and date of incorporation/ establishment and issued share capital	Proportion of ownership interest (%)		Effective equity interest (%)		Principal activities/ place of operation
			2023	2022	**2023**	2022	
Meeko and Weblink	Shanghai Golden Luodian Development Co., Ltd. ("SGLD")(1)	PRC 26 September 2002 RMB208,100,000	**72.63**	72.63	**72.63**	72.63	Land development/ Mainland China
Weblink	Shanghai Jiatong Enterprises Co., Ltd. ("Shanghai Jiatong")(2)	PRC 12 April 2006 RMB1,000,000	**100.00**	100.00	**100.00**	100.00	Consultation services/ Mainland China
Protex Investment Limited	China New Town Development (Changchun) Company Limited ("CNTD Changchun")	British Virgin Islands 7 September 2006 USD1	**100.00**	100.00	**100.00**	100.00	Investment holding/ Hong Kong
Protex Investment Limited	China New Town Development (Shenyang) Company Limited ("CNTD Shenyang")	British Virgin Islands 18 October 2006 USD1	**100.00**	100.00	**100.00**	100.00	Investment holding/ Hong Kong
Protex Investment Limited	Safewell Investment Limited	British Virgin Islands 14 February 2007 USD1	**100.00**	100.00	**100.00**	100.00	Investment holding/ Hong Kong
Protex Investment Limited	Shenyang Lixiang New Town Modern Agriculture Co., Ltd. ("Shenyang Lixiang")(2)	PRC 6 March 2007 USD88,200,000	**100.00**	100.00	**100.00**	100.00	Land development/ Mainland China
Protex Investment Limited	Shanghai CNTD Management Consulting Co., Ltd. ("Shanghai Management")(2)	PRC 21 June 2007 USD200,000	**100.00**	100.00	**100.00**	100.00	Enterprise investment consultation/ Mainland China
CNT Holding	Beijing Kaiyuan Xincheng Management Consulting Co., Ltd(2)	PRC 20 November 2014 RMB25,000,000	**100.00**	100.00	**100.00**	100.00	Real estate consultation/ Mainland China
CNT Holding	Beijing Xincheng Kaiyuan Asset Management Co., Ltd ("Xincheng Kaiyuan")(3)	PRC 6 January 2015 RMB1,000,000,000	**100.00**	100.00	**100.00**	100.00	Asset management/ Mainland China
CNT Holding	Changchun Xincheng Construction Development Company Limited(3)	PRC 2 December 2015 RMB100,000,000	**100.00**	100.00	**100.00**	100.00	Real estate development/ Mainland China
CNT Holding	Guoxi Nanjing Investment Development Co., Ltd. ("Guoxi Nanjing")(3)	PRC 1 August 2014 RMB127,500,000	**100.00**	100.00	**100.00**	100.00	Investment and asset development/ Mainland China

(All amounts expressed in RMB'000 unless otherwise specified)

3. INVESTMENTS IN SUBSIDIARIES (continued)

(a) As at 31 December 2023 and 2022, the Group's direct or indirect interests in subsidiaries are set out below: (continued)

Indirectly held by the Company (continued)

Ultimately held through	Name	Place and date of incorporation/ establishment and issued share capital	Proportion of ownership interest (%)		Effective equity interest (%)		Principal activities/ place of operation
			2023	2022	**2023**	2022	
CNT Holding	Beijing Xincheng Zhishang Agricultural Technology Co., Ltd ("Beijing Agricultural")[3]	PRC 15 December 2015 RMB47,692,600	**51.00**	51.00	**51.00**	51.00	Investment management/ Mainland China
CNT Holding	Kaihe (Beijing) Private Equity Fund Management Company Limited[3]	PRC 22 December 2015 RMB30,000,000	**100.00**	100.00	**100.00**	100.00	Investment management/ Mainland China
CNT Holding	Chengdu Xincheng Zhisheng Agricultural Development Co., Ltd[3]	PRC 29 January 2016 RMB20,000,000	**100.00**	100.00	**51.00**	51.00	Investment management/ Mainland China
CNT Holding	ShengQi (Jiaxing) Investment Management Co., Ltd. ("ShengQi IM")[3][4]	PRC 23 February 2016 RMB1,000,000	**100.00**	100.00	**100.00**	100.00	Investment management/ Mainland China
CNT Holding	New Town Education Co., Ltd ("New Town Education")	Hong Kong 17 November 2017 USD1,024,000	**100.00**	100.00	**100.00**	100.00	Asset management/ Hong Kong
CNT Holding	Wuhan Chuguang Industry New Development Co. Ltd. ("Wuhan Chuguang")[3]	PRC 31 May 2018 RMB10,000,000	**100.00**	100.00	**66.40**	66.40	Leasing and property management/ Mainland China
CNT Holding	CDBC Co-Create Enterprise Management (Huzhou) Co., Ltd. ("CCEM Huzhou")[3]	PRC 2 June 2018 RMB10,000,000	**58.00**	58.00	**58.00**	58.00	Investment management/ Mainland China
CNT Holding	Hainan Xincheng Kaiyuan Investment Co., Ltd ("Hainan Xincheng")[3]	PRC 20 December 2021 RMB100,000,000	**100.00**	100.00	**100.00**	100.00	Investment management/ Mainland China
CNT Holding	Wuxi Xincheng Consulting Management Company Limited	PRC 17 June 2022 RMB50,000,000	**100.00**	100.00	**100.00**	100.00	Management consulting/ Mainland China
CNT Holding	Hainan Kaixin Equity Investment Fund Partnership (Limited Partnership)	PRC 25 July 2022 RMB30,000,000	**100.00**	100.00	**100.00**	100.00	Investment management/ Mainland China

(All amounts expressed in RMB'000 unless otherwise specified)

3. INVESTMENTS IN SUBSIDIARIES (continued)

(a) As at 31 December 2023 and 2022, the Group's direct or indirect interests in subsidiaries are set out below: (continued)

Indirectly held by the Company (continued)

(1) This entity is registered as a Sino-foreign joint venture enterprise under PRC law.

(2) These entities are registered as wholly-foreign-owned enterprises under PRC law.

(3) These entities are registered as limited liability enterprises under PRC law.

(4) ShengQi IM was dissolved in 2023.

(b) The advances to subsidiaries are advances to intermediate holding companies, and they are unsecured, non-interest-bearing, with no fixed repayment terms, and with no intention for repayment in short term. The intermediate holding companies used these advances to finance their investment holdings of equity interests in the Group's indirect subsidiaries, details of which are as follows:

	2023	2022
Amounts due from:		
CNTD Shenyang	**581,463**	581,463
Safewell Investment Limited	**1,513**	1,513
	582,976	582,976

(All amounts expressed in RMB'000 unless otherwise specified)

3. INVESTMENTS IN SUBSIDIARIES (continued)

(c) Partly-owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests:

Name	Country of incorporation and operation	2023	2022
SGLD	PRC	**27.37%**	27.37%
Wuhan Chuguang	PRC	**33.60%**	33.60%
CCEM Huzhou	PRC	**42.00%**	42.00%

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

Summarised statement of profit or loss and other comprehensive income for 2023:

	SGLD	Wuhan Chuguang	CCEM Huzhou
Revenue	**13,374**	**144,746**	**—**
Cost of sales	**(4,031)**	**(34,396)**	**—**
(Loss)/profit and total comprehensive (loss)/income for the year	**(2,478)**	**54,690**	**(16,406)**
Attributable to non-controlling interests	**(678)**	**18,376**	**(6,891)**
Dividends paid to non-controlling interests	**—**	**—**	**—**

Summarised statement of profit or loss and other comprehensive income for 2022:

	SGLD	Wuhan Chuguang	CCEM Huzhou
Revenue	2,680	152,265	—
Cost of sales	(8,644)	(34,622)	—
(Loss)/profit and total comprehensive (loss)/income for the year	(29,229)	64,324	(20,523)
Attributable to non-controlling interests	(8,000)	21,613	(8,620)
Dividends paid to non-controlling interests	—	—	—

(All amounts expressed in RMB'000 unless otherwise specified)

3. INVESTMENTS IN SUBSIDIARIES (continued)

(c) Partly-owned subsidiaries (continued)

Summarised statement of financial position as of 31 December 2023:

	SGLD	**Wuhan Chuguang**	**CCEM Huzhou**
Current assets	**1,725,002**	**64,089**	**1,066**
Non-current assets	**121**	**1,495,036**	**—**
Current liabilities	**(322,122)**	**(253,901)**	**(331,174)**
Non-current liabilities	**—**	**(597,778)**	**—**
Total equity	**1,403,001**	**707,446**	**(330,108)**
Attributable to non-controlling interests	**384,001**	**237,702**	**(138,645)**

Summarised statement of financial position as of 31 December 2022:

	SGLD	Wuhan Chuguang	CCEM Huzhou
Current assets	1,765,520	85,919	1,077
Non-current assets	167	1,494,717	—
Current liabilities	(340,790)	(242,004)	(314,779)
Non-current liabilities	—	(685,876)	—
Total equity	1,424,897	652,756	(313,702)
Attributable to non-controlling interests	389,994	219,326	(131,755)

(All amounts expressed in RMB'000 unless otherwise specified)

3. INVESTMENTS IN SUBSIDIARIES (continued)

(c) Partly-owned subsidiaries (continued)

Summarised cash flow information for 2023:

	SGLD	Wuhan Chuguang	CCEM Huzhou
Operating	**—**	**91,479**	**(11)**
Investing	**(3)**	**(5,958)**	**—**
Financing	**—**	**(104,650)**	**—**
Net decrease in cash and cash equivalents	**(3)**	**(19,129)**	**(11)**

Summarised cash flow information for 2022:

	SGLD	Wuhan Chuguang	CCEM Huzhou
Operating	(2)	120,244	(53)
Investing	—	(79,123)	—
Financing	—	(56,112)	—
Net decrease in cash and cash equivalents	(2)	(14,991)	(53)

4. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

(a) Investments in joint ventures

	2023	2022
Unlisted shares	**225,599**	238,810

Details of the joint ventures are as follows:

Name	Place and date of establishment	Proportion of ownership interest attributable to the Group (%) 2023	2022	Effective equity interest attributable to the Group (%) 2023	2022	Particulars of registered capital	Principal activities
Beijing Guowan Real Estate Co., Ltd. (i)	PRC 31 October 2016	**50%**	50%	**50%**	50%	RMB500 million	Real estate
Beijing Guoyuan Agriculture Co., Ltd. (ii)	PRC 12 September 2017	**50%**	50%	**50%**	50%	RMB20 million	Agriculture
Nanjing Guofa Real Estate Co., Ltd. (iii)	PRC 27 November 2017	**49%**	49%	**49%**	49%	RMB50 million	Real estate
Nanjing Guoying Zhongxi Development Co., Ltd. (iv)	PRC 27 December 2017	**50%**	50%	**50%**	50%	RMB325 million	Real estate

4. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

(a) Investments in joint ventures (continued)

The investments in joint ventures are accounted for using the equity method.

(i) In 2016, Xincheng Kaiyuan and Beijing Vanke Enterprises Co. Ltd. entered into an agreement for the overall development of Mentougou District Junzhuang Town Project, pursuant to which Beijing Guowan Real Estate Co., Ltd. ("Guowan") was established. As at 31 December 2023, the issued capital of Guowan was RMB100 million (2022: RMB100 million), which was contributed equally by both parties.

(ii) In 2017, Beijing Agricultural entered into an agreement for the overall development of Miyun District Mujiayu Town Qianliyuan Village Project, pursuant to which Beijing Guoyuan Agriculture Co., Ltd. ("Guoyuan") was established. As at 31 December 2023, the issued capital of Guoyuan was RMB15,908 thousand (2022: RMB15,908 thousand), which was contributed equally by both parties. The Group has discontinued the recognition of its share of losses of the joint venture because the share of losses of the joint venture exceeded the Group's interest in the joint venture and the Group has no obligation to take up further losses. The amounts of the Group's unrecognised share of losses of the joint venture for the current year and cumulatively were RMB153 thousand (2022: RMB260 thousand) and RMB930 thousand (2022: RMB777 thousand), respectively.

(iii) In 2017, Guoxi Nanjing and Mingfa Group Nanjing Real Estate Development Co., Ltd. ("Mingfa Group") entered into an agreement for the overall development of Wushang Land A Project, which is located in Yuhua District Nanjing, pursuant to which Nanjing Guofa Real Estate Co., Ltd. ("Guofa") was established. As at 31 December 2023, the issued capital of Guofa was RMB50 million (2022: RMB50 million), where Mingfa Group has contributed RMB25.5 million (2022: RMB25.5 million), and Guoxi Nanjing has contributed RMB24.5 million (2022: RMB24.5 million).

(iv) In 2018, Guoxi Nanjing, CNT Holding and Sichuan Zhongxi Property Co., Ltd set up a joint venture, Nanjing Guoying Zhongxi Development Co., Ltd. ("Guoying"). This joint venture was established for the investment of a bilingual school in Jiangning District. In 2020, Sichuan Zhongxi Property Co., Ltd transferred its shares of 50% to Jiangsu Construction Engineering Group No.1 Engineering Co., Ltd. In 2021, CNT Holding transferred its shares of 33.3% to Guoxi Nanjing. In 2022, Jiangsu Construction Engineering Group No.1 Engineering Co., Ltd and Guoxi Nanjing increased their investment by RMB52.5 million respectively. As at 31 December 2023, Guoxi Nanjing and Jiangsu Construction Engineering Group No.1 Engineering Co., Ltd invested RMB162.5 million (2022: RMB162.5 million) and RMB162.5 million (2022: RMB162.5 million), respectively, which represented 50% and 50% of shares.

(All amounts expressed in RMB'000 unless otherwise specified)

4. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

(a) Investments in joint ventures (continued)

Summarised financial information of the joint ventures, based on their IFRS financial statements, and the reconciliation to the carrying amount of the investments in the consolidated financial statements are set out below:

As at 31 December 2023

	Guofa	Guowan	Guoying	Guoyuan	Total
Current assets	**836,453**	**153,745**	**201,769**	**17**	**1,191,984**
Non-current assets	**1,500**	**179,007**	**761,699**	**4,900**	**947,106**
Current liabilities	**(720,416)**	**(296,779)**	**(184,991)**	**(7,118)**	**(1,209,304)**
Non-current liabilities	**—**	**—**	**(478,438)**	**—**	**(478,438)**
Equity	**117,537**	**35,973**	**300,039**	**(2,201)**	**451,348**
Proportion of the Group's ownership	**49%**	**50%**	**50%**	**50%**	**—**
Carrying amount of the investment	**57,593**	**17,987**	**150,019**	**—**	**225,599**

As at 31 December 2022

	Guofa	Guowan	Guoying	Guoyuan	Total
Current assets	838,993	145,915	138,086	19	1,123,013
Non-current assets	1	183,195	743,545	5,203	931,944
Current liabilities	(720,384)	(277,317)	(158,258)	(7,118)	(1,163,077)
Non-current liabilities	—	—	(413,785)	—	(413,785)
Equity	118,610	51,793	309,588	(1,896)	478,095
Proportion of the Group's ownership	49%	50%	50%	50%	—
Carrying amount of the investment	58,119	25,897	154,794	—	238,810

(All amounts expressed in RMB'000 unless otherwise specified)

4. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

(a) Investments in joint ventures (continued)

Summarised statements of profit or loss and other comprehensive income of the joint ventures are set out below:

Year ended 31 December 2023

	Guofa	Guowan	Guoying	Guoyuan	Total
Revenue	**95**	**3**	**28,648**	**—**	**28,746**
Administrative expenses and other expenses	**(1,168)**	**(10,976)**	**(12,002)**	**—**	**(24,146)**
Finance costs	**—**	**(4,846)**	**(25,976)**	**—**	**(30,822)**
Loss before tax	**(1,073)**	**(15,819)**	**(9,330)**	**—**	**(26,222)**
Income tax expense	**—**	**—**	**(221)**	**—**	**(221)**
Net loss for the year	**(1,073)**	**(15,819)**	**(9,551)**	**—**	**(26,443)**
Total comprehensive loss for the year	**(1,073)**	**(15,819)**	**(9,551)**	**—**	**(26,443)**
Group's share of loss for the year	**(526)**	**(7,910)**	**(4,775)**	**—**	**(13,211)**

Year ended 31 December 2022

	Guofa	Guowan	Guoying	Guoyuan	Total
Revenue	53	278	17,698	—	18,029
Administrative expenses and other expenses	(1,114)	(27,013)	(8,366)	—	(36,493)
Finance costs	—	(683)	(3,053)	—	(3,736)
Loss before tax	(1,061)	(27,418)	6,279	—	(22,200)
Income tax expense	—	—	(664)	—	(664)
Net (loss)/profit for the year	(1,061)	(27,418)	5,615	—	(22,864)
Total comprehensive loss for the year	(1,061)	(27,418)	5,615	—	(22,864)
Group's share of loss for the year	(520)	(13,708)	2,806	—	(11,422)

(All amounts expressed in RMB'000 unless otherwise specified)

4. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

(b) Investments in associates

	2023	2022
Unlisted shares	**172,921**	169,413

Details of the associates are as follows:

Name	Place and date of establishment	Proportion of ownership interest attributable to the Group (%)		Effective equity interest attributable to the Group (%)		Particulars of registered capital	Principal activities
		2023	2022	**2023**	2022		
Kaiyuan Education Fund GP Holding Limited. (i) ("GP Holding Co")	Cayman Islands 25 October 2018	**40.00%**	40.00%	**40.00%**	40.00%	USD2,560 thousand	Education
Kaiyuan Education Fund LP (ii) ("Kaiyuan Fund")	Cayman Islands 23 November 2017	**58.38%**	58.38%	**58.38%**	58.38%	USD80 million	Education

(i) In 2018, GP Holding Co was established which is in turn owned by New Town Education, China-West Education Investment Holdings Company Limited ("CWE"), Excel Access International Limited ("EAIL") and Smart Sphere Limited as to 40%, 15%, 25% and 20%, respectively.

(ii) Kaiyuan Fund was established in 2017 by New Town Education, CWE and other shareholders with interest shares of 58.38%, 23.35% and 18.27%, respectively.

(All amounts expressed in RMB'000 unless otherwise specified)

4. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

(b) Investments in associates (continued)

Summarised financial information of the Group's associates and the reconciliation to the carrying amount of the investments in the consolidated financial statements are set out below:

As at 31 December 2023

	GP Holding Co	Kaiyuan Fund	Total
Current assets	**54,518**	**83,676**	**138,194**
Non-current assets	**2,357**	**256,867**	**259,224**
Current liabilities	**(22,962)**	**(61,354)**	**(84,316)**
Non-current liabilities	**—**	**—**	**—**
Equity	**33,913**	**279,189***	**313,102**
Proportion of the Group's ownership	**40%**	**58.38%**	
Carrying amount of the investment	**13,565**	**159,356**	**172,921**

As at 31 December 2022

	GP Holding Co	Kaiyuan Fund	Total
Current assets	50,412	82,123	132,535
Non-current assets	2,293	247,750	250,043
Current liabilities	(19,321)	(56,331)	(75,652)
Non-current liabilities	—	—	—
Equity	33,384	273,542*	306,926
Proportion of the Group's ownership	40%	58.38%	
Carrying amount of the investment	13,354	156,059	169,413

* The equity included one of projects invested by Kaiyuan Fund — Shenzhen Project, which has not been invested by New Town Education, a subsidiary of the Company. The equity excluded Shenzhen Project was RMB272,945 thousand (2022: RMB267,298 thousand).

(All amounts expressed in RMB'000 unless otherwise specified)

4. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

(b) Investments in associates (continued)

Summarised statements of profit or loss and other comprehensive income of the associates are set out below:

Year ended 31 December 2023

	GP Holding Co	Kaiyuan Fund	Total
Revenue	**2,624**	**5,392**	**8,016**
Cost of sales	**—**	**—**	**—**
Administrative expenses and other expenses	**(2,649)**	**(3,902)**	**(6,551)**
Finance costs	**—**	**—**	**—**
Profit before tax	**(25)**	**1,490**	**1,465**
Income tax expense	**—**	**—**	**—**
Net profit for the year	**(25)**	**1,490**	**1,465**
Other comprehensive income	**553**	**3,933**	**4,486**
Total comprehensive income for the year	**528**	**5,423**	**5,951**
Group's share of profit for the year	**(10)**	**870**	**860**

Year ended 31 December 2022

	GP Holding Co	Kaiyuan Fund	Total
Revenue	5,949	9,914	15,863
Cost of sales	—	—	—
Administrative expenses and other expenses	(3,812)	(7,730)	(11,542)
Finance costs	—	—	—
Profit before tax	2,137	2,184	4,321
Income tax expense	—	—	—
Net profit for the year	2,137	2,184	4,321
Other comprehensive income	2,707	23,751	26,458
Total comprehensive income for the year	4,844	25,935	30,779
Group's share of profit for the year	855	1,275	2,130

(All amounts expressed in RMB'000 unless otherwise specified)

5. REVENUE

	Notes	2023	2022
Land development	(a)	**13,374**	2,680
Property management	(a)	**34,632**	35,189
Revenue from contracts with customers	(a)	**48,006**	37,869
Rental income		**110,115**	117,076
Interest from debt instruments at amortised cost	(b)	**174,806**	143,120
Others	(c)	**4,555**	6,964
Revenue from other sources		**289,476**	267,160
Total revenue		**337,482**	305,029

(a) Revenue from contracts with customers

Disaggregated revenue information

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

2023

Segments	**Land development**	**Property management**	**Total**
Types of goods or services			
Land development	**13,374**	**—**	**13,374**
Property management	**—**	**34,632**	**34,632**
Total revenue from contracts with customers	**13,374**	**34,632**	**48,006**
Timing of revenue recognition			
Services rendered over time	**13,374**	**34,632**	**48,006**

(All amounts expressed in RMB'000 unless otherwise specified)

5. REVENUE (continued)

(a) Revenue from contracts with customers (continued)

Disaggregated revenue information (continued)

2022

Segments	Land development	Property management	Total
Types of goods or services			
Land development	2,680	—	2,680
Property management	—	35,189	35,189
Total revenue from contracts with customers	2,680	35,189	37,869
Timing of revenue recognition			
Services rendered over time	2,680	35,189	37,869

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

Land development

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

Revenue of RMB13.37 million (2022: RMB2.68 million) was recognised in respect of construction of the ancillary public facilities with the fulfilment of the performance obligation in 2023, of which RMB13.37 million (2022: RMB2.68 million) was released from contract liabilities.

Property management services

The performance obligation is satisfied over time as property management services are rendered and short-term advances are normally required before rendering the services. Property management service contracts are billed based on the time incurred. The amount of revenue recognised in the current year that was included in the contract liabilities at the beginning of 2023 was RMB5,927 thousand (2022: RMB2,839 thousand).

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

(All amounts expressed in RMB'000 unless otherwise specified)

5. REVENUE (continued)

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

	2023	2022
Chengdu Jintang Huaizhou New City General Aviation Industrial Park Project	25,927	27,510
Taizhou Jingjiang Huaxin Science and Technology Innovation Park Standard Plant Construction Project	21,382	24,388
Yangzhou Jiangdu People's Hospital New Project	18,860	18,858
Hubei Daye Advanced Manufacturing Standard Plant Construction Project	17,414	12,795
Yangzhong Changwang Operation Area Logistics Park Construction Project	15,484	23,968
Wuxi Gaoxin District Industrial Park Project	14,544	—
Wuxi Liangxi District Food Science and Technology Innovation Center Project	11,590	—
Yangzhou Hanjiang Industrial Park Infrastructure Project	10,063	—
Wuxi Guojin Commercial Factoring Fixed Income Project	7,293	—
Suqian Yanghe Bio-tech Industrial Park Project	6,635	10,132
Jiangyin Changjing Industrial Park Sewage-treatment Plant Project	6,402	—
Wuxi Xinwu District Canal Culture and Technology Industrial Park Construction Project	5,881	—
Yancheng Sheyang Ruiyang Technology Fixed Income Project	4,488	4,618
Liyang High-tech Zone Industrial Base Quality Improvement and Upgrading Phase I Project	2,381	—
Lianyungang Liandao Cultural Tourism Project	3	14,316
Others	6,459	6,535
	174,806	143,120

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

	2023	2022
CDB (Beijing) — BOCOMM New-Type Urbanization Development Fund	4,555	6,964

(All amounts expressed in RMB'000 unless otherwise specified)

6. OTHER INCOME

	2023	2022
Interest income from bank deposits	**27,650**	3,874
Net fair value gain on financial instruments at fair value through profit or loss	**24,133**	12,222
Investment income from financial assets at fair value through profit or loss	**20,306**	47,318
Fair value gain on investment property	**1,456**	12,319
Foreign exchange gain, net	**—**	6,242
Others	**16,362**	18,664
	89,907	100,639

7. EXPENSES BY NATURE

	2023	2022
Cost of land development	**4,031**	8,644
Depreciation of property, plant and equipment	**1,175**	1,439
Depreciation of right-of-use assets	**11,866**	12,544
Audit fees and non-audit fees	**4,056**	3,419
Audit fees		
— Auditor of the Company	**2,500**	2,200
— Other auditors	**688**	301
Non-audit fees		
— Auditor of the Company	**600**	750
— Other auditors	**268**	168
Employee benefits	**53,839**	56,753
Utility expenses	**13,104**	12,543
Advertising	**714**	878
Rental expenses	**1,390**	1,577
Property management service expenses	**25,555**	23,610
Intermediary and professional service charges	**3,307**	5,350
Other expenses	**32,797**	33,183
Total cost of sales, selling and administrative expenses	**151,834**	159,940

(All amounts expressed in RMB'000 unless otherwise specified)

8. FINANCE COSTS

	2023	2022
Interest on loans and borrowings	**90,406**	44,229
Interest on lease liabilities	**786**	386
	91,192	44,615

No borrowing cost has been capitalised for the year ended 31 December 2023 (2022: Nil).

9. OTHER EXPENSES

	2023	2022
Bank charges	**1,548**	48
Foreign exchange loss, net	**12,209**	—
Loss on disposal of property, plant and equipment	**19**	4
Impairment of land development for sale (Note 18)	**—**	109,434
Others	**1,707**	733
	15,483	110,219

10. INCOME TAX AND DEFERRED TAX

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

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

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

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

(All amounts expressed in RMB'000 unless otherwise specified)

10. INCOME TAX AND DEFERRED TAX (continued)

Mainland China — withholding tax

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

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

The major components of income tax are as follows:

	2023	2022 Restated
Income tax charge/(credit):		
Current income tax	**22,420**	14,969
Deferred tax	**17,454**	34,077
Withholding tax	**9,953**	(28)
Income tax charge as reported in profit or loss	**49,827**	49,018

(All amounts expressed in RMB'000 unless otherwise specified)

10. INCOME TAX AND DEFERRED TAX (continued)

Mainland China — withholding tax (continued)

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 2023

	HK and BVI		Mainland China		Total	
Profit before tax	**86,597**		**114,486**		**201,083**	
Tax at the statutory tax rate	**21,649**	**25.0%**	**28,622**	**25.0%**	**50,271**	**25.0%**
Effect of subsidiaries applying the non-statutory tax rate	**(9,241)**	**(10.7%)**	**—**	**0.0%**	**(9,241)**	**(4.6%)**
Income not subject to tax	**(17,940)**	**(20.7%)**	**(378)**	**(0.3%)**	**(18,318)**	**(9.1%)**
Profit and losses attributable to joint ventures and associates	**(142)**	**(0.2%)**	**3,303**	**2.9%**	**3,161**	**1.6%**
Non-deductible expenses for tax purposes	**7,080**	**8.2%**	**242**	**0.2%**	**7,322**	**3.6%**
Adjustments in respect of current tax of previous periods	**—**	**0.0%**	**(1,189)**	**(1.0%)**	**(1,189)**	**(0.6%)**
Utilisation/adjustment of previously unrecognised tax losses	**—**	**0.0%**	**(4,779)**	**(4.2%)**	**(4,779)**	**(2.4%)**
Unrecognised tax losses and deductible temporary differences	**—**	**0.0%**	**7,108**	**6.2%**	**7,108**	**3.6%**
Effect of withholding tax*	**15,492**	**17.9%**	**—**	**0.0%**	**15,492**	**7.7%**
Income tax as reported in the statement of profit or loss and other comprehensive income	**16,898**	**19.5%**	**32,929**	**28.8%**	**49,827**	**24.8%**

(All amounts expressed in RMB'000 unless otherwise specified)

10. INCOME TAX AND DEFERRED TAX (continued)

Mainland China — withholding tax (continued)

Year ended 31 December 2022 (Restated)

	HK and BVI		Mainland China		Total	
Profit before tax	80,295		(23,807)		56,488	
Tax at the statutory tax rate	20,074	25.0%	(5,952)	25.0%	14,122	25.0%
Effect of subsidiaries applying the non-statutory tax rate	(2,126)	(2.7%)	(4)	0.0%	(2,130)	(3.8%)
Income not subject to tax	(17,784)	(22.1%)	(5,960)	25.0%	(23,744)	(42.0%)
Profit and losses attributable to joint ventures and associates	(351)	(0.4%)	2,855	(12.0%)	2,504	4.4%
Non-deductible expenses for tax purposes	4,283	5.3%	123	(0.5%)	4,406	7.8%
Adjustments in respect of current tax of previous periods	—	0.0%	99	(0.4%)	99	0.2%
Utilisation/adjustment of previously unrecognised tax losses	—	0.0%	(1,975)	8.3%	(1,975)	(3.5%)
Unrecognised tax losses and deductible temporary differences	—	0.0%	49,011	(205.9%)	49,011	86.8%
Effect of withholding tax*	6,725	8.4%	—	0.0%	6,725	11.9%
Income tax as reported in the statement of profit or loss and other comprehensive income	10,821	13.5%	38,197	(160.5%)	49,018	86.8%

* In 2023, the HK and BVI companies received interest and dividend income from Mainland China amounting to RMB89,576 thousand (2022: RMB65,538 thousand), after the deduction of the withholding tax of RMB9,953 thousand (2022: RMB6,497 thousand).

(All amounts expressed in RMB'000 unless otherwise specified)

10. INCOME TAX AND DEFERRED TAX (continued)

Mainland China — withholding tax (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities when the deferred tax assets and liabilities relate to income taxes, if any, levied by the same tax authority and the same taxable entity.

Deferred income tax relates to the following:

	Consolidated statement of financial position		Consolidated profit or loss	
	2023	2022 Restated	**2023**	2022 Restated
Deferred tax assets/(liabilities)				
Fair value change and depreciation of investment property	**(81,553)**	(75,512)	**(6,041)**	(9,054)
Fair value change of financial instruments at fair value through profit or loss	**(8,470)**	(5,179)	**(3,291)**	(1,445)
Accrued expenses	**121**	93	**28**	(1,849)
Taxable timing difference for interest accrued	**(21,987)**	(20,364)	**(1,623)**	(2,862)
Provision for ECLs	**1,057**	2,049	**(992)**	(819)
Right-of-use assets	**5,611**	1,043	**4,568**	(1,715)
Lease liabilities	**(6,593)**	(2,029)	**(4,564)**	1,731
Effect of withholding tax at 10% on the distributable profits of the Group's subsidiaries in Mainland China	**(33,443)**	(27,904)	**(5,539)**	(6,753)
Loss available for offsetting against future taxable income	**—**	—	**—**	(11,311)
Net deferred tax liabilities	**(145,257)**	(127,803)		
Deferred income tax charge			**(17,454)**	(34,077)

Deferred tax movements:

	2023	2022 Restated
As of 1 January	**(127,803)**	(93,726)
Deferred tax income recognised in profit or loss	**(17,454)**	(34,077)
As at 31 December	**(145,257)**	(127,803)
Deferred tax assets	**—**	712
Deferred tax liabilities	**(145,257)**	(128,515)

(All amounts expressed in RMB'000 unless otherwise specified)

10. INCOME TAX AND DEFERRED TAX (continued)

Mainland China — withholding tax (continued)

As at 31 December 2023, the unrecognized deductible temporary differences amounting to RMB228,086 thousand (2022: RMB211,648 thousand) and the unrecognized accumulated tax losses amounting to RMB134,497 thousand (2022: RMB183,428 thousand) mainly arose from those subsidiaries that have been loss-making for years. The unrecognized tax losses of RMB134,497 thousand (2022: RMB183,428 thousand) will expire in the coming one to five years. The Group estimated that there was no taxable income to utilise these tax losses and deductible temporary differences and there are no other tax planning opportunities or other evidence of recoverability in the near future.

11. DIVIDENDS

The Board has resolved to recommend the payment of final dividend of HK$0.0034 per ordinary share for the year ended 31 December 2023 (2022: Nil). The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

The Board has resolved to recommend the payment of interim dividend of HK$0.0022 per ordinary share as of 2023 (2022: Nil). The Company has paid a dividend of HK$21,283 thousand.

12. EARNINGS PER SHARE

The calculation of the basic earnings per share amounts is based on the profit attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 9,726,246,417 (2022: 9,726,246,417) in issue during the year.

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

	2023	2022 Restated
Profit attributable to ordinary equity holders of the parent for basic and diluted earnings per share	**140,858**	2,718
Weighted average number of ordinary shares used to calculate basic and diluted earnings per share	**9,726,246,417**	9,726,246,417
Basic and diluted earnings per share (RMB)	**0.0145**	0.0003

The Group had no potential dilutive ordinary shares in issue during the years ended 31 December 2023 and 2022.

(All amounts expressed in RMB'000 unless otherwise specified)

13. DEBT INSTRUMENTS AT AMORTISED COST

	2023	2022
Investments in debt instruments related to:		
Wuxi Gaoxin District Industrial Park Project	**500,000**	—
Yangzhou Hanjiang Industrial Park Infrastructure Project	**500,000**	—
Liyang High-tech Zone Industrial Base Quality Improvement and Upgrading Phase I Project	**500,000**	—
Nanchang Science and Technology Park Project of Chinese Academy of Sciences	**400,000**	400,000
Wuxi Liangxi District Food Science and Technology Innovation Center Project	**351,000**	—
Yangzhou Jiangdu People's Hospital New Project	**268,213**	253,379
Wuxi Xinwu District Canal Culture and Technology Industrial Park Construction Project	**200,000**	—
Hubei Daye Advanced Manufacturing Standard Plant Construction Project	**200,000**	200,000
Jiangyin Changjing Industrial Park Sewage-treatment Plant Project	**150,000**	—
Taizhou Jingjiang Huaxin Science and Technology Innovation Park Standard Plant Construction Project	**—**	327,608
Chengdu Jintang Huaizhou New City General Aviation Industrial Park Project	**—**	300,000
Yangzhong Changwang Operation Area Logistics Park Construction Project	**—**	251,000
Suqian Yanghe Bio-tech Industrial Park Project	**—**	107,000
Yancheng Sheyang Ruiyang Technology Fixed Income Project	**—**	100,000
Others	**90,000**	90,000
	3,159,213	2,028,987
Accrued interest	**40,893**	29,826
	3,200,106	2,058,813
Less: allowance for ECLs	**(408,001)**	(396,588)
	2,792,105	1,662,225
Amounts due in the next 12 months classified as current assets	**1,849,131**	947,053
Amounts classified as non-current assets	**942,974**	715,172

As at 31 December 2023, the Group was entitled to fixed returns ranging from 5.88% to 10.00% (2022: 5.88% to 15.00%) per annum before tax for debt instruments at amortised cost.

(All amounts expressed in RMB'000 unless otherwise specified)

13. DEBT INSTRUMENTS AT AMORTISED COST (continued)

Movements of ECL allowance during the years ended 31 December 2023 and 2022 are as follows:

	2023	2022
At beginning of year	396,588	400,710
Credit loss/(reversal of credit loss) recognised in profit or loss	11,413	(4,122)
At end of year	408,001	396,588

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:

	12-month ECLs	Lifetime ECLs		
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2023	1,658,813	—	400,000	2,058,813
New debt instruments	2,601,000	—	—	2,601,000
Recovery	(1,536,426)	—	—	(1,536,426)
Accrued interest	40,893	—	—	40,893
Foreign currency exchange	35,826	—	—	35,826
At 31 December 2023	2,800,106	—	400,000	3,200,106

	12-month ECLs	Lifetime ECLs		
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2022	1,591,000	—	406,000	1,997,000
New debt instruments	300,000	—	—	300,000
Recovery	(277,863)	—	(6,000)	(283,863)
Accrued interest	29,826	—	—	29,826
Foreign currency exchange	15,850	—	—	15,850
At 31 December 2022	1,658,813	—	400,000	2,058,813

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

(All amounts expressed in RMB'000 unless otherwise specified)

13. DEBT INSTRUMENTS AT AMORTISED COST (continued)

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.

	12-month ECLs	**Lifetime ECLs**		
	Stage 1	**Stage 2**	**Stage 3**	**Total**
ECL allowance as at 1 January 2023	**16,588**	**—**	**380,000**	**396,588**
Provision and remeasurement	**26,304**	**—**	**—**	**26,304**
Reversal	**(14,891)**	**—**	**—**	**(14,891)**
At 31 December 2023	**28,001**	**—**	**380,000**	**408,001**

	12-month ECLs	Lifetime ECLs		
	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2022	15,910	—	384,800	400,710
Provision and remeasurement	3,256	—	—	3,256
Reversal	(2,578)	—	(4,800)	(7,378)
At 31 December 2022	16,588	—	380,000	396,588

An impairment analysis is performed at each reporting date by considering the PD of counterparty. The Group also takes into account the forward-looking information to reflect the counterparties' PD under the current conditions and forecasts of future economic conditions, as appropriate. As at 31 December 2023, the PD applied ranged from 0.30%–0.74% (2022: 0.39%–0.72%) and the LGD was estimated to be 75% (2022: 75%) for 12-month ECLs. When measuring the credit loss for the impaired debt instruments at amortised cost (Stage 3), a discounted future cash flows is made by the Group in determining the LGD and a 100% (2022: 100%) PD is applied.

(All amounts expressed in RMB'000 unless otherwise specified)

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	2023	2022
Funds	(a)	—	2,757
Wealth management products	(b)	17,508	890,691
Equity instruments	(c)	216,545	162,438
Derivatives	(d)	1,668	2,195
		235,721	1,058,081
Current portion		19,176	895,643
Non-current portion		216,545	162,438

(a) In 2022, one of the projects invested by CDB (Beijing) — BOCOMM New-Type Urbanization Development Fund defaulted, which triggered the callback clause. As a junior-tranche holder, Xincheng Kaiyuan provided financial support of RMB13,097 thousand based on the proportional share in the junior-tranche. In 2023, the underlying investment was recovered and the investment of CDB (Beijing) — BOCOMM New-Type Urbanization Development Fund of RMB15,347 thousand was received.

(b) In 2023, the Group invested in wealth management products mainly issued by China Merchants Bank Co., Ltd and Ping An Bank Co., Ltd as part of cash management for the short term. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

(c) The list of the equity investments and their fair values are as follows:

	2023	2022
Jiangsu Hong-tu Software Venture Capital Investment Ltd.	52,877	55,894
XN Crane International Limited	51,197	42,132
WeRide Inc.	43,872	44,412
Shenzhen Zhongke Micro-Light Medical Equipment Technology Co., Ltd.	11,638	10,000
Shenzhen Sibionics Co., Ltd.	10,143	10,000
Gongqingcheng Xuhui Guanding Investment Management Partnership (Limited Partnership)	21,818	—
Yixing Zengyang Xinzhan Equity Investment Partnership (Limited partnership)	25,000	—
	216,545	162,438

(d) At 31 December 2023, CNT Holding held one cross currency swap contract with China Construction Bank (Asia). The nominal amount of the cross currency swap was EUR34,000 thousand. 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.

(All amounts expressed in RMB'000 unless otherwise specified)

15. INVESTMENT PROPERTY

	Year ended 31 December 2023	Year ended 31 December 2022
At beginning of year	**1,485,700**	1,475,487
Subsequent expenditure and cost adjustment	**(1,456)**	(2,106)
Gain from increase in fair value (Note 6)	**1,456**	12,319
At end of year	**1,485,700**	1,485,700

The Group owned an investment property of New Development International Centre, a building located in Wuhan, China that has retail, office and car park spaces for rental purpose. The fair value of the property was determined on the basis of valuation carried out by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent professionally qualified valuer. The valuation was performed based on the income approach. As at 31 December 2023, the fair value of the investment property was RMB1,486 million (2022: RMB1,486 million).

The following amounts relating to the investment property have been recognised in profit or loss:

	Year ended 31 December 2023	Year ended 31 December 2022
Rental income (Note 5)	**110,115**	117,076
Property management income (Note 5)	**34,632**	35,189
Gain from increase in fair value (Note 6)	**1,456**	12,319
Direct operating expenses	**(34,396)**	(32,488)

The investment property is pledged for interest-bearing loans and borrowings (Note 24).

(All amounts expressed in RMB'000 unless otherwise specified)

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Furniture, fixtures and equipment	Motor vehicles	Total
Original cost				
At 1 January 2022	19,369	10,223	4,762	34,354
Additions	96	263	—	359
Disposals	—	(65)	—	(65)
At 31 December 2022	19,465	10,421	4,762	34,648
Additions	—	458	—	458
Disposals	—	(337)	—	(337)
At 31 December 2023	**19,465**	**10,542**	**4,762**	**34,769**
Accumulated depreciation				
At 1 January 2022	10,045	9,382	4,668	24,095
Provided during the year	877	494	68	1,439
Disposals	—	(61)	—	(61)
At 31 December 2022	10,922	9,815	4,736	25,473
Provided during the year	852	303	20	1,175
Disposals	—	(318)	—	(318)
At 31 December 2023	**11,774**	**9,800**	**4,756**	**26,330**
Net carrying amount				
At 1 January 2022	9,324	841	94	10,259
At 31 December 2022	8,543	606	26	9,175
At 31 December 2023	**7,691**	**742**	**6**	**8,439**

17. LEASES

Group as a lessee

The Group has lease contracts for various items of buildings, motor vehicles and other equipment in its operations. Leases of buildings and motor vehicles generally have lease terms between 2 and 3 years. Other equipment generally has lease terms of 12 months or less and/or is individually of low value. The Group applies the "short-term lease" and "lease of low-value assets" recognition exemptions for these leases.

(All amounts expressed in RMB'000 unless otherwise specified)

17. LEASES (continued)

Group as a lessee (continued)

(a) ***Right-of-use assets***

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Buildings	Motor vehicles	Land	Total
At 1 January 2022	16,219	—	1,766	17,985
Additions	5,583	657	—	6,240
Depreciation expense	(12,221)	(166)	(157)	(12,544)
At 31 December 2022	9,581	491	1,609	11,681
Additions	29,572	—	—	29,572
Depreciation expense	(11,487)	(222)	(157)	(11,866)
At 31 December 2023	**27,666**	**269**	**1,452**	**29,387**

(b) ***Lease liabilities***

The carrying amount of lease liabilities and the movements during the year are as follows:

	2023	2022
At 1 January	**6,156**	12,138
New leases	**29,501**	6,485
Interest expense	**786**	386
Payments	**(12,482)**	(12,853)
As at 31 December	**23,961**	6,156
Current	**11,677**	2,699
Non-current	**12,284**	3,457

Lease liabilities are repayable:

	2023	2022
Within one year or on demand	**11,677**	2,699
In the second year	**12,284**	3,457
As at 31 December	**23,961**	6,156

The maturity analysis of lease liabilities is disclosed in note 34 to the financial statements.

(All amounts expressed in RMB'000 unless otherwise specified)

17. LEASES (continued)

Group as a lessee (continued)

(c) The following are the amounts recognised in profit or loss:

	2023	2022
Depreciation expense of right-of-use assets (included in administrative expenses)	**11,866**	12,544
Interest expense on lease liabilities (included in administrative expenses)	**786**	386
Expense relating to short-term leases (included in cost of sales)	**1,272**	1,540
Expense relating to leases of low-value assets (included in administrative expenses)	**118**	37
	14,042	14,507

The Group had total cash outflows for leases of RMB9,531 thousand in 2023 (2022: RMB14,430 thousand). The Group had no significant commitments for short-term leases or leases of low-value assets at the end of the reporting period.

Group as a lessor

The Group has entered into operating leases on its investment property portfolio consisting of office and retail as well as car park spaces. These leases have terms of between 1 and 20 years. Rental income recognised by the Group during the year was RMB110,115 thousand (2022: RMB117,076 thousand).

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:

	2023	2022
Within one year	**95,850**	111,197
After one year but within two years	**41,481**	75,261
After two years but within three years	**25,185**	19,172
After three years but within four years	**9,770**	5,260
After four years but within five years	**7,643**	3,276
More than five years	**5,302**	5,128
	185,231	219,294

(All amounts expressed in RMB'000 unless otherwise specified)

18. LAND DEVELOPMENT FOR SALE

	2023	2022
The Mainland China — Shenyang Lixiang	**780,537**	779,714

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.

Impairment charge to state land development for sale at net realisable value

In 2022, the board of directors of the Company (the "Board") determined to dispose of the entire equity interest in Shenyang Lixiang. As at 31 December 2022, the disposal was not completed and the Board assessed the purchaser may not be able to perform its obligations to purchase the entire equity interest in Shenyang Lixiang in accordance with the terms of the agreement in the short term due to the financial position of the purchaser. Though the Company will continue to urge the purchaser to perform its obligations to purchase the equity interest in Shenyang Lixiang and seek for other buyers, the Board expected an impairment is incurred, due to the character of land development, adverse economic environment and real estate market in Shenyang, and fiscal position of local government.

As a result of the aforementioned, the Board assessed the net realisable value of the land development for sale and determined an impairment loss of RMB109 million was incurred and recognised for the year ended 31 December 2022. As at 31 December 2023, the Board reassessed the net realisable value of the land development for sale, with no additional impairment nor reversal of impairment was made.

(All amounts expressed in RMB'000 unless otherwise specified)

19. OTHER RECEIVABLES

	Notes	2023	2022
Balances due from Wuxi Project		**20,977**	20,977
Due from SREI, the then parent of the Company	(i)	**89,896**	140,146
Balances due from entities disposed of		**24,384**	24,384
Due from joint ventures	(ii)	**495,600**	485,848
Due from associates		**1,395**	3,353
Others		**78,912**	56,397
		711,164	731,105
Less: allowance for ECLs		**(70,327)**	(126,235)
Other receivables, net		**640,837**	604,870

The Group has assessed the ECLs based on its historical credit loss experience, adjusted for forward-looking factors to the debtors and the economic environment. The loss rate of Stage 1 was estimated to be 1% (2022: 1%), and the loss rate of Stage 3 was estimated to be 100% (2022: ranging from 40% to 100%). The movements in allowance of impairment are as follows:

	2023	2022
At beginning of year	**126,235**	111,685
(Reversal of credit loss)/credit loss recognised in profit or loss	**(55,908)**	14,550
At end of year	**70,327**	126,235

(i) The balances due from SREI is in relation to the Disposal Assets in 2017, after a series of settlements made between the Company and SREI. As at 31 December 2023, the balance due from SREI of RMB89,896 thousand (2022: RMB140,146 thousand) is secured by the shares and related rights of the Company owned by SREI, the outstanding balance exceeding the value of the pledge is fully impaired. In 2023, the ECL was reversed by RMB56,201 thousand as a result of the decrease of the balance due from SREI.

(ii) The balances due from joint ventures are mainly shareholder's loans lent to Guofa and Guowan to facilitate their daily operations, which are unsecured and interest-free and should be repayable on demand.

(All amounts expressed in RMB'000 unless otherwise specified)

20. TRADE RECEIVABLES

	2023	2022
Receivables from land development for sale	**47,218**	47,218
Others	**14,681**	17,353
	61,899	64,571
Less: allowance for ECLs	**(18,986)**	(19,045)
Trade receivables, net	**42,913**	45,526

The above balances are unsecured and interest-free. The fair values of the trade receivables as at the end of each reporting period approximate to their carrying amounts. No trade receivables were written off in 2023. (2022: 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 assessed the ECLs based on its historical credit loss experience, adjusted for forward-looking factors to the debtors and the economic environment. The loss rate was estimated to be ranging from 1% to 100% (2022: ranging from 1% to 100%). The movements in allowance of impairment are as follows:

	2023	2022
At beginning of year	**19,045**	4,359
(Reversal of credit loss)/credit loss recognised in profit or loss	**(59)**	14,686
At end of year	**18,986**	19,045

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

	2023	2022
Within 6 months	**10,999**	13,631
6 months to 1 year	**—**	—
1 year to 2 years	**19**	—
2 years to 3 years	**—**	—
Over 3 years	**31,895**	31,895
	42,913	45,526

21. CASH AND BANK BALANCES

	2023	2022
Cash at banks	**1,454,360**	504,252

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

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

RMB equivalent of the following currencies:	**2023**	2022
RMB	**1,451,240**	490,953
HKD	**1,210**	4,821
EUR	**1,242**	4,656
USD	**668**	3,822
	1,454,360	504,252

RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

22. SHARE CAPITAL

Group and Company

	2023		2022	
	Number of shares (thousand)	**Amount***	Number of shares (thousand)	Amount*
Ordinary shares authorised	**20,000,000**		20,000,000	
Ordinary shares issued and fully paid:				
Share capital at the end of the year	**9,726,246**	**4,070,201**	9,726,246	4,070,201

* There is no par value for the shares of the Company. In 2007, there was a share split whereby one existing share was split into 75,000 shares.

The holders of ordinary shares are entitled to receive dividends as and when they are declared by the board of directors and approved by the shareholders. Each ordinary share carries one vote without restrictions.

There was no movement in the Company's issued share capital during the year (2022: Nil).

(All amounts expressed in RMB'000 unless otherwise specified)

23. OTHER RESERVES

Group

	Imputed equity contribution upon reorganisation	Capital contribution received upon the repurchase of convertible bonds	Others	Total
At 1 January 2022, 31 December 2022 and 2023	224,032	163,433	220,374	607,839

Company

	Imputed equity contribution upon reorganisation	Capital contribution received upon the repurchase of convertible bonds	Others	Total
At 1 January 2022, 31 December 2022 and 2023	1,557,445	163,433	191,805	1,912,683

Nature and purpose of other reserves

Imputed equity contribution upon reorganisation

The Company acquired several companies now comprising the Group from the then controlling shareholder on 20 December 2006. The Group applied the pooling of interests method to account for the business combination under common control. The reserve of the Group of RMB224,032 thousand represents the difference between the consideration paid by the Company for the business combination under common control and the accumulated equity contribution made by the then controlling shareholder.

The Company's reserve of RMB1,557,445 thousand represents the difference between the consideration paid by the Company for the business combination under common control and the fair value of the investments in the acquired companies.

Capital contribution received upon the repurchase of convertible bonds

This reserve of the Group and the Company represents the capital contribution from SREI in connection with the Company's repurchase of convertible bonds.

Other reserves

The other reserves of the Company represent the fair value change of the equity component of certain convertible bonds issued by the Company upon their purchase of RMB191,805 thousand.

The other reserves of the Group represent the fair value change of the equity component of certain convertible bonds issued by the Company upon their purchase of RMB191,805 thousand and other equity transaction with the joint venture and non-controlling shareholder of RMB39,201 thousand and RMB(10,632) thousand respectively.

(All amounts expressed in RMB'000 unless otherwise specified)

24. INTEREST-BEARING LOANS AND BORROWINGS

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

	2023	2022
Current interest-bearing loans and borrowings		
Lease liabilities (Note 17(b))	**11,677**	2,699
Bank loans — secured	**94,764**	82,900
Bank loans — unsecured	**15,019**	296,325
Guaranteed bonds	**40,563**	—
Other borrowings	**137,272**	—
	299,295	381,924
Non-current interest-bearing loans and borrowings		
Lease liabilities (Note 17(b))	**12,284**	3,457
Bank loans — secured	**510,380**	604,380
Guaranteed bonds	**1,496,690**	—
Other borrowings	**—**	130,386
	2,019,354	738,223
	2,318,649	1,120,147

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

	2023	2022
Within 6 months	**53,162**	339,423
6 months to 9 months	**47,364**	41,748
9 months to 12 months	**198,769**	753
Current	**299,295**	381,924
1 year to 2 years	**116,354**	227,843
2 years to 5 years	**1,795,620**	310,000
Over 5 years	**107,380**	200,380
Non-current	**2,019,354**	738,223
	2,318,649	1,120,147

(All amounts expressed in RMB'000 unless otherwise specified)

24. INTEREST-BEARING LOANS AND BORROWINGS (continued)

The Group's interest-bearing loans and borrowings bore interest ranging from 4.05% to 7% per annum for the year ended 31 December 2023 (2022: at EURIBOR plus 1.95%, LIBOR plus 1.95%, 4.2% and 4.44% per annum).

Bank loans — secured

As at 31 December 2023, bank borrowings of RMB605,144 thousand (2022: RMB687,280 thousand) were secured by the investment property, whose carrying amount at 31 December 2023 was RMB1.486 billion (2022: RMB1.486 billion).

Guaranteed bonds

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

25. TRADE PAYABLES

	2023	2022
Payable for land development for sale	**110,450**	108,525

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

	2023	2022
Within 1 year	**8,432**	1,505
1 to 2 years	**—**	5,991
Over 2 years	**102,018**	101,029
	110,450	108,525

Trade payables are non-interest-bearing.

(All amounts expressed in RMB'000 unless otherwise specified)

26. OTHER PAYABLES AND ACCRUALS

	2023	2022
Payroll and welfare	**11,725**	12,249
Other taxes payable	**23,045**	14,893
Amounts due to related parties (Note 31(a))	**1,717**	4,497
Payable for intermediary and professional service charges	**10,203**	13,724
Payable for Wuxi Project	**—**	42,250
Dividend payables	**207**	101
Payable for investment property	**7,805**	14,486
Deposits	**35,273**	37,848
Others	**76,894**	87,938
	166,869	227,986

Terms and conditions of the above liabilities are as follows:

- Payroll and welfare are normally settled within the next month.
- Other payables, tax payables and accruals are non-interest-bearing and are normally settled when they are due or within one year.

27. ADVANCE FROM CUSTOMERS

	2023	2022
Rental received in advance	**38,786**	19,848

Receivables related to rent to tenants are billed three months in advance, non-interest-bearing and are typically due within 30 days.

(All amounts expressed in RMB'000 unless otherwise specified)

28. CONTRACT LIABILITIES

	2023	2022
Contract liabilities arising from:		
Land development	**377,014**	390,388
Property management	**5,475**	5,927
	382,489	396,315

As at 31 December 2023, the contract liabilities arising from land development for sale represent the amounts received or receivable from the land authorities or local governments to fulfil the performance obligation of land development services. The amounts received or receivable are non-refundable unless the Group fails to complete the development work. The contract liabilities are classified as current liabilities as the remaining development work is expected to be provided within the normal operating cycle.

29. EMPLOYEE BENEFITS AND DIRECTORS' REMUNERATION

Employee benefits (including directors)

	2023	2022
Included in selling and administrative expenses:		
Wages and salaries	**30,902**	30,204
Social welfare other than pensions	**6,249**	6,434
Pension — defined contribution plan	**6,036**	5,444
Staff welfare and bonuses	**10,652**	14,671
	53,839	56,753

Directors' remuneration

Details of the directors' remuneration are as follows:

	2023	2022
Fees	**3,320**	2,681
Other emoluments:		
Salaries, allowances and benefits in kind	**3,052**	4,128
Discretionary bonuses	**1,069**	1,627
Equity-settled share option expense	**—**	—
Pension scheme contributions	**—**	—
	7,441	8,436

(All amounts expressed in RMB'000 unless otherwise specified)

29. EMPLOYEE BENEFITS AND DIRECTORS' REMUNERATION (continued)

Directors' remuneration (continued)

The names of the directors and their remuneration for the year are set out below:

Year ended 31 December 2023	Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Pension scheme contributions	Total
Li Yao Min	721	—	—	—	721
Feng Xiaoliang*	—	—	—	—	—
Yang Meiyu	—	1,714	624	—	2,338
Shi Janson Bing	721	36	—	—	757
Henry Tan Song Kok	442	—	—	—	442
Kong Siu Chee	384	—	—	—	384
Zhang Hao	235	—	—	—	235
Liu Yuhai	—	—	—	—	—
Wang Hongxu	—	—	—	—	—
Lo Wai Hung	317	—	—	—	317
Hu Zhiwei	—	1,302	445	—	1,747
Liu Fangqing	500	—	—	—	500
Wang Jiangang**	—	—	—	—	—
	3,320	3,052	1,069	—	7,441

* Joined as director in year 2023.

** Resigned as director in year 2023.

(All amounts expressed in RMB'000 unless otherwise specified)

29. EMPLOYEE BENEFITS AND DIRECTORS' REMUNERATION (continued)

Directors' remuneration (continued)

The names of the directors and their remuneration for the year are set out below: (continued)

Year ended 31 December 2022	Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Pension scheme contributions	Total
Li Yao Min	692	—	—	—	692
Liu Heqiang*	—	907	549	—	1,456
Yang Meiyu	—	1,786	612	—	2,398
Shi Janson Bing	692	35	—	—	727
Henry Tan Song Kok	409	—	—	—	409
Kong Siu Chee	360	—	—	—	360
Zhang Hao	225	—	—	—	225
Liu Yuhai	—	—	—	—	—
Wang Hongxu	—	—	—	—	—
Lo Wai Hung	303	—	—	—	303
Hu Zhiwei	—	1,400	466	—	1,866
Liu Fangqing**	—	—	—	—	—
Wang Jiangang	—	—	—	—	—
	2,681	4,128	1,627	—	8,436

* Resigned as director in year 2022.

** Joined as director in year 2022.

Five highest paid employees

The five highest paid employees of the Group during the year included two (2022: three) directors, details of whose remuneration are set out above. Details of the remuneration of the remaining three (2022: two) non-director, highest paid employees for the year are as follows:

	2023	2022
Salaries, allowances and benefits in kind	**2,264**	1,786
Discretionary bonuses	**1,125**	760
Pension scheme contributions	**442**	195
	3,831	2,741

(All amounts expressed in RMB'000 unless otherwise specified)

29. EMPLOYEE BENEFITS AND DIRECTORS' REMUNERATION (continued)

Five highest paid employees (continued)

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	2023	2022
Nil to HK$1,000,000	**—**	—
HK$1,000,001 to HK$1,500,000	**2**	2
HK$1,500,001 to HK$2,000,000	**1**	—
	3	2

30. CONTINGENT LIABILITIES

Shanghai Management is currently a defendant in the lawsuits brought by Shanghai Hengchang Trading Co., Ltd. and Shanghai Yuanyi Industrial Co., Ltd., which were alleged for the over-received amount of RMB14,400 thousand and RMB1,000 thousand, respectively, in relation to certain consideration and payments of the Disposal Assets.

The directors of the Company, based on the advice from the Group's legal counsel, believe that Shanghai Management has 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.

31. RELATED PARTY DISCLOSURES

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

With the completion of the share transfer in 2021, Xitong International holds 29.99% of the issued share capital of the Company and became the largest shareholder and CDBIH became the second largest shareholder.

(All amounts expressed in RMB'000 unless otherwise specified)

31. RELATED PARTY DISCLOSURES (continued)

(a) Amounts due to related parties

	2023	2022
Other payables		
Shareholder of the Company and its parent:		
CDBIH	**56**	55
CDB Capital, holding company of CDBIH	**80**	105
	136	160
Associates:		
Kaiyuan Investment Advisor (HK) Limited	**18**	99
GP Holding Co	**83**	50
Kaiyuan Fund	**—**	4,188
	101	4,337
Joint venture:		
Guoying	**1,480**	—
	1,480	—
	1,717	4,497

(All amounts expressed in RMB'000 unless otherwise specified)

31. RELATED PARTY DISCLOSURES (continued)

(b) Amounts due from related parties

	2023	2022
Other receivables		
Shareholder and a then parent of the Company:		
SREI	**89,896**	140,146
Less: ECLs	**—**	(56,201)
	89,896	83,945
Associates:		
GP Holding Co	**85**	85
Kaiyuan Investment Advisor (HK) Limited	**1,310**	3,268
Less: ECLs	**(14)**	(34)
	1,381	3,319
Joint ventures:		
Guowan	**113,893**	104,141
Guoyuan	**1,118**	1,118
Guofa	**380,000**	380,000
Guoying	**589**	589
Less: ECLs	**(4,956)**	(5,965)
	490,644	479,883
	581,921	567,147

(c) Debt instruments at amortised cost

	2023	2022
Interest-bearing loans:		
Joint ventures:		
Guowan	**18,930**	18,018
Guoying	**102,499**	98,281
Less: ECLs	**(1,214)**	(1,163)
	120,215	115,136

(All amounts expressed in RMB'000 unless otherwise specified)

31. RELATED PARTY DISCLOSURES (continued)

(d) In addition to the balances detailed in notes 31(a), 31(b) and 31(c) above, the Group had the following material transactions with related parties during the years ended 31 December 2023 and 2022:

	Notes	2023	2022
Transactions with joint ventures			
Financial guarantee to Guoying	(i)	**250,000**	250,000
Interest income from Guowan	(ii)	**677**	913
Interest income from Guoying	(iii)	**4,218**	5,371
Rent fee from Kaiyuan Investment Advisor (HK) Limited	(iv)	**624**	627

Notes:

(i) A financial guarantee to the extent of RMB250 million (2022: RMB250 million) was provided to Guoying.

(ii) A loan of RMB15,000 thousand was lent to Guowan in 2019 which was unsecured, interest-bearing at 6% per annum and repayable in 2024. The carrying amount of the loan was RMB18,930 thousand as at 31 December 2023 (2022: RMB18,018 thousand), of which the Group earned interest income of RMB677 thousand in 2023 (2022: RMB913 thousand).

(iii) A loan of RMB75,000 thousand was lent to Guoying in 2021 which was unsecured, interest-bearing at 5.8% per annum and repayable on demand. The carrying amount of the loan was RMB102,499 thousand (2022: RMB98,281 thousand), on which the Group earned interest income of RMB4,218 thousand in 2023 (2022: RMB5,371 thousand).

(iv) Rental income was generated by CNT Holding renting out offices to Kaiyuan Investment Advisor (HK) Limited.

(e) Compensation of key management personnel of the Group:

	2023	2022
Short-term employee benefits	**14,292**	14,511

Further details of directors' remuneration are disclosed in note 29 to the financial statements.

(All amounts expressed in RMB'000 unless otherwise specified)

32. COMMITMENTS

As at 31 December 2023 and 2022, the Group mainly had capital commitments in respect of land development for sale and various investments as follows:

	2023	2022
Commitments in respect of land development		
Contracted, but not provided for	**154,780**	154,005
Authorised, but not contracted for	**3,251,965**	3,298,355
Commitments in respect of equity investment		
Contracted, but not provided for	**139,524**	174,664
Authorised, but not contracted for	**—**	—
Commitments in respect of capital contribution to joint ventures		
Contracted, but not provided for	**200,000**	200,000
Authorised, but not contracted for	**—**	—
Total	**3,746,269**	3,827,024

The Group had significant commitments in respect of land development for sale as it had entered into two urbanization development projects in Shanghai and Shenyang and these commitments are quantified based on contracts, feasibility studies and detailed plans for the respective projects. As a result, the Group prepares cash flow budgets for major project companies annually and updates the cash flow budgets regularly.

33. OPERATING SEGMENT INFORMATION

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

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

Management monitors the operating results of the Group's business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the 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.

(All amounts expressed in RMB'000 unless otherwise specified)

33. OPERATING SEGMENT INFORMATION (continued)

An analysis by operating segment is as follows:

	Year ended 31 December 2023					
	Land development	Urbanization development	Property leasing	Others	Reconciliation and eliminations	Total
Segment results						
External sales	13,374	179,361	144,747	—	—	337,482
Intersegment sales	—	—	—	—	—	—
Total segment sales	13,374	179,361	144,747	—	—	337,482
Results						
Depreciation	(1,018)	(11,446)	(194)	(383)	—	(13,041)
Share of (losses)/gains of joint ventures and associates	(8,436)	—	(4,775)	860	—	(12,351)
Fair value gain on investment property	—	—	1,456	—	—	1,456
Fair value gain/(loss) on financial instruments at fair value through profit or loss	—	24,984	—	(851)	—	24,133
Segment (loss)/profit	(5,430)	142,934	102,927	51,844	(91,192)[1]	201,083
Segment assets	931,699	4,827,304	1,552,831	567,531	—	7,879,365
Segment liabilities	562,677	41,771	77,640	22,560	2,504,593[2]	3,209,241
Other disclosures						
Investments in joint ventures and associates	75,580	—	150,019	172,921	—	398,520
Capital expenditure[3]	6	452	(1,456)	—	—	(998)
Interest income	1	198,434	104	8,472	—	207,011

1 Profit/(loss) for each operating segment does not include finance costs of RMB91,192 thousand.

2 Liabilities in segments do not include current income tax liabilities of RMB40,687 thousand, interest-bearing loans and borrowings of RMB2,318,649 thousand, and deferred tax liabilities of RMB145,257 thousand as these liabilities are managed on a group basis.

3 Capital expenditure consists of additions of property, plant and equipment of RMB458 thousand and cost adjustment of investment property of RMB1,456 thousand.

(All amounts expressed in RMB'000 unless otherwise specified)

33. OPERATING SEGMENT INFORMATION (continued)

An analysis by operating segment is as follows: (continued)

	Year ended 31 December 2022					
	Land development	Urbanization development	Property leasing	Others	Reconciliation and eliminations	Total
Segment results						
External sales	2,680	150,084	152,265	—	—	305,029
Intersegment sales	—	—	—	—	—	—
Total segment sales	2,680	150,084	152,265	—	—	305,029
Results						
Depreciation	(1,110)	(12,080)	(222)	(571)	—	(13,983)
Share of (losses)/gains of joint ventures and associates	(14,229)	—	2,807	2,130	—	(9,292)
Fair value gain on investment property	—	—	12,319	—	—	12,319
Fair value gain/(loss) on financial instruments at fair value through profit or loss	—	15,949	—	(3,727)	—	12,222
Segment (loss)/profit	(144,370)	151,982	119,494	(26,003)	(44,615)[1]	56,488
Segment assets	1,015,661	3,401,437	1,729,137	436,605	712[2]	6,583,552
Segment liabilities (restated)	581,561	17,545	86,211	73,564	1,288,734[3]	2,047,615
Other disclosures						
Investments in joint ventures and associates	84,015	—	154,795	169,413	—	408,223
Capital expenditure[4]	—	359	(2,106)	—	—	(1,747)
Interest income	1	153,445	198	314	—	153,958

1 Profit/(loss) for each operating segment does not include finance costs of RMB44,615 thousand.

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

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

4 Capital expenditure consists of additions of property, plant and equipment of RMB359 thousand and cost adjustment of investment property of RMB2,106 thousand.

(All amounts expressed in RMB'000 unless otherwise specified)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise loans and borrowings. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as debt instruments at amortised cost, financial assets at fair value through profit or loss, trade and other receivables, cash and bank balances, and trade and other payables which arose directly from its operations. The main risks faced by the Group are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Company's board of directors reviews and agrees policies for managing each of the risks which are summarised below:

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's cash and bank balances, debt instruments at amortised cost and interest-bearing loans and borrowings.

The following table demonstrates the sensitivity to reasonably possible changes in interest rates, with all other variables held constant, of the Group's profit before tax. Fair value changes of the financial instruments are not considered. In assessing the risk exposure to the changes in market interest, the maturity date of the financial assets and liabilities with fixed interest rate are treated as repricing date. The Group's equity is not affected, other than the consequential effect on the changes in profit/(loss) before tax as disclosed below.

	2023	2022
Increase/(decrease) in interest rates (basis points)	**100/(100)**	100/(100)
Increase/(decrease) in profit/(loss) before tax	**20,163/(20,163)**	4,566/(4,566)

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates, and restrictive measures were imposed by the government on foreign exchange access in order to balance the books and maintain the national currency exchange rate. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to its foreign currency cash and bank balances, debt instruments at amortised cost, and financial instruments at fair value through profit or loss.

(All amounts expressed in RMB'000 unless otherwise specified)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk (continued)

The following table demonstrates the sensitivity to reasonably possible changes in the USD, HKD and EUR exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the carrying amount of monetary assets and liabilities), without take into account the consequence of the hedge instruments. The Group's equity is not affected, other than the consequential effect on the changes in the profit/(loss) before tax as disclosed below.

	2023	2022
Increase/(decrease) in the USD exchange rate	**5%/(5%)**	5%/(5%)
Increase/(decrease) in profit/(loss) before tax	**4,787/(4,787)**	(1,503)/1,503
Increase/(decrease) in the HKD exchange rate	**5%/(5%)**	5%/(5%)
Increase/(decrease) in profit/(loss) before tax	**144/(144)**	131/(131)
Increase/(decrease) in the EUR exchange rate	**5%/(5%)**	5%/(5%)
Increase/(decrease) in profit/(loss) before tax	**13,423/(13,423)**	16,560/(16,560)

Credit risk

Credit risk arises from cash and bank balances, debt instruments at amortised cost, trade receivables and other receivables, the balances of which represent the maximum credit risk exposure of the Group. As at 31 December 2023 and 2022, a large portion of the net receivables was from the investment in urbanization development and the revenue derived from land development for sale, and there was a significant other receivable as mentioned in note 19 to the financial statements, which constitutes a counterparty concentration of credit risk.

Credit risk is monitored by the Group, whose responsibility is to review and manage credit risk for all types of counterparties. The Group has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including any regular collateral revisions. The Group has also established a credit risk classification system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision. The credit quality review process aims to allow the Group to assess the potential loss as a result of the risks to which it is exposed and take corrective actions. The Group manages the credit risk by monitoring the internal credit rating of the counterparties, and the credit quality of assets, to identify exposure to credit risk.

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2023. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

(All amounts expressed in RMB'000 unless otherwise specified)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

As at 31 December 2023

	12-month ECL		Lifetime ECLs		
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
Debt instruments at amortised cost*					
— Pass	**2,800,106**	**—**	**—**	**—**	**2,800,106**
— Loss	**—**	**—**	**400,000**	**—**	**400,000**
Trade receivables**	**—**	**—**	**—**	**61,899**	**61,899**
Other receivables***	**647,670**	**—**	**63,494**	**—**	**711,164**
Financial guarantee	**250,000**	**—**	**—**	**—**	**250,000**
	3,697,776	**—**	**463,494**	**61,899**	**4,223,169**

As at 31 December 2022

	12-month ECL		Lifetime ECLs		
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
Debt instruments at amortised cost*					
— Pass	1,658,813	—	—	—	1,658,813
— Loss	—	—	400,000	—	400,000
Trade receivables**	—	—	—	64,571	64,571
Other receivables***	525,832	—	205,273	—	731,105
Financial guarantee	250,000	—	—	—	250,000
	2,434,645	—	605,273	64,571	3,104,489

* The Group established a balanced score card model to assess the credit rating of the debt instruments based on different dimensions and classified to five categories. Which are pass, special mention, sub-standard, doubtful and loss. Among the five-category classification, the credit rate of pass was divided into Stage 1, the credit rate of special mention was divided into Stage 2 and the others are divided into Stage 3.

** For trade receivables to which the Group applies the simplified approach for impairment, information based on the historical credit loss experience is disclosed in note 20 to the financial statements.

*** The other receivables are classified to Stage 1 when they are not past due and there is no information indicating that the other receivables had a significant increase in credit risk since initial recognition, otherwise, the other receivables are classified to Stage 2. The other receivables are classified to Stage 3 when there is evidence indicating the assets are credit impaired.

Further quantitative and qualitative information in respect of the Group's exposure to credit risk arising from debt instruments at amortised cost, other receivables and trade receivables are disclosed in notes 13, 19 and 20 to the financial statements, respectively.

(All amounts expressed in RMB'000 unless otherwise specified)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

The Group's policy is to maintain sufficient cash and cash equivalents to have available funding through the use of loans and borrowings to meet its commitments over the foreseeable future in accordance with its strategic plan.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

31 December 2023	**On demand**	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**Over 5 years**	**Total**
Interest-bearing loans and borrowings (excluding lease liabilities)	**—**	**53,154**	**282,949**	**2,070,171**	**109,030**	**2,515,304**
Lease liabilities	**—**	**515**	**11,821**	**12,552**	**—**	**24,888**
Trade payables	**110,450**	**—**	**—**	**—**	**—**	**110,450**
Other liabilities	**132,099**	**—**	**—**	**—**	**—**	**132,099**
	242,549	**53,669**	**294,770**	**2,082,723**	**109,030**	**2,782,741**

31 December 2022	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Interest-bearing loans and borrowings (excluding lease liabilities)	—	306,877	103,145	617,598	208,396	1,236,016
Lease liabilities	—	778	2,052	3,651	—	6,481
Trade payables	108,525	—	—	—	—	108,525
Other liabilities	200,844	—	—	—	—	200,844
	309,369	307,655	105,197	621,249	208,396	1,551,866

Capital management

The primary objective of the Group's capital management is to maintain healthy capital ratios in order to support its business and maximise the shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, issue bonds, issue convertible bonds or new shares.

As the Group is principally engaged in land development, urbanization development, property leasing operation and investments in debt instruments, it needs a substantial amount of funds. The Group manages capital by closely monitoring its gearing ratio (which is defined by management as net debt divided by capital plus net debt).

(All amounts expressed in RMB'000 unless otherwise specified)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management (continued)

Net debt includes interest-bearing loans and borrowings and excludes cash and bank balances. Equity includes equity attributable to equity holders of the parent and non-controlling interests. The gearing ratios are calculated as follows:

	2023	2022
Interest-bearing loans and borrowings	**2,318,649**	1,120,147
Less: Cash and bank balances	**(1,454,360)**	(504,252)
Net debt	**864,289**	615,895
Capital:		
Total equity	**4,670,124**	4,535,937
Capital and net debt	**5,534,413**	5,151,832
Gearing ratio	**15.6%**	12.0%

Collateral held

The Group did not hold any collateral as at 31 December 2022 and 2023.

(All amounts expressed in RMB'000 unless otherwise specified)

35. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2023

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
Other receivables	—	640,837	640,837
Trade receivables	—	42,913	42,913
Debt instruments at amortised cost	—	2,792,105	2,792,105
Cash and bank balances	—	1,454,360	1,454,360
Financial assets at fair value through profit or loss	235,721	—	235,721
	235,721	4,930,215	5,165,936

Financial liabilities

	Financial liabilities at amortised cost	Total
Interest-bearing loans and borrowings	2,318,649	2,318,649
Trade payables	110,450	110,450
Others	131,891	131,891
	2,560,990	2,560,990

(All amounts expressed in RMB'000 unless otherwise specified)

35. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

2022

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
Other receivables	—	604,870	604,870
Trade receivables	—	45,526	45,526
Debt instruments at amortised cost	—	1,662,225	1,662,225
Cash and bank balances	—	504,252	504,252
Financial assets at fair value through profit or loss	1,058,081	—	1,058,081
	1,058,081	2,816,873	3,874,954

Financial liabilities

	Financial liabilities at amortised cost	Total
Interest-bearing loans and borrowings	1,120,147	1,120,147
Trade payables	108,525	108,525
Others	200,743	200,743
	1,429,415	1,429,415

(All amounts expressed in RMB'000 unless otherwise specified)

36. FAIR VALUE AND FAIR VALUE HIERARCHY

Fair values of financial assets and liabilities

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

The Group's financial assets mainly include debt instruments at amortised cost, cash and bank balances, financial assets at fair value through profit or loss, trade receivables and other receivables. The Group's financial liabilities mainly include interest-bearing loans and borrowings, 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 2023:

			Fair value measurement using		
	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets/liabilities measured at fair value:					
Financial assets at fair value through profit or loss (Note 14)	31 December 2023	**235,721**	**—**	**70,373**	**165,348**
Investment property (Note 15)	31 December 2023	**1,485,700**	**—**	**—**	**1,485,700**

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 2023.

(All amounts expressed in RMB'000 unless otherwise specified)

36. FAIR VALUE AND FAIR VALUE HIERARCHY (continued)

Fair value hierarchy (continued)

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

			Fair value measurement using		
	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets/liabilities measured at fair value:					
Financial assets at fair value through profit or loss (Note 14)	31 December 2022	1,058,081	—	937,775	120,306
Investment property (Note 15)	31 December 2022	1,485,700	—	—	1,485,700

There were no transfers of fair value measurement between Level 1 and Level 2 during the year ended 31 December 2022. Financial assets at fair value through profit or loss of shares in XN Crane International Limited was transferred out of Level 3 to Level 2 during the year ended 31 December 2022, whose amount is RMB31,863 thousand as at 31 December 2021 and RMB42,132 thousand as at 31 December 2022. Since the investment portfolio of XN Crane International Limited invested had been listed in 2022 and had a restricted period of sale, the fair value could be measured by significant observable inputs.

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, wealth management products, derivatives and an equity instrument. For the unlisted fund, fair value was determined using RMB loan interest rate for over 5 years, RMB risk-free rate and bond default probability that are observable market inputs. For wealth management products, fair value was determined by the quoted price of the net asset value by financial institutions as at the end of the reporting period. For derivatives, the fair value was determined using the forward foreign exchange rate and CNH risk-free rate that are observable market inputs. For the equity instrument, the fair value was determined by valuation techniques using observable inputs.

(All amounts expressed in RMB'000 unless otherwise specified)

36. FAIR VALUE AND FAIR VALUE HIERARCHY (continued)

Fair value hierarchy (continued)

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 2023 and 2022 are shown below:

	Valuation technique	Significant unobservable inputs	31 December 2023	31 December 2022
Office	Income approach	Net yield	**5.5%**	5.5%
		Estimated rental value (per square metre and per month)	**83**	83
		Long term vacancy rate	**18%**	18%
Retail	Income approach	Net yield	**5.5%**	5.5%
		Estimated rental value (per square metre and per month)	**165**	170
		Long term vacancy rate	**25%**	25%
Car park	Income approach	Net yield	**5.5%**	5.5%
		Estimated rental value (per square metre and per month)	**390**	400
		Long term vacancy rate	**30%**	30%
Non-listed equity investments	Discounted cashflow approach	Discount rate	**7.0%**	7.0%
	Market valuation approach	Discounts for lack of marketability	**30%, 32%**	30%

Sensitivity analysis of the significant unobservable inputs to fair value:

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

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

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

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

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

(All amounts expressed in RMB'000 unless otherwise specified)

36. FAIR VALUE AND FAIR VALUE HIERARCHY (continued)

Fair value hierarchy (continued)

Assets and liabilities in Level 3 (continued)

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

	Year ended 31 December 2023	Year ended 31 December 2022
At beginning of year	**120,306**	79,313
Total gains recognised in profit or loss	**5,099**	23,000
Transfer to level 2	**—**	(31,863)
Purchases	**42,721**	49,856
Disposals	**(2,778)**	—
At end of year	**165,348**	120,306

37. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	At 1 January 2023	**Cash flows**	**Foreign exchange movement**	**Others**	**At 31 December 2023**
Interest-bearing loans and borrowings	**1,120,147**	**1,061,116**	**16,693**	**120,693**	**2,318,649**
Total liabilities from financing activities	**1,120,147**	**1,065,457**	**16,693**	**116,352**	**2,318,649**

	At 1 January 2022	Cash flows	Foreign exchange movement	Others	At 31 December 2022
Interest-bearing loans and borrowings	1,133,548	(75,616)	9,715	52,500	1,120,147
Total liabilities from financing activities	1,133,548	(75,616)	9,715	52,500	1,120,147

(All amounts expressed in RMB'000 unless otherwise specified)

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	Notes	2023	2022
Assets			
Non-current assets			
Investments in subsidiaries		**2,764,853**	4,107,537
Property, plant and equipment		**6**	10
Right-of-use assets		**404**	577
Total non-current assets		**2,765,263**	4,108,124
Current assets			
Other receivables		**218,094**	213,287
Dividend receivables		**260,000**	260,000
Cash and bank balances		**1,003**	3,761
Amounts due from subsidiaries		**25,991**	44,594
Total current assets		**505,088**	521,642
Total assets		**3,270,351**	4,629,766
Equity and liabilities			
Equity			
Equity holders of the parent:			
Share capital	22	**4,070,201**	4,070,201
Accumulated losses		**(2,724,956)**	(1,409,126)
Other reserves	23	**1,912,683**	1,912,683
Total equity		**3,257,928**	4,573,758

(All amounts expressed in RMB'000 unless otherwise specified)

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

(continued)

Information about the statement of financial position of the Company at the end of the reporting period is as follows: (continued)

	Notes	2023	2022
Non-current liabilities			
Lease liabilities		**288**	318
Total non-current liabilities		**288**	318
Current liabilities			
Other payables and accruals		**11,961**	55,428
Lease liabilities		**174**	262
Total current liabilities		**12,135**	55,690
Total liabilities		**12,423**	56,008
Total equity and liabilities		**3,270,351**	4,629,766
Net current assets		**492,953**	465,952

Liu Yuhai
Chairman

Hu Zhiwei
President

(All amounts expressed in RMB'000 unless otherwise specified)

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's reserves is as follows:

	Other reserves	Accumulated losses	Total reserves
As at 1 January 2022	1,912,683	(1,265,167)	647,516
Total comprehensive loss	—	(143,959)	(143,959)
As at 31 December 2022	1,912,683	(1,409,126)	503,557
Total comprehensive loss	—	(1,296,243)	(1,296,243)
Dividends	—	(19,587)	(19,587)
As at 31 December 2023	**1,912,683**	**(2,724,956)**	**(812,273)**

There were no movements in other reserves during the years ended 31 December 2023 and 2022.

39. EVENTS AFTER THE REPORTING PERIOD

As of 28 March 2024, there was no significant event occurred after the reporting period.

40. COMPARATIVE AMOUNTS

As further explained in note 2.2 to the financial statements, due to the adoption of the new and revised IFRSs during the current year, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain prior year adjustments have been made, and certain comparative amounts have been reclassified and restated to conform with the current year's presentation and accounting treatment.

41. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors of the Company on 28 March 2024.

NEW TOWN

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

Stock Code: 1278