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*This announcement and the listing document referred to herein are not intended to be and does not constitute an invitation or offer to acquire, purchase or subscribe for securities. The securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), or the securities laws of any state of the United States or any other jurisdiction, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.*

***This announcement and the listing document referred to herein have been published for information purposes only as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and do not constitute an offer to sell nor a solicitation of an offer to buy any securities. Neither this announcement nor anything referred to herein (including the listing document) forms the basis for any contract or commitment whatsoever. For the avoidance of doubt, the publication of this announcement and the listing document referred to herein shall not be deemed to be an offer of securities made pursuant to a prospectus issued by or on behalf of the Issuer (as defined below) for the purposes of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong nor shall it constitute an advertisement, invitation or document containing an invitation to the public to enter into or offer to enter into an agreement to acquire, dispose of, subscribe for or underwrite securities for the purposes of the Securities and Futures Ordinance (Cap. 571) of Hong Kong.***

## **PUBLICATION OF THE OFFERING CIRCULAR**

### **EXPAND LEAD LIMITED 拓利有限公司**

*(Incorporated in the British Virgin Islands with limited liability)*

**(the “Issuer”)**

**U.S.\$300,000,000 4.95% GUARANTEED BONDS DUE 2026 (STOCK CODE: 40768)**

**(the “Bonds”)**

**UNCONDITIONALLY AND IRREVOCABLY GUARANTEED BY**



### **五礦地產有限公司 MINMETALS LAND LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 230)**

**(the “Guarantor”)**

This announcement is issued pursuant to Rule 37.39A of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Please refer to the offering circular dated 15 July 2021 (the “**Offering Circular**”) appended herein in relation to the issuance of the Bonds. The Offering Circular is published in English only.

**Notice to Hong Kong investors:** each of the Issuer and the Guarantor confirms that the Bonds are intended for purchase by professional investors (as defined in Chapter 37 of the Listing Rules) only and have been listed on the Stock Exchange on that basis. Accordingly, each of the Issuer and the Guarantor confirms that the Bonds are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The Offering Circular does not constitute a prospectus, notice, circular, brochure or advertisement offering to sell any securities to the public in any jurisdiction, nor is it an invitation to the public to make offers to subscribe for or purchase any securities, nor is it circulated to invite offers by the public to subscribe for or purchase any securities.

By order of the Board  
**He Jianbo**  
*Chairman*

Hong Kong, 23 July 2021

*As at the date of this announcement, the directors of the Issuer are Mr. He Jianbo and Mr. Chen Xingwu.*

*As at the date of this announcement, the board of directors of the Guarantor comprises eight directors, namely Mr. He Jianbo as the chairman and an executive director, Mr. Liu Bo, Mr. Chen Xingwu and Mr. Yang Shangping as executive directors, Ms. He Xiaoli as a non-executive director, and Mr. Selwyn Mar, Mr. Lam Chung Lun, Billy and Ms. Law Fan Chiu Fun, Fanny as independent non-executive directors.*

## IMPORTANT NOTICE

**THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE ADDRESSEES OUTSIDE OF THE UNITED STATES.**

**IMPORTANT: You must read the following disclaimer before continuing.** The following disclaimer applies to the attached offering circular. You are advised to read this disclaimer carefully before accessing, reading or making any other use of the attached offering circular. In accessing the attached offering circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES DESCRIBED HEREIN HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THIS OFFERING IS MADE SOLELY IN OFFSHORE TRANSACTIONS PURSUANT TO REGULATION S UNDER THE SECURITIES ACT.

THE FOLLOWING OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

**Prohibition of Sales to EEA Retail Investors** – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the “Insurance Distribution Directive”) where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**Singapore SFA Product Classification:** In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Bonds are “prescribed capital markets products” (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

The communication of the Offering Circular and any other document or materials relating to the issue of the securities described therein is not being made, and such documents and/or materials have not been approved, by an authorised person for the purposes of Section 21 of the United Kingdom Financial Services and Markets Act 2000, as amended (“FSMA”). Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom who have professional experience in matters relating to investments and who falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “Financial Promotion Order”), or who fall within Article 49(2)(a) to (d) of the Financial Promotion Order, or who are any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (all such persons together being referred to as “relevant persons”). In the United Kingdom, the securities described in the Offering Circular are only available to, and any investment or investment activity to which the Offering Circular relates will be engaged in only with, relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on the Offering Circular or any of its contents.

**Confirmation of Your Representation:** In order to be eligible to view this Offering Circular or make an investment decision with respect to the securities, investors must be purchasing the securities outside the United States in an offshore transaction in reliance on Regulation S under the Securities Act. By accepting the e-mail and accessing the attached Offering Circular, you shall be deemed to have represented to the Joint Lead Managers (as defined in the Offering Circular) and the Issuer (1) that you and any customers you represent are not, and that the electronic mail address that you gave the Issuer and to which this e-mail has been delivered is not, located in the United States and (2) that you consent to delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission.

You are reminded that the Offering Circular has been delivered to you on the basis that you are a person into whose possession the Offering Circular may be lawfully delivered in accordance with the laws of jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Offering Circular to any other person. You should not reply by e-mail to this notice, and you may not purchase any securities by doing so. Any e-mail communications, including those you generate by using the “Reply” function on your e-mail software, will be ignored or rejected.

The materials relating to any offering of securities described in the Offering Circular do not constitute, and may not be used in connection with, an offer or solicitation by or on behalf of the Issuer or the Joint Lead Managers in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licenced broker or dealer and the Joint Lead Managers or any affiliates of any of the Joint Lead Managers is a licenced broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Joint Lead Managers or such affiliate on behalf of the Issuer in such jurisdiction.

The Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither the Joint Lead Managers or any person who controls any of the Joint Lead Managers nor any director, officer, employee nor agent of any of the Joint Lead Managers or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Manager.

**You are responsible for protecting against viruses and other destructive items.** Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

The Offering Circular is being furnished in connection with an offering in offshore transactions outside the United States in compliance with Regulation S under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described in the Offering Circular. You are reminded that the information in the Offering Circular is not complete and may be changed.

**Actions that you may not take:** If you receive this notice by e-mail, you should not reply by e-mail to this notice, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the “Reply” function on your e-mail software, will be ignored or rejected.



## Expand Lead Limited 拓利有限公司

(incorporated with limited liability in the British Virgin Islands and a wholly-owned subsidiary of Minmetals Land Limited)

## U.S.\$300,000,000 4.95% Guaranteed Bonds due 2026

unconditionally and irrevocably guaranteed by

## Minmetals Land Limited 五礦地產有限公司

Stock Code: 230.HK

(incorporated with limited liability in Bermuda and a subsidiary of China Minmetals Corporation)

**Issue Price: 100.0 per cent.**

Expand Lead Limited 拓利有限公司 (the "Issuer") will be issuing the US\$300,000,000 4.95% Guaranteed Bonds due 2026 (the "Bonds"), which will be unconditionally and irrevocably guaranteed (the "Guarantee") by Minmetals Land Limited 五礦地產有限公司 (the "Guarantor"). The Issuer, the Guarantor and China Minmetals Corporation 中國五礦集團有限公司 ("China Minmetals") will enter into a keepwell deed (the "Keepwell Deed") on or about the Issue Date (as defined below) as further described in "Description of the Keepwell Deed". The Keepwell Deed does not constitute a guarantee by China Minmetals of the obligations of the Issuer under the Bonds or of the Guarantor under the Guarantee.

The Bonds will bear interest from and including 22 July 2021 (the "Issue Date") at the rate of 4.95% per annum. Interest will be payable semi-annually in arrear on 22 January and 22 July in each year (each an "Interest Payment Date") commencing on 22 January 2022. All payments of principal, premium and interest by or on behalf of the Issuer or the Guarantor in respect of the Bonds and the Guarantee shall be made free and clear of, and without withholding or deduction for, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the British Virgin Islands, Bermuda, Hong Kong or the PRC or any political subdivision or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law, in which event, the Issuer or the Guarantor (as the case may be) will increase the amounts it pays to the extent required, so that the net amount received by Bondholders (as defined in the Terms and Conditions of the Bonds) equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.

Investors should be aware that the Bonds will be issued by the Issuer, guaranteed by the Guarantor, with the benefit of the Keepwell Deed provided by China Minmetals, and that there are various risks relating to the Bonds, the Keepwell Deed, the Issuer, the Guarantor, China Minmetals and their business and their jurisdictions of operations which investors should familiarise themselves with before making an investment in the Bonds. In particular, neither the Keepwell Deed nor any actions taken by China Minmetals thereunder shall be deemed to constitute a guarantee by China Minmetals of the payment of any obligation, indebtedness or similar liability, of any kind or character whatsoever, of the Issuer or the Guarantor under the laws of any jurisdiction. China Minmetals therefore shall not have any obligation to make direct payment or any similar liabilities and thereby disclaims any direct payment obligation and/or any similar liabilities under the Keepwell Deed. Prospective investors should have regard to the factors described under the section headed "Risk Factors" in this Offering Circular, including "China Minmetals' Keepwell Deed is not a guarantee of the payment obligations under the Bonds or the Guarantee."

The Bonds will mature on 22 July 2026 at their principal amount. The Bonds may be redeemed at the Issuer's option in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Trustee, the Agents and the Bondholders (which notice shall be irrevocable), at their principal amount (together with interest accrued up to but excluding the date fixed for redemption) upon the occurrence of certain tax events as described under "Terms and Conditions of the Bonds – Redemption and Purchase – Redemption for Taxation Reasons". The Bonds may also be redeemed at the option of the Bondholders at 101% of the principal amount, together with accrued interest, upon occurrence of a Change of Control (as defined in the Terms and Conditions of the Bonds). See "Terms and Conditions of the Bonds – Redemption and Purchase – Redemption upon a Change of Control".

The Bonds will constitute the Issuer's direct, unsubordinated, unconditional and (subject to Condition 4(a) of the Terms and Conditions of the Bonds) unsecured obligations and shall at all times rank *pari passu* and without any preference among themselves. The Issuer's payment obligations under the Bonds shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a) of the Terms and Conditions of the Bonds, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations. The obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a) of the Terms and Conditions of the Bonds, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

The Bonds will be issued in denominations of U.S.\$200,000 each and integral multiples of U.S.\$1,000 in excess thereof.

The PRC government is not an obligor of the Bonds or the Guarantee, and there will be no recourse to the PRC government in respect of any obligation arising out of or in connection with the Bonds or the Guarantee. This is supported by the Circular of the Ministry of Finance on Matters Concerning Regulating the Investment and Financing Activities of Financial Institutions for Local Governments and State-owned Enterprises (財政部關於規範金融企業對地方政府和國有企業投融資行為有關問題的通知(財金[2018]23號)) (the "MOF Circular") promulgated on 28 March 2018 and took effect on the same day, and the Circular of the National Development and Reform Commission and the Ministry of Finance on Improving Market Regulatory Regime and Taking Strict Precautions Against Foreign Debt Risks and Local Government Indebtedness Risks (國家發展改革委、財政部關於完善市場約束機制嚴防外債風險和地方債務風險的通知(發改外資[2018]706號)) (the "Joint Circular") promulgated on 11 May 2018 and took effect on the same day. Both the MOF Circular and the Joint Circular do not, however, restrict the PRC government from providing relevant support to our Group, provided that such support is granted in compliance with relevant PRC laws.

The Bonds are being issued in accordance with and under our sustainable finance framework ("Sustainable Bonds"). See the section entitled "Bonds Being Issued as Sustainable Bonds" beginning on page 93.

Investing in the Bonds involves risks. See "Risk Factors" beginning on page 10 for a discussion of certain factors to be considered in connection with an investment in the Bonds.

The Bonds, the Guarantee and the Keepwell Deed have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Bonds are only being offered outside the United States in reliance on Regulation S under the Securities Act. For a description of these and certain further restrictions on offers and sales of the Bonds and the distribution of this Offering Circular, see "Subscription and Sale".

Application will be made to The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") for the listing of the Bonds by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) ("Professional Investors") only. This document is for distribution to Professional Investors only.

**Notice to Hong Kong Investors:** Each of the Issuer and the Guarantor confirms that the Bonds are intended for purchase by Professional Investors only and will be listed on the Hong Kong Stock Exchange on that basis. Accordingly, each of the Issuer and the Guarantor confirms that the Bonds are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The Hong Kong Stock Exchange has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Bonds on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Bonds, the Issuer, the Guarantor, China Minmetals or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

China Minmetals has made an application for the pre-issuance registration of the offering of the Bonds with the National Development and Reform Commission (the "NDRC") in accordance with the Notice on Promoting the Reform of the Filing and Registration System for Issuance of Foreign Debt by Corporates (《國家發展改革委關於推進企業發行外債備案登記制管理改革的通知》)(the "NDRC Notice") promulgated by the NDRC on 14 September 2015 which came into effect on the same day, and has obtained a certificate of registration from the NDRC on 15 June 2021. The Issuer undertakes to file or cause to be filed with the NDRC, within the time period prescribed by the NDRC or pursuant to relevant laws and regulations after the Issue Date, the NDRC Post-Issuance Filing as defined in the Terms and Conditions of the Bonds. The Guarantor shall submit or procure to be submitted to the NDRC Post-Issuance Filing and comply with all applicable PRC laws and regulations in relation to the NDRC Post-Issuance Filing.

The Bonds will be represented initially by beneficial interests in the global certificate (the "Global Certificate") in registered form which will be registered in the name of a nominee of, and shall be deposited on or about the Issue Date with a common depositary for Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream"). Interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described herein, certificates for Bonds will not be issued in exchange for interests in the Global Certificate.

The Bonds are not expected to be rated. The Guarantor has not been assigned a rating. China Minmetals has been assigned a rating of "Baa1" by Moody's Investor's Service, Inc. ("Moody's"), "BBB+" by S&P Global Ratings ("S&P") and "BBB+" by Fitch Ratings Inc. ("Fitch") with a stable outlook. A rating is not a recommendation to buy, sell or hold securities, does not address the likelihood or timing of prepayment and may be subject to revision, qualification, suspension or withdrawal at any time by the assigning rating organisation.

### Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners

BOC International	DBS Bank Ltd.	Haitong International
Bank of Communications	CMB Wing Lung Bank Limited	HSBC

### Joint Lead Managers and Joint Bookrunners

AMTD	Bank of China (Hong Kong)	BNP PARIBAS	Chengtong Hong Kong	China Minsheng Banking Corp., Ltd., Hong Kong Branch
CLSAs	CMCB Capital	Guotai Junan International	ICBC (Asia)	Industrial Bank Co., Ltd. Hong Kong Branch
Mizuho Securities	Shanghai Pudong Development Bank Hong Kong Branch	Silk Road International	SPDB International	The Bank of East Asia, Limited

### Sustainable Structuring Advisors

DBS Bank Ltd.	Haitong International
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Offering Circular dated 15 July 2021

## NOTICE TO INVESTORS

THIS OFFERING CIRCULAR DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, ANY SECURITIES IN ANY JURISDICTION TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE THE OFFER OR SOLICITATION IN SUCH JURISDICTION. NEITHER THE DELIVERY OF THIS OFFERING CIRCULAR NOR ANY SALE MADE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES IMPLY THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE ISSUER, THE GUARANTOR OR ANY OF THEIR RESPECTIVE SUBSIDIARIES OR THAT THE INFORMATION SET FORTH IN THIS OFFERING CIRCULAR IS CORRECT AS OF ANY DATE SUBSEQUENT TO THE DATE HEREOF.

This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer, the Guarantor and its subsidiaries (the “**Group**”) and China Minmetals. The Issuer, the Guarantor and China Minmetals accept full responsibility for the accuracy of the information contained in this Offering Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

This Offering Circular has been prepared solely for use in connection with the proposed offering of the Bonds described in this Offering Circular. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of BOCI Asia Limited, DBS Bank Ltd., Haitong International Securities Company Limited, Bank of Communications Co., Ltd. Hong Kong Branch, CMB Wing Lung Bank Limited and The Hongkong and Shanghai Banking Corporation Limited (together, the “**Joint Global Coordinators**”), AMTD Global Markets Limited, Bank of China (Hong Kong) Limited, BNP Paribas, China Chengtong (Hong Kong) Asset Management Company Limited, China Minsheng Banking Corp., Ltd., Hong Kong Branch, CLSA Limited, CMBC Securities Company Limited, Guotai Junan Securities (Hong Kong) Limited, Industrial and Commercial Bank of China (Asia) Limited, Industrial Bank Co., Ltd. Hong Kong Branch, Mizuho Securities Asia Limited, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch, Silk Road International Capital Limited, SPDB International Capital Limited and The Bank of East Asia, Limited (together with the Joint Global Coordinators, the “**Joint Lead Managers**”) or the Issuer or the Guarantor or China Minmetals to subscribe for or purchase any of the Bonds. The distribution of this Offering Circular and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Guarantor, China Minmetals and the Joint Lead Managers to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Bonds or the distribution of this Offering Circular in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Bonds, and the circulation of documents relating thereto, in certain jurisdictions including the United States, the European Economic Area, the United Kingdom, Singapore, the PRC, Hong Kong, the British Virgin Islands and Bermuda, and to persons connected therewith. For a description of certain further restrictions on offers and sales of the Bonds, and distribution of this Offering Circular, see “*Subscription and Sale*”. This Offering Circular is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Bonds. No person has been or is authorised to give any information or to make any representation concerning the Issuer, the Guarantor, China Minmetals, the Bonds or the Keepwell Deed other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Issuer, the Guarantor, China Minmetals, the Joint Lead Managers, Bank of Communications Trustee Limited in its capacity as trustee (the “**Trustee**”), or Bank of Communications Co., Ltd. Hong Kong Branch as agents (the “**Agents**”) or any of their respective affiliates. Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Bonds shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer, the Guarantor, China Minmetals or their respective subsidiaries since the date hereof or create any implication that the information contained herein is correct as at any date



subsequent to the date hereof. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantor, China Minmetals, the Joint Lead Managers, the Trustee or the Agents or their respective affiliates, officers, employees, agents, representatives, directors or advisers to subscribe for or purchase the Bonds and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

This Offering Circular is being furnished in connection with the offering of the Bonds exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider purchasing the Bonds. Investors must not use this Offering Circular for any other purpose, make copies of any part of this Offering Circular or give a copy of it to any other person, or disclose any information in this Offering Circular to any other person. The information contained in this Offering Circular has been provided by the Issuer, the Guarantor, China Minmetals and other sources identified in this Offering Circular. Any reproduction or distribution of this Offering Circular, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the Bonds offered by this Offering Circular is prohibited. By accepting delivery of this Offering Circular each investor agrees to these restrictions.

In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), the Issuer has determined the classification of the Bonds as prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Offering Circular or any information supplied by the Issuer and the Guarantor or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer, the Guarantor or the Joint Lead Managers. Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Bonds shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer, the Guarantor or the Group since the date hereof or create any implication that the information contained herein is correct as at any date subsequent to the date hereof.

None of the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, officers, employees, agents, representatives, directors or advisors has independently verified the information contained in this Offering Circular. Accordingly, no representation, warranty or undertaking, express or implied, is made or given and no responsibility or liability is accepted, by the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, officers, employees, agents, representatives, directors or advisors, as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular or any other information supplied in connection with the Bonds and nothing contained in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, officers, employees, agents, representatives, directors or advisors. This Offering Circular is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by any of the Issuer, the Guarantor, China Minmetals, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, officers, employees, agents, representatives, directors or advisors, that any recipient of this Offering Circular should purchase the Bonds. Each person receiving this Offering Circular acknowledges that such person has not relied on the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, officers, employees, agents, representatives, directors or advisors in connection with its investigation of the accuracy of such information or its investment decision, and each such person must rely on its own examination of the Issuer, the

Guarantor, China Minmetals and the merits and risks involved in investing in the Bonds. See “*Risk Factors*” for a discussion of certain factors to be considered in connection with an investment in the Bonds.

To the fullest extent permitted by law, none of the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, officers, employees, agents, representatives, directors or advisors accepts any responsibility for the contents of this Offering Circular or any statement made or purported to be made by any such person or on its behalf in connection with the Issuer, the Group or the issue and offering of the Bonds. Each of the Joint Lead Managers, the Co-Managers, the Trustee and the Agents and their respective affiliates, officers, employees, agents, representatives, directors and advisors accordingly disclaims all and any liability, whether arising in tort or contract or otherwise, which it might otherwise have in respect of this Offering Circular or any such statement. None of the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, officers, employees, agents, representatives, directors or advisors undertakes to review the results of operations, financial condition or affairs of the Issuer, the Guarantor, China Minmetals or their respective subsidiaries during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Bonds of any information coming to the attention of the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, officers, employees, agents, representatives, directors, officers, employees or advisors.

Any of the Joint Lead Managers and their respective affiliates may purchase the Bonds for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Bonds and/or other securities of the Issuer, the Guarantor and their respective subsidiaries or associates at the same time as the offer and sale of the Bonds or in secondary market transactions. Such transactions may be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Bonds to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Bonds). Furthermore, investors in the Bonds may include entities affiliated with the Group. Accordingly, references herein to the Bonds being offered should be read as including any offering of the Bonds to the Joint Lead Managers and/or their affiliates acting in such capacity. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

This Offering Circular is provided solely for the purpose of enabling the recipient to consider purchasing the Bonds. The investors or prospective investors should read this Offering Circular carefully before making a decision regarding whether or not to purchase the Bonds. This Offering Circular cannot be used for any other purpose and any information in this Offering Circular cannot be disclosed to any other person. This Offering Circular is personal to each prospective investor and does not constitute an offer to any other person or to the public generally to purchase or otherwise acquire the Bonds.

This Offering Circular summarises certain material documents and other information, and the Issuer, the Guarantor and the Joint Lead Managers refer the recipient of this Offering Circular to them for a more complete understanding of what is contained in this Offering Circular. In making an investment decision, the prospective investor must rely on its own judgement and examination of the Issuer and the Guarantor and the Terms and Conditions of the Bonds, including the merits and risks involved. See “*Risk Factors*” for a discussion of certain factors to be considered in connection with an investment in the Bonds. None of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents or any person who controls any of them, or any of their respective directors, officers, employees, agents, advisers or affiliates are making any representation regarding the legality of an investment in the Bonds under any law or regulation. The recipient of this Offering Circular should not consider any information in this Offering Circular to be legal, business or tax advice. Any investor or prospective investor should consult his/her/its own attorney, business adviser and tax adviser for legal, business and tax advice regarding an investment in the Bonds.

**IN CONNECTION WITH THE ISSUE OF THE BONDS, ANY OF THE JOINT LEAD MANAGERS APPOINTED AND ACTING IN ITS CAPACITY AS STABILISING MANAGER (THE “STABILISING MANAGER”) OR ANY PERSON ACTING FOR THE STABILISING MANAGER MAY OVER-ALLOT THE BONDS OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE BONDS AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE BONDS IS MADE AND, IF BEGUN, MAY BE ENDED AT ANYTIME, AND MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE BONDS AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE BONDS. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILISING MANAGER OR ANY PERSON ACTING ON BEHALF OF THE STABILISING MANAGER IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.**

Prospective investors should not construe anything in this Offering Circular as legal, business or tax advice. Each prospective investor should determine for itself the relevance of the information contained in this Offering Circular and consult its own legal, business and tax advisers as needed to make its investment decision and determine whether it is legally able to purchase the Bonds under applicable laws or regulations.

This document includes particulars given in compliance with the Rules Governing the Listing of Securities on The Hong Kong Stock Exchange for the purpose of giving information with regard to the Issuer, the Guarantor and China Minmetals. The Issuer and the Guarantor accept full responsibility for the accuracy of the information contained in this Offering Circular and confirms, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

## **WARNING**

The contents of this Offering Circular have not been reviewed by any regulatory authority of any jurisdiction. You are advised to exercise caution in relation to the offering of the Bonds. If you are in any doubt about any of the contents of this Offering Circular, you should obtain independent professional advice.

## **INDUSTRY AND MARKET DATA**

Market data and certain industry forecasts used throughout this Offering Circular have been obtained from both public and private sources, including internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified, and none of the Issuer, the Guarantor, China Minmetals, the Joint Lead Managers, the Trustee, the Agents and their respective affiliates, directors, employees, agents or advisors make any representation as to the accuracy or completeness of that information. In addition, third-party information providers may have obtained information from market participants and such information may not have been independently verified. This Offering Circular summarises certain documents and other information, and investors should refer to them for a more complete understanding of what is discussed in those documents. Accordingly, such information should not be unduly relied upon.



## PRESENTATION OF FINANCIAL INFORMATION

This Offering Circular contains the Guarantor’s audited consolidated financial statements as at and for the years ended 31 December 2018, 2019 and 2020 (the “**Audited Financial Statements**”). The Audited Financial Statements were audited by Deloitte Touche Tohmatsu, Certified Public Accountants (“**Deloitte**”) and were prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certificate Public Accountants (“**HKICPA**”). On 27 May 2021, Deloitte retired as the independent auditor of the Guarantor and it was approved by the shareholders at the annual general meeting of the Guarantor to appoint Ernst & Young as its new independent auditor.

Certain monetary amounts in this Offering Circular have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

## CONVENTION USED IN THIS OFFERING CIRCULAR

In this Offering Circular, unless otherwise indicated or the context otherwise requires, references to:

- “**we**”, “**us**”, “**our company**”, the “**Group**”, “**our**” and words of similar import refers to Minmetals Land Limited itself, or to Minmetals Land Limited and its consolidated subsidiaries, as the context requires;
- the “**Issuer**” refers to Expand Lead Limited 拓利有限公司, our wholly-owned subsidiary;
- the “**Guarantor**” refers to Minmetals Land Limited 五礦地產有限公司;
- “**China Minmetals**” refers to China Minmetals Corporation 中國五礦集團有限公司, our parent company;
- “**contracted sales**” refers to sales secured by presales and sales contracts;
- “**contracted GFA**” refers to the GFA for properties under contracted sales;
- “**COVID-19**” refers to the novel coronavirus disease 2019;
- the “**Pearl River Delta**” refers to a network of ten cities, namely Zhuhai, Zhongshan, Jiangmen, Panyu, Foshan, Zhaoqing, Guangzhou, Dongguan, Huizhou and Shenzhen;
- the “**Yangtze River Delta**” refers to the region in China that comprises Jiangsu, Zhejiang and Anhui Provinces and Shanghai;
- the “**Pan Bohai Rim**” refers to the region in Northern China that comprises Hebei, Shandong, and Liaoning Provinces and the cities of Beijing and Tianjin;
- “**Central China**” refers to the region in China that comprises Henan, Hubei and Hunan Provinces;
- “**China**” or the “**PRC**” refers to the People’s Republic of China, excluding, for purposes of this Offering Circular only, Taiwan, Hong Kong and Macau;
- “**AIC**” refers to the State Administration for Industry and Commerce of the People’s Republic of China or its local counterpart;

- “**CBIRC**” refers to the China Banking and Insurance Regulatory Commission;
- “**MLR**” refers to the Ministry of Land and Resource of the People’s Republic of China;
- “**MOF**” refers to the Ministry of Finance of the People’s Republic of China;
- “**MOFCOM**” refers to the Ministry of Commerce of the People’s Republic of China or its competent local counterpart;
- “**MOHURD**” refers to the Ministry of Housing and Urban-Rural Development of the People’s Republic of China;
- “**NDRC**” refers to the National Development and Reform Commission of the People’s Republic of China;
- “**PBOC**” refers to the People’s Bank of China, the central bank of the PRC;
- the “**PRC government**” refers to the central government of China and its political subdivisions, including provincial, municipal and other regional or local government entities, and instrumentalities thereof, or where the context requires, any of them;
- “**SAFE**” refers to the State Administration of Foreign Exchange of the People’s Republic of China or its competent local counterpart;
- “**SASAC**” refers to the State-owned Assets Supervision and Administration Commission of the People’s Republic of China;
- “**SAT**” refers to the State Administration of Taxation of the People’s Republic of China;
- “**HK\$**” or “**Hong Kong dollars**” refers to the legal currency of Hong Kong;
- “**RMB**” or “**Renminbi**” refers to the legal currency of China; and
- “**U.S.\$**” or “**U.S. dollars**” refers to the legal currency of the United States.

The English names of the PRC nationals, entities, departments, facilities, laws, regulations, certificates, titles and the like are translations of their Chinese names and are included for identification purposes only.

## FORWARD-LOOKING STATEMENTS

We have made certain forward-looking statements in this Offering Circular. All statements other than statements of historical facts contained in this Offering Circular constitute “forward-looking statements”. Some of these statements can be identified by forward-looking terms, such as “anticipate”, “target”, “believe”, “can”, “would”, “could”, “estimate”, “expect”, “aim”, “intend”, “may”, “plan”, “will”, “would” or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding expected financial condition and results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include but are not limited to statements as to the business strategy, revenue and profitability, planned projects and other matters as they relate to the Group and China Minmetals discussed in this Offering Circular regarding matters that are not historical fact. These forward-looking statements and any other projections contained in this Offering Circular (whether made by the Issuer, the Guarantor or by any third party) involve known and unknown risks, including those disclosed under the caption “Risk Factors”, assumptions, uncertainties and other factors that may cause the actual results, performance or achievements of the Group or China Minmetals to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections.

These forward-looking statements speak only as at the date of this Offering Circular. We expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Group’s or China Minmetals’ expectations with regard thereto or any change of events, conditions or circumstances, on which any such statement was based.

The factors that could cause the actual results, performances and achievements of the Issuer, the Guarantor, any member of the Group or China Minmetals to be materially different include, among others:

- the Group’s and China Minmetals’ business and operating strategies and their ability to implement such strategies;
- the Group’s and China Minmetals’ capital expenditure and project development plans;
- the Group’s and China Minmetals’ ability to develop and manage our projects as planned;
- the Group’s and China Minmetals’ operations and business prospects;
- various business opportunities that the Group and China Minmetals may pursue;
- the Group’s and China Minmetals’ financial condition;
- the availability and costs of bank loans and other forms of financing;
- the Group’s and China Minmetals’ projects under construction or planning;
- the regulatory environment of the industries in general;
- the performance and future developments of real estate markets in the PRC or any region in the PRC where we may engage in real estate developments;
- the PRC real estate market outlook in general;

- changes in political, economic, legal and social conditions in the PRC, including the specific policies of the PRC government and the local authorities in the regions where the Group and China Minmetals operate, which affect land supply, availability and cost of financing, leasing, pricing and volume of the projects;
- changes in competitive conditions and the Group's and China Minmetals' ability to compete under these conditions;
- the performance of the obligations and undertakings of independent contractors under various construction, building, interior decoration and installation contracts;
- changes in currency exchange rates;
- delays in obtaining the necessary government permits or approvals for the Group's and China Minmetals' projects; and
- other factors beyond the Group's and China Minmetals' control.

We do not undertake any obligation to update or revise publicly any of the opinions or forward-looking statements expressed in this Offering Circular as a result of any new information, future events or otherwise.

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## SUMMARY

*The summary below is only intended to provide a limited overview of information described in more detail elsewhere in this Offering Circular. As it is a summary, it does not contain all of the information that may be important to investors and terms defined elsewhere in this Offering Circular shall have the same meanings when used in this summary. Prospective investors should therefore read this Offering Circular in its entirety.*

### OVERVIEW

We are the sole Hong Kong-listed real estate flagship company and a subsidiary of China Minmetals, one of China's largest SOEs under the direct supervision of the SASAC. Founded in 1950, China Minmetals is one of the largest State-owned conglomerates that operates globally in metals and mining businesses and emerging diversified businesses with core operation in (i) metals and minerals; (ii) metallurgical construction; (iii) trade and logistics and (iv) finance and real estate. In 2020, China Minmetals was ranked 92 among the Fortune Global 500 enterprises.

We are principally engaged in real estate development, specialised construction, property investment and property management businesses. We develop quality residential properties in China and Hong Kong. Our current real estate development projects are located in 16 cities in the Pan Bohai Rim, Yangtze River Delta, Central China, Chengdu-Chongqing region and Pearl River Delta Regions in the PRC and Hong Kong. As at 31 December 2020, we had 40 projects at various stages of development located in these regions. As at 31 December 2018 and 2019, we had 22 and 27 projects at various stages located in the PRC and Hong Kong, respectively. We are also engaged in property management business in China and Hong Kong, which adheres to the "37°C Caring Service" principle to provide attractive, caring and value-added services to the property residents with safe and comfortable living environment in our completed real estate development projects.

Our specialised construction business mainly encompasses the design, production and installation of curtain walls system, windows and associated metal works. We have provided building solutions to a variety of building structures, including residential and office buildings, museums, sport centres, airports, shopping centres, swimming pools and hotels. As at 31 December 2020, we provided specialised construction services mainly in Hong Kong.

In addition, through our property investment business, we hold and lease two commercial investment properties including office and retail space in Hong Kong, namely the China Minmetals Tower and LKF29, which are located in Tsim Sha Tsui and Central, respectively. Since 2019, we have been leasing the commercial and retail complexes that we developed in Changsha and Taian in the PRC, to attract lifestyle-focused target customers.

### OUR COMPETITIVE STRENGTHS

We believe we have the following competitive strengths:

- We have a well-recognised brand supported by our high-quality real estate development projects in China and property management services provided;
- We enjoy strong and continuing support from China Minmetals, our controlling shareholder and a leading state-owned conglomerate in China;
- We have land bank with high quality acquired at reasonable cost which is well suited to our real estate development needs;

- We have a diversified and complementary portfolio of product and service offerings, including real estate development, specialised construction, property investment and property management;
- We enjoy strong liquidity with multiple sources of financing and have a prudent financial management policy; and
- We have a highly stable and experienced management team.

## **OUR BUSINESS STRATEGIES**

We aim to become a leading real estate development company and urban operator in the PRC. We intend to achieve this goal through the following strategies:

- Further strengthen our “Minmetals Land” brand name;
- Continue to leverage our position as the sole Hong Kong-listed real estate flagship of China Minmetals;
- Further optimise our land bank;
- Continue to maintain a diversified and complimentary portfolio of products and services; and
- Further improve our operational efficiency and profitability.

## **RECENT DEVELOPMENT**

### **The COVID-19 Outbreak**

The COVID-19 pandemic that began at the end of 2019 has affected millions of individuals and caused a significant decline in the overall global and PRC economies. The grave impact has adversely affected the development of the PRC and Hong Kong property markets, which suffered a critical setback during the first half of 2020, especially in the first quarter, as both construction activities and sales activities were required to be suspended in order to contain the spread of the COVID-19 outbreak. Following the gradual resumption of work and production in the real estate sector across the PRC, combined with the backlog of pent up demand and new demand, sales indicators have rebounded significantly in mid-2020.

In addition, as remedial action, we swiftly launched the online sales platform “五礦好房” for continuing online marketing campaign and building a customer base for our projects during the nationwide lockdown in early 2020. With the hard work of our teams in various regions, not only did our annual sales survive intact amidst the COVID-19 pandemic, it also hit an encouraging record high. Our operation team accelerated the roll-out of development projects across the PRC operation soon after the COVID-19 pandemic was eased and work resumption took place in the second quarter of 2020, and had met the development schedule for all of its projects at the end of 2020.

It is difficult to predict how long the adverse impact of COVID-19 will persist and the extent to which the Group may be affected. We cannot assure you that our business, financial condition and results of operations will not be materially and adversely affected. See *“Risk Factors – Risks Relating to Conducting Business in the PRC – The national and regional economies in the PRC and our prospects may be adversely affected by natural disasters, acts of God, occurrence of epidemics, acts of war and other disasters, which in turn affect our prospects.”*

## THE OFFERING

The following summary contains some basic information about the Bonds. Some of the terms described below are subject to important limitations and exceptions. Words and expressions defined in “Terms and Conditions of the Bonds” shall have the same meanings in this summary. For a more complete description of the terms and conditions of the Bonds, see “Terms and Conditions of the Bonds”, in this Offering Circular.

<b>Issuer</b> . . . . .	Expand Lead Limited 拓利有限公司
<b>Guarantor</b> . . . . .	Minmetals Land Limited 五礦地產有限公司
<b>Guarantee</b> . . . . .	<p>The Guarantor has in the Trust Deed unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Bonds and the Trust Deed, as further described in Condition 3(b) (<i>Guarantee</i>) of the Terms and Conditions of the Bonds.</p> <p>The obligations of the Guarantor in respect of the Bonds and the Trust Deed are contained in the Trust Deed (and any supplement thereto).</p>
<b>Keepwell Provider</b> . . . . .	China Minmetals Corporation 中國五礦集團有限公司
<b>Keepwell Deed</b> . . . . .	<p>We, the Keepwell Provider and the Issuer will enter into a keepwell deed as further described in “<i>Description of the Keepwell Deed</i>”. The Keepwell Deed does not constitute a guarantee by China Minmetals of the obligations of the Issuer under the Bonds or of the Guarantor under the Guarantee. See “<i>Risk Factors – Risks Relating to the Bonds, the Guarantor and the Keepwell Deed – China Minmetals’ Keepwell Deed is not a guarantee of the payment obligations under the Bonds or the Guarantee</i>”.</p>
<b>Bonds</b> . . . . .	US\$300,000,000 4.95% Guaranteed Bonds due 2026
<b>Issue Price</b> . . . . .	100.0%.
<b>Form and Denomination</b> . . . . .	The Bonds will be issued in registered form in denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof.
<b>Issue Date</b> . . . . .	22 July 2021
<b>Interest</b> . . . . .	The Bonds will bear interest from and including 22 July 2021, at the rate of 4.95% per annum, payable semi-annually in arrear on 22 January and 22 July in each year.
<b>Maturity Date</b> . . . . .	22 July 2026
<b>Offering</b> . . . . .	The Bonds and the Guarantee have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Bonds are being offered only outside the United States in reliance on Regulation S of the Securities Act.

<b>Status of the Bonds . . . . .</b>	The Bonds constitute the Issuer’s direct, unsubordinated, unconditional and (subject to Condition 4(a) ( <i>Negative Pledge</i> ) of the Terms and Conditions of the Bonds) unsecured obligations and shall at all times rank <i>pari passu</i> and without any preference among themselves. The Issuer’s payment obligations under the Bonds shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a) ( <i>Negative Pledge</i> ) of the Terms and Conditions of the Bonds, at all times rank at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer.
<b>Status of the Guarantee . . .</b>	The obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a) ( <i>Negative Pledge</i> ) of the Terms and Conditions of the Bonds, at all times rank at least equally with all our other present and future unsecured and unsubordinated obligations.
<b>Negative Pledge . . . . .</b>	The Bonds will contain a negative pledge provision as further described in Condition 4(a) ( <i>Negative Pledge</i> ) of the Terms and Conditions of the Bonds.
<b>NDRC Post-Issuance Filing . . . . .</b>	<p>The Guarantor undertakes to file or cause to be filed with NDRC, within the time period prescribed by the NDRC or pursuant to relevant laws and regulations after the Issue Date, the requisite information and documents in accordance with the Notice on Promoting the Reform of the Filing and Registration System for Issuance of Foreign Debt by Corporates (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知) promulgated by the NDRC on 14 September 2015 which came into effect immediately and any implementation rules, regulations, certificates, circulars or notices in connection therewith issued by the NDRC from time to time (the “<b>NDRC Post-Issuance Filing</b>”).</p> <p>The Guarantor shall within 14 PRC Business Days (as defined in the Terms and Conditions of the Bonds) after submission of such NDRC Post-Issuance Filing (i) provide the Trustee with a certificate substantially in the form set out in the Trust Deed signed by an Authorised Signatory (as defined in the Trust Deed) of the Guarantor confirming the submission of the NDRC Post-Issuance Filing (together with the document(s), if any, evidencing due filing with the NDRC) and (ii) give notice to the Bondholders in accordance with Condition 16 (<i>Notices</i>).</p>
<b>Use of Proceeds . . . . .</b>	The proceeds from the sale of the Bonds will be used for refinancing of existing indebtedness in accordance with our Sustainable Finance Framework. See “ <i>Bonds Being Issued as Sustainable Bonds</i> ”.
<b>Events of Default . . . . .</b>	The Bonds will contain certain events of default as further described in Condition 9 ( <i>Events of Default</i> ) of the Terms and Conditions of the Bonds.

<b>Taxation . . . . .</b>	All payments of principal, premium and interest by or on behalf of the Issuer or us in respect of the Bonds or under the Guarantee shall be made free and clear of, and without withholding or deduction for, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the British Virgin Islands, Bermuda, Hong Kong or the PRC or any political subdivision or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer or, as the case may be, we shall (except in certain circumstances as set out in Condition 8 ( <i>Taxation</i> ) of the Terms and Conditions of the Bonds) pay such additional amounts as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required.
<b>Final Redemption. . . . .</b>	Unless previously redeemed or purchased and cancelled in the circumstances referred to in the Terms and Conditions of the Bonds, the Bonds will be redeemed at their principal amount on the Maturity Date.
<b>Redemption upon a Change of Control . . . . .</b>	A Bondholder will have the right, at such Bondholder's option, to require the Issuer to redeem all, but not some only, of that Bondholder's Bonds at 101% of their principal amount, together with accrued interest upon the occurrence of a Change of Control. See Condition 6(c) ( <i>Redemption and Purchase – Redemption upon a Change of Control</i> ) of the Terms and Conditions of the Bonds.
<b>Redemption for Taxation Reasons . . . . .</b>	The Bonds may be redeemed at the Issuer's option in whole, but not in part, at their principal amount (together with interest accrued up to but excluding the date fixed for redemption), in the event that as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands, Bermuda, Hong Kong or the PRC or any political subdivision or any authority therein or thereof having the power to tax on or after 15 July 2021, the Issuer or the Guarantor would be required to pay Additional Tax Amounts in respect of the Bonds and such obligation cannot be avoided by the Issuer taking reasonable measures available to it. See Condition 6(b) ( <i>Redemption and Purchase – Redemption for Taxation Reasons</i> ) of the Terms and Conditions of the Bonds.
<b>Further Issues . . . . .</b>	The Issuer may from time to time, without the consent of the Bondholders, create and issue further securities either having the same terms and conditions as the Bonds, in all respects (or in all respects save for the issue date, the first payment of interest on them and the timing for complying with provisions in these Conditions in relation to the NDRC Post-Issuance Filing) and so that such further issue shall be consolidated and form a single series with the Bonds or upon such terms as the Issuer may determine at the time of their issue. References in the Terms and Conditions of the Bonds to the Bonds will include (unless the context requires otherwise) any other securities issued pursuant to Condition 15 ( <i>Further Issues</i> ) of the Terms and Conditions of the Bonds, and forming a single series with the Bonds.
<b>Trustee . . . . .</b>	Bank of Communications Trustee Limited



<b>Principal Paying Agent, Transfer Agent and Registrar . . . . .</b>	Bank of Communications Co., Ltd. Hong Kong Branch
<b>Clearing Systems . . . . .</b>	The Bonds will be represented by beneficial interests in a Global Certificate, which will be registered in the name of a nominee of, and deposited on the Issue Date with a common depository for, Euroclear and Clearstream and will be exchangeable for individual certificates only in the circumstances set out in the Terms and Conditions of the Bonds. Beneficial interests in a Global Certificate will be shown on and transfers thereof will be effected only through records maintained by Euroclear and Clearstream. Except as described herein, certificates for Bonds will not be issued in exchange for beneficial interests in a Global Certificate.
<b>Governing Law . . . . .</b>	The Trust Deed and the Bonds will be governed by and construed in accordance with English law. The Keepwell Deed will be governed by Hong Kong law.
<b>Listing . . . . .</b>	Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds by way of debt issues to Professional Investors only.
<b>Selling Restrictions . . . . .</b>	The Bonds will not be registered under the Securities Act or under any state securities laws of the United States and will be subject to customary restrictions on transfer and resale. See “ <i>Subscription and Sale</i> ”.
<b>ISIN . . . . .</b>	XS2359944704
<b>Common Code . . . . .</b>	235994470
<b>Legal Entity Identifier . . . . .</b>	549300R9D8MDKV4NAV57
<b>Rating of China Minmetals . . . . .</b>	The Bonds are not expected to be rated. The Guarantor has not been assigned a rating. China Minmetals has been assigned a rating of “Baa1” by Moody’s, “BBB+” by S&P and “BBB+” by Fitch with a stable outlook.

## SUMMARY CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

The summary consolidated financial information as at and for the years ended 31 December 2018, 2019 and 2020 is derived from our audited consolidated financial statements as at and for the years ended 31 December 2018, 2019 and 2020 (which have been audited by Deloitte Touche Tohmatsu, Certified Public Accountants (“**Deloitte**”). They should be read in conjunction with the relevant consolidated financial statements, including the notes thereto, which are included elsewhere in this Offering Circular. Our consolidated financial statements were prepared in accordance with HKFRSs issued by HKICPA which may differ in material respects from generally accepted accounting principles in other jurisdictions.

None of the Issuer, the Guarantor, China Minmetals, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors or advisers makes any representation or warranty, express or implied, regarding the sufficiency of such consolidated financial results for an assessment of, and any person receiving this Offering Circular must exercise caution when using such data to evaluate the Group’s financial conditions, results of operations and results.

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December		
	2018	2019	2020
	HK\$'000 (Audited)	HK\$'000 (Audited)	HK\$'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment . . . . .	196,512	262,791	259,280
Investment properties . . . . .	2,256,393	2,366,668	2,507,388
Interests in associates . . . . .	1,152,277	1,123,361	3,472,096
Interests in joint ventures . . . . .	97,028	84,701	196,074
Financial assets at fair value through other comprehensive income . . .	811,254	1,398,952	822,778
Other financial assets . . . . .	30,091	–	–
Deferred tax assets . . . . .	778,610	639,144	442,890
	<u>5,322,165</u>	<u>5,875,617</u>	<u>7,700,506</u>
<b>Current assets</b>			
Inventories . . . . .	25,787,021	24,723,350	34,293,789
Prepayments, trade and other receivables . . . . .	11,868,354	13,934,151	17,665,954
Contract assets . . . . .	453,833	500,439	203,146
Contract costs . . . . .	12,275	15,237	91,741
Other financial assets . . . . .	–	19,771	–
Cash and bank deposits, restricted . . . . .	201,353	42,702	194,085
Cash and bank deposits, unrestricted . . . . .	3,607,776	3,850,098	8,238,516
	<u>41,930,612</u>	<u>43,085,748</u>	<u>60,687,231</u>
Total assets . . . . .	<u>47,252,777</u>	<u>48,961,365</u>	<u>68,387,737</u>
<b>EQUITY</b>			
Share capital . . . . .	334,691	334,691	334,691
Reserves . . . . .	8,033,017	8,859,154	9,264,260
Equity attributable to equity holders of the Company . . . . .	<u>8,367,708</u>	<u>9,193,845</u>	<u>9,598,951</u>
Perpetual capital instruments . . . . .	3,854,289	3,803,647	3,947,539
Non-controlling interests . . . . .	2,588,454	3,269,226	8,863,517
Total equity . . . . .	<u>14,810,451</u>	<u>16,266,718</u>	<u>22,410,007</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings . . . . .	14,039,272	9,491,281	15,015,877
Other payables . . . . .	–	–	438,287
Deferred tax liabilities . . . . .	133,288	134,818	366,366
Lease liabilities . . . . .	–	71,742	47,674
Other financial liabilities . . . . .	–	25,713	59,846
Other liabilities . . . . .	223	–	–
	<u>14,172,783</u>	<u>9,723,554</u>	<u>15,928,050</u>

	As at 31 December		
	2018	2019	2020
	HK\$'000 (Audited)	HK\$'000 (Audited)	HK\$'000 (Audited)
<b>Current liabilities</b>			
Borrowings . . . . .	1,015,365	7,262,623	4,555,246
Trade and other payables . . . . .	10,682,838	10,906,885	12,065,785
Contract liabilities . . . . .	6,119,742	4,553,520	12,787,885
Deferred revenue . . . . .	5,461	4,064	307,815
Lease liabilities . . . . .	–	16,598	30,069
Taxation payable . . . . .	446,137	227,403	302,880
	<u>18,269,543</u>	<u>22,971,093</u>	<u>30,049,680</u>
<b>Total liabilities</b> . . . . .	<u>32,442,326</u>	<u>32,694,647</u>	<u>45,977,730</u>
<b>Total equity and liabilities</b> . . . . .	<u>47,252,777</u>	<u>48,961,365</u>	<u>68,387,737</u>
<b>Net current assets</b> . . . . .	<u>23,661,069</u>	<u>20,114,655</u>	<u>30,637,551</u>
<b>Total assets less current liabilities</b> . . . . .	<u>28,983,234</u>	<u>25,990,272</u>	<u>38,338,057</u>

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	For the year ended 31 December		
	2018	2019	2020
	HK\$'000 (Audited)	HK\$'000 (Audited)	HK\$'000 (Audited)
<b>Revenue</b> . . . . .	10,930,824	11,261,431	7,661,646
Cost of sales . . . . .	(7,044,153)	(8,588,071)	(6,431,192)
<b>Gross profit</b> . . . . .	3,886,671	2,673,360	1,230,454
Other income, other gains and losses . . . . .	126,207	103,616	495,945
Fair value changes on investment properties . . . . .	134,052	107,550	(50,586)
Selling and marketing expenses . . . . .	(175,506)	(242,035)	(255,866)
Administrative and other expenses . . . . .	(539,148)	(567,088)	(752,540)
Impairment losses (recognised)/reversed under expected credit loss model, net of reversal . . . . .	(6,514)	3,832	(14,534)
Finance income . . . . .	189,019	221,744	222,799
Finance costs . . . . .	(137,524)	(26,739)	(69,471)
Share of results of associates . . . . .	(10,531)	(3,761)	4,469
Share of results of joint ventures . . . . .	(3,310)	(10,380)	(2,260)
<b>Profit before tax</b> . . . . .	3,463,416	2,260,099	808,410
Income tax expense . . . . .	(1,716,273)	(907,516)	(371,070)
<b>Profit for the year</b> . . . . .	<u>1,747,143</u>	<u>1,352,583</u>	<u>437,340</u>
<b>Profit for the year attributable to:</b>			
Equity holders of the Company . . . . .	934,964	942,689	112,370
Holders of perpetual capital instruments . . . . .	184,362	219,089	220,578
Non-controlling interests . . . . .	627,817	190,805	104,392
	<u>1,747,143</u>	<u>1,352,583</u>	<u>437,340</u>

## Other Financial Data

	For the year ended 31 December		
	2018	2019	2020
	HK\$'000	HK\$'000	HK\$'000
Adjusted EBITDA <sup>(1)</sup> . . . . .	3,705,226	2,478,779	1,397,578
Adjusted EBITDA margin (in percentages) <sup>(2)</sup> . . . . .	33.9	22.0	18.2

- (1) Adjusted EBITDA is calculated by adjusting profit before tax for the following: revaluation, interest income, finance costs (including capitalised interest realised in cost of sales), provision for impairment of inventories, provision for/(reversal of) impairment of accounts receivable and depreciation. Adjusted EBITDA is not a standard measure under HKFRSs. Adjusted EBITDA is a widely used financial indicator of a company's ability to service and incur debt. Adjusted EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. In evaluating Adjusted EBITDA, we believe that investors should consider, among other things, the components of Adjusted EBITDA such as sales and operating expenses and the amount by which Adjusted EBITDA exceeds capital expenditures and other charges. We have included Adjusted EBITDA because we believe it is a useful supplement to cash flow data as a measure of our performance and our ability to generate cash flow from operations to cover debt service and taxes. Adjusted EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare our Adjusted EBITDA to EBITDA presented by other companies because not all companies use the same definition. The following table reconciles our profit before tax under HKFRSs to our definition of Adjusted EBITDA for the periods indicated:

	For the year ended 31 December		
	2018	2019	2020
	HK\$'000	HK\$'000	HK\$'000
Profit before tax . . . . .	3,463,416	2,260,099	808,410
Adjustment for			
Revaluation . . . . .	(134,052)	(107,550)	50,586
Interest income . . . . .	(189,019)	(221,744)	(222,799)
Finance costs (including capitalised interest realised in cost of sales) . . . . .	505,896	440,449	412,389
Provision for impairment of inventories . . . . .	45,284	86,472	299,894
Provision for/(reversal of) impairment of accounts receivable. . .	5,433	(3,711)	9,992
Depreciation . . . . .	8,268	24,764	39,106
<b>Adjusted EBITDA . . . . .</b>	<b><u>3,705,226</u></b>	<b><u>2,478,779</u></b>	<b><u>1,397,578</u></b>

- (2) Adjusted EBITDA margin is calculated by dividing Adjusted EBITDA by revenue.

## RISK FACTORS

*An investment in the Bonds is subject to significant risks. You should carefully consider all of the information in this Offering Circular and, in particular, the risks described below before deciding to invest in the Bonds. The following describes some of the significant risks that could affect us and the value of the Bonds. Some risks may be unknown to us and other risks, currently believed to be immaterial, could be material. All of these could materially and adversely affect our business, financial condition, results of operations and prospects. The market price of the Bonds could decline due to any of these risks and you may lose all or part of your investment. This Offering Circular also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks described below and elsewhere in this Offering Circular.*

### RISKS RELATING TO OUR BUSINESS

**We are heavily dependent on the performance of the property market in the PRC and Hong Kong, particularly in the Pan Bohai Rim, Yangtze River Delta, Central China, Chengdu-Chongqing region and Pearl River Delta in the PRC and Hong Kong.**

Our business and prospects depend on the performance of the PRC property market. Any housing market downturns in China and Hong Kong generally or in the regions where we have real estate development projects could adversely affect our business, financial condition and results of operations. Our current real estate development projects are primarily located in the Pan Bohai Rim, Yangtze River Delta, Central China, Chengdu-Chongqing region and Pearl River Delta in the PRC and Hong Kong. As at 31 December 2020, we had land reserves in these regions, including properties under development and properties held for future development, with an aggregate planned gross floor area (“GFA”) of approximately 8.5 million sq.m. Because we plan to develop our real estate development projects primarily in these regions in the foreseeable future, our business is and may continue to be heavily dependent on the continued growth of the property market in these regions. Any adverse developments in the supply and demand or in property prices in these areas would have a material adverse effect on our results of operations and financial condition. Any adverse developments in national and local economic conditions as measured by such factors as GDP growth (which has slowed down in recent years, with real GDP growth slowing to 2.3% in 2020 from 10.6% in 2010), employment levels, job growth, consumer confidence, interest rates and population growth in the PRC and Hong Kong, particularly in the regions where our projects are located, may reduce demand and depress prices for our products and services and have a material adverse effect on our business, financial condition and results of operations. Demand for and prices of properties in the PRC are also directly affected by the macroeconomic control measures adopted by the PRC government from time to time. In recent years, the PRC government has taken measures to control inflation and slow the price increases in the property market. See “– *Our business is subject to extensive governmental regulation and, in particular, we are susceptible to policy changes in the PRC property sector.*” Government policies aimed at reducing local government and corporate debt levels could also reduce liquidity in the economy, which in turn may affect the property market. Any adverse development in the property market in the PRC generally and, in particular, in the Pan Bohai Rim, Yangtze River Delta, Central China, Chengdu-Chongqing region and Pearl River Delta in the PRC and Hong Kong where we operate or may operate in the future could have a material and adverse effect on our business, results of operations and financial condition.

Demand for private residential properties in the PRC and Hong Kong, including private residential properties in the Pan Bohai Rim, Yangtze River Delta, Central China, Chengdu-Chongqing region and Pearl River Delta in the PRC and Hong Kong, have experienced rapid growth in the last decade but such growth is often coupled with volatility in market conditions and fluctuations in property prices. We cannot assure you that real estate development will continue at past levels or that we will be able to benefit from the future growth in the property market in these regions and other regions in the PRC where we plan to develop properties.



**Our business is subject to extensive governmental regulation and, in particular, we are susceptible to policy changes in the PRC property sector.**

Our business is subject to extensive governmental regulation and macro-economic control measures implemented by the PRC government from time to time. As with other PRC property developers, we must comply with various requirements mandated by the PRC laws and regulations, including the policies and procedures established by local authorities designated to implement such laws and regulations. In particular, the PRC government exerts considerable direct and indirect influence on the development of the PRC property sector by imposing industry policies and other economic measures, such as control over the supply of land for property development, control of foreign exchange, property financing, taxation and foreign investment. Through these policies and measures, the PRC government may restrict or reduce land available for property development, raise the benchmark interest rates of commercial banks, place additional limitations on the ability of commercial banks to make loans to property developers and property purchasers, impose additional taxes and levies on property sales and restrict foreign investment in the PRC property sector.

In recent years, the PRC government has announced a series of other measures designed to stabilise the growth of the PRC economy and to stabilise the growth of specific sectors, including the property market, to a more sustainable level. To support the demand of buyers of property for residential purposes and to promote the sustainable development of the real estate market, the People's Bank of China (the "PBOC") and the China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會)(the "CBIRC") jointly issued the Notice on Further Improving Financial Services for Real Estate Sector (《關於進一步做好住房金融服務工作的通知》) on 29 September 2014, which provides that for any family that wishes to use a loan to buy a property for its own residence, the minimum down payment will be 30% of the property price and the floor loan interest rate will be 70% of the benchmark lending interest rate, with the specific terms of such loan to be decided by the banking financial institution that provides the loan based on the risk profile of the borrower. Where a family that owns a residential property and has paid off its existing mortgage loan applies for a new mortgage loan to buy another residential property to improve living conditions, the bank may apply the first-time housing purchase mortgage loan policy. In cities that have lifted housing purchase restrictions on residents or those that have not imposed such restrictions, when a family that owns two residential properties or more and has paid off all the existing mortgage loans applies for a new mortgage loan to buy another residential property, the bank is required to assess the credit profile of the borrower, taking into consideration the solvency, credit standing of the borrower and other factors, and decide the down payment ratio and loan interest rate. In view of the local urbanization plan, banks may provide mortgage loans to non-local residents that meet the conditions required by the related policies. In March 2015, the PBOC, CBIRC and the Ministry of Housing and Urban-Rural Development (中華人民共和國住房和城鄉建設部)(the "MOHURD") jointly issued a notice to lower the minimum down payment to 40% for households that own a residential property and have not paid off their existing mortgage loan applying for a new mortgage loan to purchase another ordinary residential property to improve their living conditions, and allow the bank to decide at its own discretion the down payment ratio and loan interest rate taking into consideration the solvency and credit standing of the borrower.

On 1 February 2016, the PBOC and CBIRC jointly issued the Notice on the Adjustment of Individual Housing Loans Policies (《關於調整個人住房貸款政策有關問題的通知》) which provides that in cities where property purchase control measures are not being implemented, the minimum down payment ratio for a personal housing commercial loan obtained by a household for purchasing its first ordinary residential property is, in principle, 25% of the property price, which can be adjusted downward by 5% by local authorities. For existing residential property household owners which have not fully repaid the previous loan and are obtaining further personal housing commercial loan to purchase an additional ordinary residential property for the purpose of improving living conditions, the minimum down payment ratio shall be not less than 30% which is lower than the previous requirement of not less than 40%. Since August 2014, the local governments of Xiamen, Fuzhou, Hefei and Tianjin had issued their respective measures to lift the housing purchase restrictions in Xiamen (except for the restrictions on ordinary commercial housing purchases in Siming District and Huli District in Xiamen),

Fuzhou, Hefei and Tianjin. However, since September 2016, certain local governments, including without limitation Shanghai, Xiamen, Fuzhou, Hefei, Tianjin, Nanjing, Suzhou, Wuhan, Jurong, Yangzhou and Hangzhou, issued new property market control policies, including restoring or strengthening the restriction on purchases of residential properties and tightening credit policy. From time to time, local governments may adopt more stringent policies to regulate the property market. For instance, in May 2017, Shanghai launched a new policy to clamp down on so-called commercial-title apartments and strengthen the administration of commercial and office projects according to which approval of all new commercial-title apartment projects will be suspended, the construction and sale of commercial and office projects will be strictly regulated and the property developer will be required to rectify the non-compliance before the delivery of the commercial and office projects.

On 13 February 2017, the Asset Management Association of China issued Circular 4 of Regulation for Registration Management of Private Asset Management Plan by Securities and Future Institutions (《關於發佈〈證券期貨經營機構私募資產管理計劃備案管理規範第4號〉的通知》)(the “**Circular 4**”). Circular 4 provides that any private equity and asset management plan that is adopted to make either direct or indirect investment into any ordinary residential property project located in certain PRC cities where the property price rises too fast shall not be filed for a record temporarily. Such cities currently include 16 major cities in the PRC, such as Shanghai, Hefei, Nanjing, Suzhou, Tianjin, Fuzhou, Wuhan and Zhengzhou, and the list of such cities may be updated from time to time in the future according to the relevant regulations of the Ministry of Housing and Urban-Rural Development of the PRC. In addition, a private equity and asset management plan shall neither be used to finance any real estate developer by means of bank entrusted loans, trust plans, or usufruct of transferee assets, for the purpose of paying the price of land grant or supplementing the working capital, nor be used to directly or indirectly facilitate any violation or illegality of various institutions’ granting of loans for down payments.

On 1 April 2017, the Ministry of Land and Resources and Ministry of Housing and Urban-Rural Development issued the Circular of the Ministry of Housing and Urban-Rural Development and the Ministry of Land and Resources on Tightening the Management and Control over Intermediate Residential Properties and Land Supply (《住房城鄉建設部、國土資源部關於加強近期住房及用地供應管理和調控有關工作的通知》). To maintain a housing supply-demand balance, cities facing serious demand over supply and overheating market shall increase the supply of housing land, especially for ordinary commercial houses; and cities with excessive housing supply shall reduce or suspend the land supply for housing. All the local governments shall build an inspection system to monitor the source of funds for land acquisition to ensure that the real estate developers use their own legal funds to purchase lands. These measures reduced the transaction volumes in certain major cities in the PRC in the second quarter of 2017.

On 19 May 2018, the Ministry of Housing and Urban-Rural Development issued the Notice on Further Regulating and Controlling the Real Estate Market (《關於進一步做好房地產市場調控工作有關問題的通知》), which provided that local authorities shall targeted to enhance the effective supply of housing and land, increase the proportion of medium-and-low-priced and medium-and-small-sized ordinary commercial housing in the newly-built commercial housing, and improve the methods of supplying the land of commercial housing. Particularly, major cities shall increase the proportion of residential land, and the proportion of residential land to urban construction land is suggested not to be lower than 25%. The supply of rental housing land and joint-property housing land shall be enhanced and the supply of public rental housing land shall be guaranteed. The proportion of public rental housing land, rental housing land and joint-property housing land in the new residential land is targeted to reach or exceed 50% in three to five years. In addition, those cities shall promote the diversification of land supply entities. The state-owned land whose use right is obtained by non-real-estate enterprises legally may be used as rental housing land if its ownership remains unchanged and its use is in line with the overall land use planning and the urban and rural planning.

More recently, in late August 2020, the MOHURD and the PBOC held a meeting with the key real estate enterprises to implement a long-term mechanism for regulation of the real estate market. The MOHURD and the PBOC then introduced several capital and financing management rules, commonly known as the “three red lines”, to regulate the real estate market, requiring some real estate enterprises to maintain (i) a debt-to-asset ratio of no greater than 70% after exclusion of the deposits received; (ii) a net debt ratio of no greater than 100%; and (iii) a cash to short-term debt ratio of no less than one. We cannot assure you that we will be successful in adapting our operations to the “three red line” policy, and such policy may disrupt our business prospects, or causes us to incur additional costs, and our business, prospects, financial condition and results of operations may be materially and adversely affected.

Many of the property industry policies carried out by the PRC government are unprecedented and are expected to be amended and revised over time. Other political, economic and social factors may also lead to further adjustments and changes in such policies. We cannot assure you that the PRC government will not adopt additional and more stringent industry policies, regulations and measures in the future nor can we assure you when or whether the existing policies will be ceased or reversed. If we fail to adapt our operations to new policies, regulations and measures that may come into effect from time to time with respect to the real estate industry, or if such policy changes disrupt our business, reduce our sales or average selling prices, or cause us to incur additional costs, our business prospects, results of operations and financial condition may be materially and adversely affected.

You should read the various risk factors under the section entitled “– *Risks Relating to the PRC Real Estate Industry – We are subject to regulations implemented by the PRC government, which may adopt further measures intended to curtail the overheating of the property market in China or adopt further measures to tighten restrictions on PRC property developers*” below for more information relating to these risks and uncertainties.

**We are exposed to economic and real estate market conditions and political and regulatory changes in Hong Kong.**

We are also engaged in the development of residential property projects in Hong Kong for sale. We have been developing the residential site in Yau Tong, Hong Kong since the fourth quarter of 2017 and the project, Montego Bay, is expected to be completed in the first quarter of 2023. In addition, we own office and retail space for leasing in Hong Kong. As a result, the general state of the Hong Kong economy, the interest rate environment and the political and regulatory situation in Hong Kong have a significant impact on our operating results and financial condition. Any disruption to Hong Kong’s economy, such as an increase in interest rates, periods of significant inflation or deflation, political unrest events such as the 1997 Asian financial crisis, outbreaks of severe acute respiratory syndrome, the “Avian Influenza A”/H5N1 virus, the influenza A/H1N1 virus, the COVID-19 pandemic, the global financial crisis, the Eurozone debt crisis, the economic slowdown in the PRC, the potential interest rate increases in the United States and the volatility of the global equity markets, including the United States, Europe, the PRC and Hong Kong, and the exchange rate of Renminbi against the U.S. dollar may have an adverse impact on our business prospects, results of operations and financial condition. If there is any renewed economic downturn or slowdown in global economic recovery or if the market volatilities persist, there can be no assurance that the Hong Kong economy or our business prospects, results of operations, financial condition will not be adversely affected.

In addition, the government of the Hong Kong Special Administrative Region (the “**Hong Kong Government**”) may introduce cooling measures on the Hong Kong property market from time to time, which may have a significant impact on the supply and demand in the property market. For example, on 26 October 2012 the financial secretary of the Hong Kong Government announced that the Stamp Duty Ordinance would be amended to adjust the rates and to extend the holding period in respect of the Special Stamp Duty (“**SSD**”) imposed by the Stamp Duty (Amendment) Ordinance 2011. Under the adjusted regime, any residential property acquired on or after 27 October 2012, either by an individual or a company (regardless of where it is incorporated), and resold within 36 months, will be subject to

the new rates of SSD upon the enactment of the relevant legislation. The financial secretary also announced on 26 October 2012 that a Buyer's Stamp Duty ("BSD") would be introduced with effect from 27 October 2012 on residential properties acquired by any person (including a company incorporated) except a Hong Kong permanent resident. BSD is to be charged at a flat rate of 15 per cent. on all residential properties, on top of the existing stamp duty and the SSD, if applicable. On 4 November 2016, the Hong Kong Government announced further cooling measures in the form of an increase to stamp duty payable on property transactions to 15 per cent., effective from 5 November 2016 and applying to all residential property acquisitions by individuals or companies with the exception of first time home buyers who are Hong Kong permanent residents. The new 15 per cent. rate replaces the maximum 8.5 per cent. double ad valorem stamp duty on non-first time home purchases by Hong Kong permanent residents that had been in place since February 2013. As the introduction of these measures are subject to policy changes reflecting domestic political or economic circumstances, there is no assurance that the Hong Kong Government will not introduce further measures in the future that may have a significant impact on the property market, which may in turn affect our operating results and financial conditions.

Historically, Hong Kong property values have been volatile as property values are affected by the supply of, and the demand for, comparable properties, and the amount of new land made available by the Hong Kong Government as well as political and economic developments in the PRC, among other factors. In addition, as leases of Hong Kong commercial properties are usually for a short duration compared to longer terms typical in the United States and other such markets, our rental income from property experiences more frequent adjustment than would be the case in other real estate markets. Furthermore, rental levels in Hong Kong are subject to fluctuations in supply and demand, including as a result of competition from the new supply of properties. Any decline in property values or rental yields could have an adverse effect on our business, financial condition or results of operations.

**We may not be able to obtain a sufficient number of sites or retain sites at commercially suitable prices for real estate development projects.**

We derive the majority of our revenue from the sale of properties that we have developed. This revenue stream is dependent on our ability to complete and sell our real estate developments. To maintain or grow our business in the future, we will be required to replenish our land reserve with suitable sites for developments. Our ability to identify and acquire a sufficient number of suitable sites is subject to a number of factors that are beyond our control.

The PRC government controls substantially all of the country's land supply and regulates the means by which real estate developers, including us, obtain land sites for developments. As a result, the PRC government's land supply policies affect our ability to acquire land use rights for sites we identify and the costs of any acquisition. In April 2002, the PRC government introduced regulations to require government departments and agencies to grant state-owned land use rights for residential and/or commercial real estate development by public tender, auction or listing-for-sale. We are required to go through these processes before we can acquire the land use rights to desirable sites from the government. Although these regulations do not prevent privately held land use rights from being traded in the secondary market, the PRC government's policy to grant state-owned land use rights at competitive market prices has resulted in heightened cost of land reserves generally in the PRC. Additionally, the PRC government controls land supply through zoning, land usage regulations and other means. In recent years, the PRC government has adopted a number of initiatives to control the growth of China's high-end residential property sector and to promote the development of more affordable housing. For example, an announcement stated that land supply priority shall be given to ordinary commodity houses at middle to low prices and of medium to small sizes (including affordable housing), and pursuant to the "Catalogue of Restricted Use of Land (2012 Version)" (限制用地項目目錄(2012年本)) issued by the Ministry of Land and Resources (the "MLR") and the National Development and Reform Commission on 23 May 2012, the area of a parcel of land granted for commodity housing development shall not exceed seven hectares in small cities and towns, 14 hectares in medium-sized cities or 20 hectares in large cities. All these measures further intensify the competition

for land in China among real estate developers. These policy initiatives and other measures adopted by the PRC government from time to time may lead to a reduction in land supply and limit our ability to acquire suitable land for our development or increase land acquisition cost significantly. If we fail to acquire sufficient land reserves in a timely manner and at reasonable prices, or at all, our business and prospects, results of operations and financial condition may be materially and adversely affected.

**We may require significant capital resources to fund land acquisitions and real estate development projects.**

The real estate development business is capital intensive. Our ability to secure sufficient financing for land acquisition and our real estate development projects depends on a number of factors that are beyond our control, including market conditions in debt and equity capital markets, investors' perception of our securities, lenders' perception of our creditworthiness, the PRC, Hong Kong and global economy and pandemic situation, and PRC regulations that affect the availability and finance costs for real estate companies.

Any deterioration in these factors, such as that which has occurred in the global credit and financial markets in 2008, may make it difficult for the Group to access financial markets and make it more difficult or expensive to obtain funding in the future. This may have a material adverse effect on the Group's cash flow position, financial condition and business plans. The Group may also be subject to solvency risks of its banks and of its counterparties in its financial investments and arrangements.

Particularly, various PRC regulations restrict our ability to raise capital through external financing and other methods, including, without limitation, the following:

- pre-sale proceeds may only be used to fund the property development costs of the relevant projects to which they relate;
- we cannot pre-sell uncompleted units in a project prior to achieving certain development milestones;
- PRC banks are prohibited from extending loans to real estate companies for the purposes of funding the payment of land premium;
- we cannot borrow from a PRC bank for a particular project (i) for supportive residential development projects or common residential development projects, the property developer's available internal funds are less than 20% of the total estimated capital required, or (ii) for other development projects, the property developer's available internal funds are less than 25% of the total estimated capital required;
- we cannot borrow from a PRC bank for a particular project unless we first obtain the land use right certificate, construction land planning permit, construction works planning permit and construction permit for that project;
- PRC banks are restricted from granting loans for the development of luxury residential properties;
- property developers are prohibited from using the proceeds from a loan obtained from a local bank to fund property developments outside the region where that bank is located, subject to certain exceptions;
- PRC banks are restricted from granting revolving credit facilities to property developers that hold idle land and a large amount of vacant commodity properties;
- PRC banks are prohibited from accepting properties that have been vacant for more than three years as collateral for loans;



- in November 2009, the PRC government raised the minimum down payment of land premium to 50% and required the land premium to be fully paid within one year after the signing of a land grant contract, subject to limited exceptions;
- in March 2010, the Ministry of Land and Resources stipulated that the minimum down payment of land premium of 50% must be paid within one month after the signing of a land grant contract and the rest of the land premium must be fully paid within one year after the signing of a land grant contract;
- on 29 September 2010, the PBOC and CBIRC promulgated the “Notice on Relevant Issues Regarding the Improvement of Differential Mortgage Loan Policies” (Yin Fa [2010] No. 275) (《關於完善差別化住房信貸政策有關問題的通知》(銀發[2010]275號)), which provides that all property companies with records of having idle land, changing the land use purpose and nature, delaying the project commencement or completion time and hoarding properties or other acts of noncompliance with applicable laws or regulations shall be restricted from obtaining bank loans or credit facilities for new projects;
- on 26 February 2013, the State Council issued the “Circular on Continuing the Regulation of Real Estate Market” (Guo Ban Fa [2013] No. 17) (《關於繼續做好房地產市場調控工作的通知》(國辦發[2013]17號)), pursuant to which, with regard to any real estate development enterprises that violate laws and regulations such as having idle land, driving up land prices, hoarding properties for speculation and driving up prices of houses, the relevant departments shall establish cooperative mechanisms, and investigate and impose appropriate penalties more strictly. Moreover, the banking financial institutions shall not offer loans to such enterprises for their new projects, the securities regulatory departments shall suspend the approval of the listing, refinancing and restructuring of such enterprises, and the banking regulatory departments shall not allow such enterprises to obtain financing through trust plans;
- on 13 February 2017, the Asset Management Association of China issued the Circular 4, which provides that where securities and futures institutions are to establish private asset management plans, and make investment in common residential real estate projects located in cities where property prices are soaring, such plans shall not be registered. Private asset management plans may not finance real estate developers through, among others, entrusted loan, trust plan and transfer of the right to earnings (the beneficiary right) of assets for paying land acquisition price or replenishing working capital; and not directly or indirectly facilitate any violation or illegality, such as granting loans used as down payments;
- on 7 April 2017, the CBIRC issued the “Guiding Opinions of the China Banking Regulatory Commission on Risk Prevention and Control for the Banking Sector” (《中國銀監會關於銀行業風險防控工作的指導意見》(銀監發[2017]6號)), which requires that all banks and other financial institutions acting in concert should insist on category-based regulation and the implementation of city-based policy, and prevent risks in the real estate field;
- on 12 January 2018, the CBIRC issued the “Key Work Points on Rectify Chaos in the Banking Industry in 2018” (《2018年整治銀行業市場亂象工作要點》), which states that the CBIRC has decided to further sort out the chaos in the banking industry, including violation of policies of the real estate industry, such as the policy that an institution not provide, directly or indirectly, different kinds of on-balance-sheet and off-balance-sheet financing services, or provide support or channels with its own credit, for real estate enterprises to cover the land purchase expenses; and
- more recently, there were reports that the PRC government may start to restrict financing available to property developers by reference to leverage ratios such as liabilities to assets ratio, net gearing ratio and cash to short-term borrowings ratio. In August 2020, the PBOC

and the Ministry of Housing and Urban-Rural Development jointly held a meeting in which the government authorities emphasized the importance of market-oriented, regular and transparent financing rules applicable to real estate developers in cultivating sustainable, stable and healthy development of the real estate market. Despite the changes, the requirement of obtaining approval at the relevant level of the Ministry of Commerce remains. The PRC government's restrictive regulations and measures could increase our operating costs in adapting to these regulations and measures, limit our access to capital resources or even restrict our business operations. We cannot be certain that the PRC government will not issue additional and more stringent regulations or measures or require the real estate developers to deleverage, which could further adversely affect our business and prospects.

Effective from 1 January 2021, PRC financial institutions (excluding their overseas branches) are required to limit the amount of real estate loans and personal housing mortgage loans they lend to the proportions determined by the PBOC and the CBIRC calculated based on the total amount of RMB loans extended by such financial institution. A relevant financial institution will have a transition period of two years or four years to comply with the requirements depending on whether such financial institution exceeded 2.0% of the legal proportion based on the statistical data relating to such bank as of 31 December 2020. Under the notice, the PBOC and CBIRC will have the authority to take measures such as, among other things, imposing additional capital requirements on and reallocating the weight adjustments relating to the risk of real estate assets for financial institutions that fail to rectify the proportion requirements within a certain period.

In addition, the PRC government introduced other measures, such as changes to commercial bank reserve requirements and lending sector restrictions, that may adversely affect our access to capital and financing.

We cannot assure you that we will have adequate resources to fund property developments such as land acquisitions (including any unpaid land premiums for past acquisitions). We cannot assure you that the PRC government will not introduce other initiatives which may limit our access to capital resources. The foregoing and other initiatives introduced by the PRC government may limit our flexibility and ability to use bank loans or other forms of financing to finance our property developments and therefore may require us to maintain a relatively high level of internally sourced cash. Failure to obtain adequate funding at a commercially reasonable cost may limit our ability to acquire new land reserves, commence new projects or continue the development of existing projects. Such failure may also increase our finance costs and have a material adverse effect on our business, prospects, financial conditions and results of operations.

We cannot assure you that we will be able to obtain bank loans or renew existing credit facilities granted by financial institutions in the future on reasonable terms or at all or that any fluctuation in the interest rate will not affect our ability to fund our property developments.

**We have substantial indebtedness and may incur additional indebtedness. We are subject to refinancing risks associated with our existing indebtedness, which would affect the ability of the Issuer and us to satisfy the obligations under the Bonds, the Guarantee and other debts.**

We now have, and will continue to have after the offering of the Bonds, a substantial amount of indebtedness. Our total borrowings, including both current and non-current borrowings, as at 31 December 2018, 2019 and 2020, were HK\$15,055 million, HK\$16,754 million and HK\$19,571 million, respectively. Our substantial indebtedness could have important consequences to you.

For example, it could:

- limit the ability of the Issuer and us to satisfy the obligations under the Bonds, the Guarantee and other debts in the event we are unable to refinance all or a portion of our debt on or before maturity;
- increase our vulnerability to adverse general economic and industry conditions;
- require us to dedicate a substantial portion of our cash flow from operations to servicing and repaying our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and for other general corporate purposes;
- limit our flexibility in planning for or reacting to changes in our businesses and the industry in which we operate;
- limit, along with the financial and other restrictive covenants of our indebtedness, our ability to borrow additional funds; and
- increase the cost of additional financing.

Some of our borrowings are linked to the benchmark lending rates published by the PBOC. The PBOC from time to time adjusts the benchmark lending rates. For example, the PBOC increased the benchmark one-year lending rate from 5.56% on 20 October 2010 to 6.56% on 7 July 2011 and decreased it to 6.31% on 8 June 2012, to 6.00% on 6 July 2012. The PBOC decreased the benchmark one-year lending rate five times in 2015 and once in 2016. The benchmark one-year bank lending rates published by the PBOC as at December 31, 2018, 2019 and 2020 were 4.35%, 4.15% and 3.85%, respectively. In addition, in August 2019, pursuant to the Announcement [2019] No.15 of the People's Bank of China on the Reform and Improvement of the Formation Mechanism of Loan Prime Rate (LPR) (《中國人民銀行公告[2019]第15號 – 改革完善貸款市場報價利率(LPR)形成機制的公告》), the PBOC decided to reform and improve the formation mechanism of loan prime rate (“LPR”) and provided that the banks shall mainly refer to the LPR for interest rates pricing in newly issued loans and adopt the LPR as the pricing benchmark in floating rate loan contracts. Any increases in benchmark lending rates and/or LPR will increase the interest costs for our property developments.

As at the date of this Offering Circular, the benchmark one-year lending rate is 3.85%. The PBOC may raise the benchmark lending rate again in the future in order to control the growth rate of the Chinese economy or for other policy objectives. Certain other borrowings are linked to the Hong Kong Interbank Offer Rate (HIBOR). Any increases in interest rates on our borrowings, including as a result of interest rate increases by the PBOC or an increase in HIBOR, may have a material adverse effect on our financial condition and results of operations.

We are subject to refinancing risks with respect to our existing indebtedness, in particular, our short-term borrowings due within one year. Our ability to refinance our short-term borrowings may be materially and adversely affected if, for example, our contracted sales fail to grow as expected or we are unable to negotiate new bank loans on favourable terms or at all. In addition, certain of our loan agreements contain, and any future loan agreements may contain, restrictive covenants that impose significant operating and financial restrictions on us. These include restrictions on our ability to adjust our corporate structure, change to the nature of our business, enter into merger agreements, and dispose of our assets, among other things. We may also be required to maintain and satisfy certain financial ratios and other financial covenants, and there can be no assurance that we will always be able to meet these ratios or comply with such covenants in the future.

If we are unable to refinance any of our existing debt, it could materially and adversely affect the ability of the Issuer and us to satisfy the obligations under the Bonds, the Guarantee and other debt. While we did not experience any material difficulties in refinancing our debt for the years ended 31

December 2018, 2019 and 2020, we may not be able to renew our current credit facilities or obtain sufficient funding to develop future projects or meet other capital needs when required at a commercially reasonable cost or at all. Failure to obtain adequate funding at a commercially reasonable cost may limit our ability to begin new projects or to continue the development of existing projects and increase our financing costs.

**We may not be successful in expanding into new cities that we target or in exploring new markets.**

We started our real estate development business in Zhuhai, Guangdong Province. Leveraging our experience in Zhuhai, we have gradually expanded our operations into 16 cities in the Pan Bohai Rim, Yangtze River Delta, Central China, Chengdu Chongqing region and Pearl River Delta, including Beijing, Yingkou, Langfang, Tianjin, Nanjing, Changsha, Xiangtan, Wuhan, Chengdu, Taian, Xining, Huizhou, Foshan, Guangzhou, Shenzhen and Hong Kong. In addition, our specialised construction business is based in Hong Kong. When opportunities arise, we expect to continue to expand our operations both within and outside these regions. We intend to expand our real estate development business into other cities of these regions. We also continue to broaden our perspectives to explore other means of expanding the land bank and continue to increase overseas business development. These new markets may differ from our existing markets in terms of level of economic development, topography, culture, regulatory practices, level of familiarity with contractors and business practices and customs, and customer tastes, behaviour and preferences. In addition, when we enter into new markets, we will likely compete with developers who have an established local presence, are more familiar with local regulatory and business practices and have stronger relationships with local contractors, all of which may give them a competitive advantage over us. We cannot assure you that we will be able to enter into or operate in new markets successfully. Further, our expansion and the need to integrate operations arising from our expansion particularly into other fast-growing cities in the PRC, may place a significant strain on our managerial, operational and financial resources and further contribute to an increase in our financing requirements.

**We may be adversely affected by locations in the global economy and financial markets.**

The global economic slowdown and turmoil in the global financial markets that started in the second half of 2008 and the COVID-19 epidemic that started at the end of 2019 have had negative impacts on the global economy, which in turn has affected the PRC real estate industry and many other industries.

Since the financial downturn, in response to the adverse conditions in the financial markets and the global economy, many countries, including the PRC, implemented fiscal measures and other stimulus packages targeted at reducing the adverse impact of the global economic crisis and reviving their economies. However, the outlook for the world economy and financial markets remains uncertain. In Europe, several countries are facing difficulties in refinancing sovereign debt. The Eurozone debt crisis remains a concern to the health of the global financial system. The transition period for the exit of the United Kingdom from the European Union (“**Brexit**”) officially commenced on 31 January 2020 and ended on 31 December 2020. The potential impact of Brexit on the economic conditions in the United Kingdom, the European Union and global markets remains unclear. Since July 2018, the United States imposed certain duties on certain Chinese goods, which was in turn met with retaliatory tariffs on the United States goods imposed by the PRC. In October 2020, both countries continued to impose further tariffs and other export restrictions and an agreement between them on trade appears increasingly remote. In Asia and other emerging markets, some countries are expecting increasing inflationary pressure as a consequence of liberal monetary policy or excessive foreign fund inflow, or both. In the Middle East, political unrest in various countries has resulted in economic instability and uncertainty. China’s economic growth may slow down due to weakened exports.

These and other issues resulting from the global economic slowdown and financial market turmoil have adversely affected, and may continue adversely affecting, homeowners and potential property purchasers, which may lead to a decline in the general demand for our products and erosion of their sale

prices. In addition, any further tightening of liquidity in the global financial markets may negatively affect our liquidity. Therefore, if the global economic slowdown and turmoil in the financial markets crisis continue, our business, financial condition and results of operations may be negatively affected.

**We face significant property development risks before we realize any benefit from a development.**

Property developments typically require substantial capital outlay during the construction period and may take months or years before positive cash flows can be generated by pre-sales or sales of completed property developments, if at all. The time and costs required in completing a property development may be subject to substantial increases due to many factors, including shortages of materials, equipment, technical skills and labour, adverse weather conditions, natural disasters, labour disputes, disputes with contractors, accidents, changes in government priorities and policies, changes in market conditions, delays in obtaining the requisite licenses, permits and approvals from the relevant authorities and other unforeseeable problems and circumstances. Any of these factors may lead to delays in, or prevent, the completion of a property development and result in costs substantially exceeding those originally budgeted for. Furthermore, any failure to complete a property development according to its original specifications or schedule may give rise to potential liabilities and, as a result, our return on investments may be lower than originally expected. In addition, any decreases in property prices or adverse developments in the property market after the acquisition of a parcel of land and prior to pre-sales or sales of completed property developments on such land could also have an adverse impact on our business, financial condition and results of operations.

**Our results of operations may be materially and adversely affected if we fail to obtain, or there are material delays in obtaining, requisite governmental approvals for our real estate development projects.**

The PRC property market is heavily regulated by the PRC government. PRC real estate developers must comply with various requirements mandated by laws and regulations, including the policies and procedures established by local authorities designed for the implementation of such laws and regulations. In order to develop and complete a real estate development project, we must obtain various permits, licenses, certificates and other approvals from the relevant administrative authorities at various stages of the real estate development process, including without limitation environmental impact assessment approvals, project proposal approvals or filings, land use right certificates, planning permits, construction permits, pre-sale permits and certificates or confirmation of completion and acceptance. Each approval is dependent on the satisfaction of certain conditions. There can be no assurance that we will not encounter major problems in fulfilling the conditions precedent to the approvals, or that we will be able to adapt ourselves to new laws, regulations or policies that may come into effect from time to time with respect to the property market in general or the particular processes with respect to the granting of the approvals. There may also be delays on the part of the administrative bodies in reviewing our applications and granting approvals. While we did not experience any material delays in obtaining such approvals for the years ended 31 December 2018, 2019 and 2020, if we fail to obtain, or experience material delays in obtaining, requisite governmental approvals for our real estate developments in the future, our business, financial condition and results of operations may be materially and adversely affected.

**The land use rights in respect of our land reserves will not be formally vested in us until we have received the relevant formal land use right certificates.**

Under current PRC land grant policies, the relevant authorities generally will not issue the formal land use right certificates until the developer has (i) paid the land premium, taxes and transaction fees in full, (ii) completed the resettlement process and (iii) is in compliance with other land grant conditions. We have obtained formal land use right for all our properties under development. Under current land grant policies, we are allowed to commence our development of these properties as soon as we have signed the land grant contracts or registered the land use rights transfer agreements, as the case may be, with the relevant authorities and obtained other required approvals and permits. However, the land use rights in respect of these properties and the land that we may acquire in the future will not be formally



vested in us until we have received the corresponding formal land use right certificates. While we did not experience any material delays in obtaining land use right certificates for our projects in the years ended 31 December 2018, 2019 and 2020, if we fail to obtain the land use right certificates with respect to these parcels of land in a timely manner, or at all, our business, prospects, financial condition and results of operations may be materially and adversely affected.

**We face a number of operational risks associated with the development of properties. Our properties may not be completed according to planned schedules or be completed at all and may not generate the levels of expected revenue or contemplated investment returns.**

There are a number of financing, operating and other risks associated with real estate developments. Projects undertaken by us typically require substantial capital expenditures during the construction phase and usually take many months, sometimes years, before cash proceeds are generated. The time taken and the costs involved in completing construction can be adversely affected by many factors, including shortages of construction materials, equipment or labour, adverse weather conditions, natural disasters, labour disputes, disputes with subcontractors, accidents and other unforeseen circumstances. Any of these circumstances could give rise to construction delays and/or cost overruns.

Construction delays may result in the loss of revenues. Since we outsource most of our construction work to third-party contractors, we rely on our contractors to complete our projects according to the agreed completion schedules and do not exercise any direct control over material sourcing or the construction schedule of our projects. Under our pre-sale contracts, we are liable to purchasers for default payments if we fail to deliver the completed properties in accordance with the delivery schedule in these contracts, and in the case of a prolonged delay, the purchasers will be entitled to terminate the pre-sale contracts and require a refund of the purchase price in addition to the default payments. See “– *We may be liable to our customers for damages if we do not deliver individual property ownership certificates in a timely manner.*” In addition, the failure to complete construction according to its specifications may result in liabilities, reduced efficiency and lower financial returns. While for the years ended 31 December 2018, 2019 and 2020, we did not experience any material problems in completing our projects on time and in accordance with their specifications, we cannot assure you that we will be able to do so successfully in the future, or at all, and generate satisfactory returns.

**We are subject to legal and business risks if we fail to obtain formal qualification certificates.**

Developers in the PRC must obtain a formal qualification certificate in order to carry out real estate development business in the PRC. According to the Provisions on Administration of Qualification of Real Estate Developers (《房地產開發企業資質管理規定》), newly established developers must first apply for a temporary qualification certificate, which can be renewed for a maximum of two additional one-year periods, by which time a formal qualification certificate must have been issued. Real estate developers in the PRC are required to provide a valid qualification certificate when they apply for a pre-sale permit. If the newly established real estate developer fails to commence a development project within the one-year period when the provisional qualification certificate is in effect, it will not be allowed to extend its provisional qualification certificate. Experienced real estate developers must also apply for renewal of their qualification certificates once every two to three years in most cities, subject to an annual verification by relevant governmental authorities.

It is mandatory under the PRC government regulations that developers fulfil statutory requirements before obtaining or renewing their qualification certificates. In reviewing an application to renew a qualification certificate, the local authorities take into account a developer’s registered capital, real estate development investments, history of real estate development and quality of property construction, as well as the expertise of the developer’s management and whether the developer has any illegal or inappropriate operations. The local authorities generally grant the developers who conduct real estate development exceeding the qualification grade a grace period to rectify their non-compliance subject to a penalty of between RMB50,000 and RMB100,000 per renewal. Failure to satisfy the qualification

requirements within the specified time frame could result in rejection of the application for renewal of the qualification certificate and revocation of the developer's business license. Each of our project companies renews its qualification certificate annually with the assistance of our headquarters.

While we did not experience any material difficulties in renewing or extending our qualification certificates for the years ended 31 December 2018, 2019 and 2020, we cannot assure you that each of the qualification certificates of our operating project companies will be renewed or extended within the required time frame in the future or that each of our newly established project companies and non-real estate development related subsidiaries will be able to obtain a valid qualification certificate in a timely manner, or at all. For example, as at the date of this Offering Circular, several of our operating project companies are in the process of renewing their qualification certificates. In addition, several of our subsidiary companies with new projects for future development are in the process of applying for qualification certificates. If any of our project companies is unable to obtain or renew their qualification certificates, as applicable, they will not be permitted to engage in or continue its businesses, which could have a material adverse effect on our business and financial condition.

**We may be liable to our customers for damages if we do not deliver individual property ownership certificates in a timely manner.**

Under the PRC laws, real estate developers are required to deliver to purchasers the relevant individual property ownership certificates within 90 days after delivery of the property or within a time frame set out in the relevant sale agreement. Real estate developers, including us, generally elect to specify a deadline for the delivery of the individual property ownership certificates in the sale agreements to allow sufficient time for the application and approval processes.

Under current regulations, we are required to submit the requisite governmental approvals in connection with our real estate developments, including land use rights documents and planning and construction permits, to the local bureau of land resources and housing administration within three months after the receipt of the completion and acceptance certificate for the relevant properties and apply for the general property ownership certificate in respect of these properties. We are then required to submit, within a stipulated period after delivery of the properties, the relevant property sale agreements, identification documents of the purchasers, proof of payment of deed tax, together with the general property ownership certificate, for the bureau's review and the issuance of the individual property ownership certificates in respect of the properties purchased by the purchasers. Delays by the various administrative authorities in reviewing the application and granting approval and certain other factors may affect timely delivery of the general and individual property ownership certificates. Therefore, we may not be able to deliver individual property ownership certificates to purchasers on time as a result of delays in the administrative approval processes or for any other reason beyond our control, which may result in us having to pay default payments and, in the case of a prolonged delay, the purchaser terminating the sale agreement. If we become liable to a significant number of purchasers for late delivery of the individual property ownership certificates, our business, financial condition and results of operations may be materially and adversely affected.

No material claims were brought against us by any purchasers for late application of the individual property ownership certificates on behalf of our customers in the years ended 31 December 2018, 2019 and 2020. However, we cannot assure you that we will not become liable to purchasers in the future for the late application of the individual property ownership certificates on behalf of our customers due to our own fault or for any other reasons beyond our control.

**We have experienced periods of net cash outflow from operating activities in the past.**

Due to the nature of the real estate development business, we may from time to time experience net operating cash outflow when imbalances occur between the timing of our cash inflows relating to the pre-sale of properties and our cash outflows relating to the construction of properties and the purchases of land. For example, we had net cash used in operating activities in the year ended 31 December 2020 in the amount of approximately HK\$2,312.3 million, which was primarily due to an increase in



prepayment, trade and other receivables. We cannot assure you that we will not experience periods of net operating cash outflow in the future. If we continue to have net operating cash outflow in the future, our financial condition may be materially and adversely affected.

**We rely on contractors to provide us with various services.**

We engage third-party contractors to provide us with various services in connection with our real estate development including construction, piling and foundation, building and property fitting-out work, interior decoration, installation of air-conditioning units and elevators and gardening and landscaping works. We cannot assure you of the availability of qualified contractors in the market at the time of our intended outsourcing, nor can we assure you that the services rendered by our contractors will always be satisfactory or meet our quality requirements. While we endeavour to monitor the quality of our contractors' work, we cannot assure you that such issues will not arise in the future or that our business, results of operation, financial condition and reputation will not be materially and adversely affected as a result. We are also exposed to the risk that a contractor may require additional capital in excess of the price originally tendered to complete a project and we may have to bear such additional amounts in order to provide them with sufficient incentives to complete our projects. Furthermore, there is a risk that major contractors may experience financial or other difficulties which may affect their ability to carry out construction works, thus delaying the completion of our development projects or resulting in additional costs for us. Although none of these factors had a material adverse effect on us for the years ended 31 December 2018, 2019 and 2020, the occurrence of any of them in the future could materially and adversely affect our business, reputation, financial condition and results of operations.

**We may not be able to complete our real estate development projects on time or at all.**

Real estate development projects require substantial capital expenditure prior to and during the construction period. The timing and costs involved in completing a real estate development project can be adversely affected by many factors, including:

- delays in obtaining necessary licenses, permits or approvals from government agencies or authorities;
- state, provincial or local government regulations;
- relocation of existing site occupants and/or demolition of existing structures;
- shortages of materials, equipment, contractors and skilled labour;
- increases in prices of raw materials;
- quality issues with construction materials;
- labour disputes;
- construction accidents;
- delays in remitting offshore funds to the PRC;
- natural catastrophes; and
- adverse weather conditions.

Construction delays or the failure to complete the construction of a project according to its planned specifications, schedule or budget as a result of the above factors may result in harm to our reputation, loss of or delay in recognizing revenues and lower returns. If a pre-sold property development is not completed on time, the purchasers of pre-sold units may be entitled to compensation for late delivery. If

the delay extends beyond a certain period, the purchasers may even be entitled to terminate the pre-sale agreements and claim damages. As at the date of this Offering Circular, we have not encountered any significant construction delays or failure to complete the construction of a project on time. However, we cannot assure you that we will not experience any significant delays in completion or delivery in the future or that we will not be subject to any liabilities for any such delays.

In addition, further regulatory changes, competition, and inability to procure governmental approvals or required changes in project development practice could occur at any stage of the planning and development process. We may not be able to complete projects that we are currently developing or plan to develop and we may find ourselves liable to purchasers of pre-sold units for losses suffered by them.

**The terms on which residential mortgages are available in China may affect our sales.**

A vast majority of our property purchasers rely on mortgages to fund their purchases. Fluctuations in interest rates may significantly increase the cost of mortgage financing of properties. Increases in interest rates will increase the cost to our customers of funding property purchases through mortgages. The PBOC increased the benchmark one-year lending rate two times in 2010 and three times in 2011. In 2012, the PBOC decreased the one-year lending rate twice. In 2014, the PBOC decreased the benchmark one-year lending rate once. The PBOC decreased the benchmark one-year lending rate five times in 2015 and once in 2016. The benchmark one-year bank lending rates published by the PBOC as at 31 December 2018, 2019 and 2020 were 4.35%, 4.15% and 3.85%, respectively. Since July 2013, the PBOC ceased regulating the benchmark lending rate, allowing commercial banks to adopt differentiated lending rates. The PBOC from time to time adjusts the benchmark lending rates, and starting from August 2019, the PBOC has introduced the LPR and commercial banks had since then adopted the LPR as the pricing benchmark in floating rate loan contracts.

As at the date of this Offering Circular, the benchmark one-year lending rate is 3.85%. Fluctuations in interest rates will increase the cost of mortgage financing for our potential customers, and as a result, we may experience lower demand for our properties. Any further increases in the benchmark lending rates and/or the LPR will adversely affect the affordability and attractiveness of mortgage financing to potential purchasers of our properties. Our cost of borrowing would also increase as a result of interest rate and/or the LPR increase, which would, in turn, adversely affect our results of operations.

In addition, the PRC government and commercial banks may also increase down payment requirements, impose other conditions or otherwise change the regulatory framework or lending policies in a manner that would make mortgage financing unavailable or unattractive to potential property purchasers.

Under current PRC laws and regulations, purchasers of residential properties with a unit floor area of less than 90 sq.m. generally must pay at least 20% of the purchase price of the properties before they can finance their purchases through mortgages. In June 2006, the PRC government increased the minimum amount of down payment to 30% of the purchase price for first-time homeowners if such property has a unit floor area of 90 sq.m. or more. In September 2007, for second-time home buyers that use mortgage financing, the PRC government increased the minimum down payment to 40% of the purchase price, and further increased the minimum down payment to 50% in April 2010 and 60% in January 2011, with minimum mortgage loan interest rates at 110% of the relevant PBOC benchmark lending interest rate.

In March 2015, the PRC government reduced the minimum down payment to 40% of the purchase price for second-time home owners who purchase ordinary residential properties for their own use. The minimum down payment for commercial property buyers has increased to 50% of the purchase price, with minimum mortgage loan interest rates at 110% of the relevant PBOC benchmark lending interest rate and maximum maturities of no more than 10 years.

In May 2010, the MOHURD, PBOC and the CBIRC jointly issued a circular to clarify that the number of residential properties owned by an individual property purchaser who is applying for mortgage loans shall be determined by taking into account all residential properties owned by the family members of such purchaser (including the purchaser and such purchaser's spouse and children under the age of 18), and that property purchasers of second or subsequent residential properties shall be subject to different credit terms when applying for mortgage loans.

According to a notice jointly issued by PBOC and CBIRC on 29 September 2010, the minimum down payment was raised to 30% for all first home purchases and commercial banks are required to suspend mortgage loans for purchases of a customer's third or subsequent residential properties. In addition, mortgagee banks may not lend to any individual borrower if the monthly repayment of the anticipated mortgage loan would exceed 50% of the individual borrower's monthly income or if the total debt service of the individual borrower would exceed 55% of such individual's monthly income.

Although the PRC government has reduced the minimum down payment back to 25% (with fluctuation of 5% up or down) of the purchase price for first-time home purchases and 30% of the purchase price for second-time home owners purchasing residential properties (except for those cities that have implemented more restrictive measures on house purchases) in February of 2016, the relatively high down payment requirement and other conditions may still make mortgage financing unavailable or unattractive to potential property purchasers, resulting in lower demand for purchasing our properties.

In line with industry practice, banks typically require us to guarantee the obligations of purchasers of our property to repay the mortgage loans issued by such bank on the property. For more information, see “– *We may become liable if our customers default on mortgages we have guaranteed.*” and “*Business – Real Estate Development – Real Estate Development Process – Customer's Payment Arrangements*”.

If changes in laws, regulations, policies or practices prohibit property developers from providing such guarantees and these banks do not accept alternative guarantees from third parties (if available), it may become more difficult for property purchasers to obtain mortgages from banks in connection with pre-sales. These difficulties may inhibit pre-sales, which could materially and adversely affect our business, prospects, financial condition and results of operations.

**We may become liable if our customers default on mortgages we have guaranteed.**

Like other PRC real estate developers, we guarantee customer mortgages for all of our pre-sold properties. These guarantees are not released until either the property ownership certificate is issued or the mortgage is fully repaid. We do not conduct independent credit checks on our customers but rely on the credit checks conducted by the mortgagee banks. If a purchaser defaults on a mortgage payment, we may have to repurchase the underlying property by paying off the mortgage. If we fail to do so, the mortgagee bank may auction the underlying property and recover any additional amounts outstanding from us as the guarantor of the mortgage.

As at 31 December 2020, our outstanding guarantees in respect of mortgage loans amounted to approximately HK\$6,805 million. Although there was no material default on the mortgages we have guaranteed in the years ended 31 December 2018, 2019 and 2020, there can be no assurance that defaults will not occur in the future. If substantial defaults occur and we are called upon to honour our guarantees, our business, prospects, financial condition and results of operations may be materially and adversely affected.

In addition, if there are changes in laws, regulations, policies and practices that would prohibit real estate developers from providing guarantees to banks in respect of mortgages offered to property purchasers and these banks do not accept any alternative guarantees from other third parties, or if no third-party is available in the market to provide such guarantees, it may become more difficult for property purchasers to obtain mortgages from banks during pre-sales. Such difficulties in financing

could result in a substantially lower rate of pre-sales of our properties, which could materially and adversely affect our cash flow, financial condition and results of operations. As at the date of this Offering Circular, we are not aware of any recent or impending changes in laws, regulations, policies or practices which would prohibit such practice in the PRC. However, there can be no assurance that such changes in laws, regulations, policies or practices will not occur in the future.

**The construction business and the real estate development business are subject to claims under statutory quality warranties**

Under Regulations on the Administration of Quality of Construction Works (《建設工程質量管理條例》), all property development companies in the PRC must provide certain quality warranties for the properties they develop or sell. We are required to provide these warranties to our customers. We may sometimes receive quality warranties from our third-party contractors with respect to our development projects.

If a significant number of claims are brought against us under our warranties and if we are unable to obtain reimbursement for such claims from third party contractors in a timely manner or at all, we could incur significant expenses to resolve such claims or face delays in correcting the related defects. This could in turn harm our reputation and materially and adversely affect our business, prospects, financial condition and results of operations.

**We face contractual and legal risks relating to the pre-sale of properties, including the risk that real estate developments may not be completed and the risk that changes in laws and regulations in relation to the pre-sales of properties may materially and adversely affect our business, cash flow, financial condition and results of operations.**

We face contractual risks relating to the pre-sales of properties. For example, if we fail to meet the completion time as stated in the pre-sale contracts, purchasers of pre-sold units have the right to claim damages under the pre-sale contracts. If we still fail to deliver the properties to the purchasers within the grace period stipulated in the contract, the purchasers have the right of termination. If the actual GFA of a completed property delivered to purchasers deviates by more than 3% from the GFA originally stated in the pre-sale contracts, purchasers have the right of termination or the right to claim damages. Although we were not subject to any material claims for damages or termination for the years ended 31 December 2018, 2019 and 2020, we cannot assure you that our completed properties will not deviate from pre-sale contracts in the future, or that if they do, such deviation would not lead to termination or damages claims.

Proceeds from the pre-sales of our properties are an important source of funds for our real estate developments and have an impact on our liquidity position. We cannot assure you that the PRC governmental authority will not ban or impose material limitations on the existing practice of pre-selling of uncompleted properties in the future. Future implementation of any restrictions on our ability to pre-sell our properties, including any requirements to increase the amount of up-front expenditure we must incur prior to obtaining the pre-sale permit, would extend the time required for recovery of our capital outlay and would force us to seek alternative means to finance the various stages of our real estate developments. This, in turn, could have a material and adverse effect on our business, cash flow, financial condition and results of operations.

**We may be required to forfeit land to the PRC government if we fail to comply with the terms of our land grant contracts.**

Under PRC laws and regulations, if a property developer fails to develop land according to the terms of the land grant contract (including those relating to payment of fees, designated use of land, time for commencement and completion of the developments of the land), the relevant government authorities may issue a warning to, or impose a penalty on the developer or require the developer to forfeit the land.

Specifically, under current PRC laws and regulations, if we fail to commence development for more than one year from the commencement date stipulated in the land grant contract, the relevant PRC land bureau may serve a warning notice on us and impose an idle land fee on the land of up to 20% of the land premium. If we fail to commence development for more than two years from the commencement date stipulated in the land grant contract, the land is subject to forfeiture to the PRC government unless the delay in development is caused by government actions or force majeure. In the Notice on Promoting the Saving and Intensification of Use of Land (《國務院關於促進節約集約用地的通知》) promulgated by the State Council on January 3, 2008, this policy was reinforced. This notice states, among other things, that the Ministry of Land and Resources and other authorities are required to research and commence the drafting of implementation rules concerning the levy of land appreciation fees on idle land. Furthermore, the Ministry of Land and Resources issued a Notice on Restricting the Administration of Construction Land and Promoting the Use of Approved Land (《關於嚴格建設用地管理促進批而未用土地利用的通知》) in August 2009, which reiterates the current rules on idle land.

For the years ended 31 December 2018, 2019 and 2020, we did not receive any warnings, nor were we required to pay any idle land fees or penalties. We cannot assure you that circumstances leading to forfeiture of land or delays in the commencement or completion of a real estate development will not arise in the future. If we are required to forfeit land, we will not be able to continue our real estate development on the forfeited land or recover the costs incurred for the initial acquisition of the forfeited land or recover development costs incurred up to the date of forfeiture.

**We are subject to rising costs for labour and materials, which we may not be able to pass on to construction contractors or to purchasers.**

Construction and development costs account for the majority of our cost of sales and are one of the significant factors affecting our financial condition and results of operations. As a result of economic growth and the boom in the property industry in the PRC, wages for construction workers and the prices of construction materials and building equipment have substantially increased in recent years. Under the terms of most of our construction contracts, contractors may adjust the contract prices to cover increases in wages and costs of construction materials. In addition, in negotiations that follow upward materials cost fluctuations post-contract, we often agree to bear a greater share of the cost of construction materials than is contractually required. We do so in order to maintain good relations with our contractors, which allows us to repeatedly source good quality and service. We are also exposed to the price volatility of labour and construction materials to the extent that we periodically enter into new or renew existing construction contracts at different terms during the life of a project, which may span several years, or if we choose to hire the construction workers directly or purchase construction materials directly from suppliers. Furthermore, we are unable to pass increased costs on to pre-sale purchasers when construction costs increase subsequent to the date of the pre-sale contract. If we are unable to pass on any increase in the cost of labour, construction materials or building equipment to either our construction contractors or to the purchasers of our properties, our business, prospects, financial condition and results of operations may be materially and adversely affected.

**We may be required to bear resettlement costs associated with our real estate development projects.**

The land parcels we acquire in the future for development may have existing buildings or other structures or be occupied by third parties. On 21 January 2011, the State Council promulgated the Regulation on Expropriation and Compensation Related to Buildings on State-owned Land (《國有土地上房屋徵收與補償條例》)(the “**Expropriation and Compensation Regulation**”). The Expropriation and Compensation Regulation provides that, among other things: (i) buildings can be expropriated under certain circumstances for public interests, and governmental authorities are responsible for resettlement activities; real estate developers are prohibited from engaging in demolition and relocation operations; (ii) compensation should be paid before the resettlement; (iii) compensation to owners of properties to be demolished cannot be less than the market value of similar properties at the time of expropriation. The market value of properties should be determined by qualified real estate appraisal institutions in



accordance with appraisal rules related to property expropriation. Any owner who does not agree with the appraised market value of the property may apply to the real estate appraisal institution for reappraisal, and (iv) neither violence nor coercion may be used to force homeowners to leave sites, nor can certain measures, such as illegally cutting water and power supplies, be used in relocation operations. If the local government fail to reach an agreement regarding compensation with the owners or residents of the buildings subject to demolition, any party may apply to the relevant housing resettlement authorities for a ruling on the amount of compensation, which may delay the timetable of our projects. Such delays to our development projects will lead to an increase in the cost and a delay in the expected cash inflow resulting from pre-sales of the relevant projects, which may in turn materially and adversely affect our business, results of operations and financial condition.

**The land use of some of our real estate developments may differ from the land use designated in the land grant contract and the total GFA of some of our real estate development projects may have exceeded the original authorised area.**

When the PRC government grants the land use rights for a piece of land, it will specify in the land grant contract the use of the land and the total GFA that the developer may develop on this land. However, the actual land use may differ from the land use designated in the land grant contract and the actual GFA constructed may exceed the total GFA authorised in the land grant contract or construction permit due to factors such as subsequent planning and design adjustments. The adjusted land use and the amount of GFA in excess of the authorised amount are subject to approval when the relevant authorities inspect the properties after completion and the developer may be required to pay additional land premium and/or administrative fines or take corrective actions in respect of the adjusted land use and excess GFA before a Construction of Properties and Municipal Infrastructure Completed Construction Works Certified Report can be issued to the real estate development. The methodology for calculating the additional land premium is generally the same as the original land grant contract. For the years ended 31 December 2018, 2019 and 2020, we did not pay additional land premium or administrative fines for unauthorised changes in land use or for GFA that exceeded the total GFA originally authorised. In the future, if our real estate development projects necessitate significant changes in land use and GFA, we plan to seek approval of such changes from the relevant authorities prior to completion.

We believe that none of our existing real estate development projects has a total GFA exceeding the total GFA originally authorised for the developments. We cannot assure you, however, that local government authorities will not find that the total constructed GFA of our existing projects under development or any future real estate development projects exceed the relevant authorised GFA upon completion. Moreover, we cannot assure you that we would have sufficient funding to pay any required additional land premium or administrative fines or to pay for any corrective action that may be required in a timely manner, or at all. Any of these circumstances may materially and adversely affect our reputation, our business, results of operations and financial condition.

**We may not successfully manage our growth.**

We have been continuously expanding our operations in recent years. As we continue to grow, we must continue to improve our managerial, technical and operational knowledge and allocation of resources, and to implement an effective management information system. In addition, we plan to strengthen our management control in our subsidiaries and associated companies. In order to fund our ongoing operations and our future growth, we need sufficient internal sources of liquidity or access to additional financing from external sources. Further, we will be required to manage relationships with a greater number of customers, suppliers, contractors, service providers, lenders and other third parties. We will need to further strengthen our internal control and compliance functions to ensure that we are able to comply with our legal and contractual obligations and minimise our operational and compliance risks. There can be no assurance that we will not experience issues such as capital constraints, construction delays, operational difficulties at new locations or difficulties in expanding our existing business and operations and training an increasing number of personnel to manage and operate the

expanded business. There can be no assurance that we will be able to successfully manage our growth or that our expansion plans will not adversely affect our existing operations and thereby have a material adverse effect on our business, financial condition, results of operations and future prospects.

**Our current insurance coverage may not be adequate to cover all risks related to our operations.**

Real estate developers are not required under the applicable PRC laws and regulations to maintain insurance coverage in respect of their real estate development operations. Consistent with what we believe to be the industry norm for the real estate development industry in the PRC, we do not maintain insurance coverage against destruction of or damage to our properties, no matter whether they are under development or properties held for sale, other than those over which our lending banks have securities interests or for which we are required to maintain insurance coverage under the relevant loan agreements.

We generally carry contractor all risk and third-party liability insurance coverage, but do not maintain any defective product or business disruption insurance policies for our specialised construction projects. We rely on umbrella insurance policies for the buildings in which our curtain wall products are installed, for instance, to cover matters such as workers' compensation claims, and we only maintain separate workers' compensation policies in a limited number of instances where we are legally or contractually required to do so. We cannot assure you that the developers or main contractors for our specialised construction projects will maintain or continue to maintain the umbrella insurance policies that would adequately indemnify us for any related losses or liabilities that we may experience in connection with our work on that project. With respect to our investment properties in Hong Kong, we maintain insurance coverage against destruction of or damage to these two properties. For the years ended 31 December 2018, 2019 and 2020, we did not sustain material losses, damages or liabilities. If we suffer any losses, damages or liabilities in the course of our business operations in the future, however, we may not have adequate insurance coverage to provide sufficient funds to cover any such losses, damages or liabilities or to replace any property that has been destroyed. Therefore, we may sustain losses, damages and liabilities due to our lack of insurance coverage, which may in turn adversely affect our financial condition and results of operations.

**We may be involved in legal and other proceedings arising out of our operations from time to time and may face significant liabilities as a result.**

We are involved in disputes arising from the ordinary course of our business with various parties involved in the development, sale and leasing of our properties and specialised construction projects, including government authorities, contractors, suppliers, partners, purchasers and lessees. For example, as most of our real estate development projects consist of multiple phases, purchasers of our properties in earlier phases may file legal actions against us if our subsequent planning and development of these projects are perceived to be inconsistent with our representations and warranties made to such earlier purchasers. We may also be involved in disputes with various parties relating to our property management business including personal injury claims. These disputes may lead to legal or other proceedings, may result in substantial costs and diversion of resources and management's attention and may have a material and adverse effect on our reputation and our ability to market and sell our properties.

For the years ended 31 December 2018, 2019 and 2020, we were not involved in any material legal or administrative proceedings. There can be no assurance, however, that we will not be involved in legal or administrative proceedings in the future, the outcome of which may have a material adverse effect on our business, financial condition and results of operations or have a negative impact on our reputation or our brand. Further, we may have disagreements with regulatory bodies in the course of our operations, which may subject us to administrative proceedings and unfavourable decrees that result in pecuniary liabilities and cause delays to our real estate development projects.



**The PRC government has implemented restrictions on the payment terms for land use rights.**

On 28 September 2007, MLR revised Rules regarding the Grant of State-owned Construction Land Use Rights through Public Tender, Auction and Listing-for-sale, which provide that a real estate developer must pay the full land premium for the entire parcel of land under a land grant contract before it can receive a land use right certificate and commence development. This regulation became effective on 1 November 2007. As a result, real estate developers are not allowed to bid for a large piece of land, make partial payment, and then apply for a land use right certificate for the corresponding portion of land in order to commence development, which had previously been the practice of many Chinese real estate developers. On 18 November 2009, the MOF, MLR, PBOC, the Ministry of Supervision and the PRC National Audit Office issued the Notice on Further Enhancing the Revenue and Expenditure Control over Land Grant, which raises the first payment on land premiums to 50% of the total premium and requires the land premium to be fully paid within one year after the signing of a land grant contract, subject to limited exceptions. On 8 March 2010, MLR issued the Circular on Strengthening Real Estate Land Supply and Supervision, which reiterated and reinforced certain measures on land supply and land use, such as requiring the execution of the land grant contract within 10 business days on the completion of the land grant, and a down payment 50% of the total land premiums within one month after the execution of the land grant contract with the remaining balance payable in instalments within one year. Property developers who have defaulted on a land premiums payment are prohibited from acquiring land for a certain period of time. In addition, the implementation of these regulations may increase land transfer prices and require real estate developers to maintain a higher level of working capital. We cannot assure you that we will be able to acquire land suitable for development at reasonable cost or that our cash flow position, financial condition or business plans will not be materially and adversely affected by the implementation of these regulations or any additional regulations adopted will not impose stricter payment terms for land use right.

**Our financial results of operations fluctuate from time to time.**

Our financial results of operations have varied in the past and may continue to fluctuate from time to time in the future. For the years ended 31 December 2018, 2019 and 2020, our revenue was HK\$10,931 million, HK\$11,261 million and HK\$7,662 million, respectively, and the net profit attributable to equity holders of our company was HK\$935 million, HK\$943 million and HK\$112 million, respectively. Our revenue is significantly affected by the number of properties that we can complete and deliver during any particular period, which may be limited due to the substantial capital required for land acquisition and construction, as well as the lengthy development periods required before positive cash flows may be generated. In addition, several properties that we have developed or that are under development are large-scale and are developed in multiple phases over the course of one to several years. The selling prices of the residential units in larger scale real estate development projects tend to change over time, which may impact our sales proceeds and, accordingly, our revenue for any given period. Since no sales revenue is recognised in respect of our property until the later of the signing of the sale and purchase agreement and the delivery of the property, our revenue and profit during any given period reflects the quantity of properties delivered during that period. Our revenue and profit are, therefore, affected by any peaks or troughs in our property delivery schedule and may not be indicative of the actual demand for our properties or sales achieved during the period. Our revenue and profit during any given period generally reflect property investment decisions made by purchasers in the past, typically in the prior fiscal period. As a result, our operating results for any period are not necessarily indicative of results that may be expected for any future period.

**The relevant PRC tax authorities may enforce the payment of LAT and may challenge the basis on which we calculate our LAT obligations.**

According to the requirements of the Provisional Regulations of the PRC on Land Appreciation Tax (《中華人民共和國土地增值稅暫行條例》) and the “Detailed Implementation Rules on the Provisional Regulations of the PRC on Land Appreciation Tax” (《中華人民共和國土地增值稅暫行條例實施細則》) (the “LAT Implementation Rules”), all income from the sale or transfer of state-owned land use rights, buildings and their ancillary facilities in the PRC is subject to the LAT, at progressive

rates ranging from 30% to 60% of the appreciation value as defined by the relevant tax laws. Certain exemptions are available for the sale of ordinary residential properties (普通標準住房) if the appreciation does not exceed 20% of the total deductible items as defined in the relevant tax laws and regulations. Sales of high-end apartments, villas and holiday villas are not eligible for such exemption. On 12 May 2009, the SAT issued the “Administrative Rules on the Settlement of Land Appreciation Tax” (《土地增值稅清算管理規程》) effective as of 1 June 2009, which further clarifies the specific conditions and procedures for settlement of the LAT. On 19 May 2010, the State Administration of Taxation issued the “Circular on Issuers Concerning Settlement of Land Appreciation Tax” (Guo Shui Fa [2010] No. 220) (《關於土地增值稅清算有關問題的通知》(國稅發[2010]220號)) to strengthen the settlement of LAT. The circular clarifies certain issues with respect to calculation and settlement of the land appreciation tax, such as (i) the recognition of the revenue upon the settlement of LAT, and (ii) the deduction of fees incurred in connection with the property development. On 25 May 2010, the State Administration of Taxation issued the “Notice on Strengthening the Collection Land Appreciation Tax” (Guo Shui Fa [2010] No. 53) (《關於加強土地增值稅徵管工作的通知》(國稅發[2010]53號)), which requires that the minimum LAT prepayment rate shall be 2% for provinces in the eastern region, 1.5% for provinces in the central and north-eastern regions, and 1% for provinces in the western region. According to the notice, the local tax bureaus shall determine the applicable LAT prepayment rates based on the types of the properties. On 20 June 2013, the State Administration of Taxation issued the “Circular on Further Improving the Collection and Administration of Land Appreciation” (Shui Zong Fa [2013] No. 67) (《關於進一步做好土地增值稅徵管工作的通知》(稅總發[2013]67號)), which stipulates that local tax agencies shall settle the outstanding projects backlogged in recent years, improve efficiency, urge enterprises to conduct self-settlement within the allotted time, and enforce the consequences on those failing to conduct self-settlement.

On 25 April 2016, the State Administration of Taxation and the Ministry of Finance issued the “Circular on Issues concerning the Taxation Basis for Deed Tax, House Property Tax, Value-Added Tax of Land and Individual Income Tax Following the Collection of Value-Added Tax in lieu of Business Tax” (《關於營改增後契稅、房產稅、土地增值稅、個人所得稅計稅依據問題的通知》(財稅[2016]43號)), which provides that the transfer of property subject to the value-added tax (“VAT”) of land shall exclude VAT. Where VAT input tax is included in the list of items for deduction of VAT of land and is allowed to be deducted from calculation of VAT output tax under the Interim Regulations of the People’s Republic of China on Value-Added Tax of Land and other relevant regulations, the VAT input tax shall be exempt from deductible items; otherwise, the VAT input tax shall be calculated in deduction. On 10 November 2016, the State Administration of Taxation issued the “Announcement of the State Administration of Taxation on Several Provisions concerning the Levy and Administration of Land Appreciation Tax after the Collection of Value-added Tax in Lieu of Business Tax” (《國家稅務總局關於營改增後土地增值稅若干徵管規定的公告》(國家稅務總局公告2016年第70號)), which clarifies levy standards such as (i) recognition of taxable income under LAT after the collection of VAT in lieu of business tax; (ii) recognition of taxable income under LAT on acts deemed as sales of real estate after the collection of VAT in lieu of business tax; (iii) deduction of tax relating to transfer of real estate; (iv) calculation for Settlement of LAT before and after the collection of VAT in lieu of business tax; (v) recognition of invoices for expenditure of the construction and installation engineering cost after the collection of VAT in lieu of business tax; and (vi) deduction and calculation relating to transfer of old houses.

We have estimated and made provisions for the amount of applicable LAT in accordance with the requirements set forth in the relevant PRC tax laws and regulations. For the years ended 31 December 2018, 2019 and 2020, we made charges to the profit for the year for LAT in the amount of HK\$843 million, HK\$402 million and HK\$131 million, respectively. It is not certain as to when the PRC tax authorities will collect the amount of LAT in full. In the event that the LAT we have provided for is actually collected in full by the PRC tax authorities, our cash flow and financial position will be affected. Furthermore, in the event that LAT eventually collected by the PRC tax authorities exceeds the amount we have provided for, our net profits after tax will be adversely affected.

**The PRC government has implemented restrictions on the ability of the PRC property developers to obtain offshore financing which could affect our ability to deploy the funds raised offshore in our business in the PRC.**

On 28 April 2013, SAFE issued the Notice of State Administration of Foreign Exchange on Promulgation of the Administrative Measures on Registration of Foreign Debt (《國家外匯管理局關於發佈〈外債登記管理辦法〉的通知》), which was amended on 4 May 2015. The notice stipulates the following principles:

- foreign debt registrations shall not be processed for real estate enterprises with foreign investment that have obtained approval certificates and have registered with MOFCOM on or after 1 June 2007;
- real estate enterprises with foreign investment which were incorporated before 1 June 2007 shall still have the right to incur foreign debts within the statutory limit. This limit equals the lesser of (i) the outstanding balance of total investment and registered capital prior to the increase or (ii) the outstanding balance of total investment and registered capital after the increase; and
- real estate enterprises with foreign investment which have not obtained the land use right certificate or for which the project capital has not reached 35% of the project's total investment may not incur foreign debt. SAFE will not process the foreign debt registration and approval for foreign debt settlement of such real estate enterprises.

On 10 May 2013, SAFE issued the Notice of State Administration of Foreign Exchange on Promulgation of the Provisions on Foreign Exchange Control on Direct Investments in China by Foreign Investors and Supporting Documents (《國家外匯管理局關於印發〈外國投資者境內直接投資外匯管理規定〉及配套文件的通知》), which requires that real estate enterprises need to provide registered files to MOFCOM for making foreign exchange registrations. On 6 November 2015, MOFCOM and SAFE jointly issued the Circular Regarding Further Improvement of the Registration of Foreign-Invested Real Estate Industry (《商務部、外匯局〈關於進一步改進外商投資房地產備案工作的通知〉》), pursuant to which local departments concerned shall approve the establishment and changes of foreign-invested real estate enterprises and provide information on real estate projects in the foreign investment information system of MOFCOM, and the registry publication procedures on the website of MOFCOM are no longer required as a precondition for making a foreign exchange registration. However, registration to and approval of MOFCOM of real estate enterprises with foreign investment must still be completed. On 14 September 2015, NDRC issued the Circular Regarding Advancing the Management and Reform of the Registration System for Foreign Debt Issuance by Enterprises (《國家發展改革委〈關於推進企業發行外債備案登記制管理改革的通知〉》), which requires that a PRC enterprise or its controlled non-PRC enterprise first register with the NDRC before its issuance or incurrence of any foreign debt. These regulations restrict us from injecting funds raised offshore into our PRC project companies by way of shareholder loans. We cannot assure you that we will be able to obtain these government registrations or approvals on a timely basis, if at all. Without having the flexibility to transfer funds to PRC subsidiaries, our liquidity and ability to fund and expand our business in the PRC may be adversely affected. Without having the flexibility to transfer funds to PRC subsidiaries as loans, we cannot assure you that the dividend payments from our PRC subsidiaries will be available on each distribution payment date to pay the distribution due and payable under the Bonds. In addition, equity contributions by us and our non-PRC subsidiaries to our PRC subsidiaries will require filings with or approvals from the commerce department of the local government. The aforesaid procedures may take considerable time and delay the injection of funds into such subsidiaries. This may adversely affect the financial condition of our PRC subsidiaries and may cause delays in our projects.

On 11 May 2018, the NDRC and the Ministry of Finance promulgated “the Circular on Improving the Market Restraint Mechanism and Taking Strict Precautions Against Foreign Debt Risks and Local Debt Risks” (Fa Gai Wai Zi [2018] No. 706)(《關於完善市場約束機制嚴格防範外債風險和地方債務風

險的通知》(發改外資[2018]706號)) (the “**No. 706 Circular**”). According to the No. 706 Circular: (i) enterprises intending to borrow medium and long-term foreign debts shall have concrete business in fact, raise funds in a market-oriented way in accordance with laws and regulations, and meanwhile, work out a plan for the repayment of the principal and interest of foreign debts according to their respective credit status, and implement safeguards for the repayment of debts. Any enterprise is banned from, in any name, requesting the local government or a department affiliated thereto to provide any guarantee or undertake liability for debt repayment for its market-oriented fundraising; (ii) the raised funds will be mainly used to support innovation development, green development, strategic emerging industries, the high-end equipment manufacturing industry, “One Belt One Road” construction and international cooperation; (iii) an enterprise that intends to borrow medium and long-term foreign debts is required to establish the thorough and standardised corporate governance structure, the decision-making management mechanism and the financial management system; (iv) it is necessary to form the market-oriented investment return mechanism and create sustainable, stable and feasible expected financial yields, for fund raising-based investment projects financially aided by funds of foreign debts; (v) an enterprise that intends to borrow medium and long-term foreign debts is required to prudently select financing instruments and reasonably hold foreign exchange positions, in order to effectively prevent and control foreign debt risks; (vi) an enterprise that intends to borrow medium and long-term foreign debts is required to standardise its information disclosure. It should be clarified in the relevant documents that the relevant debts shall be repaid by the bond-issuing enterprises as the independent legal person; (vii) for the enterprises undertaking government investment projects in accordance with laws and regulations, the finance departments shall promptly appropriate the funds in accordance with the provisions and the approved budget; and (viii) for those enterprises, underwriters, audit firms, law firms and others involved in illegal financing and guarantees provided by local governments and the principals thereof, the punishment shall be strengthened.

On 9 July 2019, NDRC issued the Circular Regarding Requirements of Applying For the Registration of Issuing Foreign Debt by Real Estate Developers (Fa Gai Ban Wai Zi [2019] No. 778)(國家發展改革委辦公廳《關於對房地產企業發行外債申請備案登記有關要求的通知》(發改辦外資 [2019] 778號)), which requires that the issuance of foreign debts by real estate developers can only be used to replace medium and long-term offshore debts due within the next year and the real estate developers shall specify the details of the foreign debts to be replaced in the application materials for the registration of foreign debts.

#### **Certain of our businesses are conducted through joint ventures.**

We have investments in equity joint venture companies formed to develop, own and/or manage real estate development projects in the PRC. Although we generally have control over the day-to-day operations of all our joint ventures and have the ability to make business decisions that are in the ordinary course of their businesses, the passing of certain important shareholders’ or board resolutions of some of these joint ventures requires the unanimous resolution of all the shareholders or directors (as applicable) of the joint venture companies.

Although we have not experienced any significant problems with respect to our joint venture partners to date, any future disagreement with local partners in connection with the scope or performance of their respective obligations under the projects, for example, may affect our ability to develop or manage a property. Our partners may be unable or unwilling to perform their obligations under the cooperative arrangements, and disputes with our local or overseas partners or the early termination of our cooperative arrangements with them could materially and adversely affect our business, prospects, financial condition and results of operations.

#### **Our profit margin is sensitive to fluctuations in the cost of construction materials.**

Construction costs comprise one of the predominant components of our cost of sales. Construction costs encompass all costs for the design and construction of a project, including payments to third party contractors, costs of construction materials, foundation and substructure, fittings, facilities for utilities

and related infrastructure such as roads and pipelines. Historically, construction material costs have been the principal driver of the construction costs of our property development projects, with the cost of third party contractors remaining relatively stable. However, as the construction material costs are often included in the construction costs paid to our contractors, it has been difficult for us to estimate such costs.

Construction costs may fluctuate as a result of the price volatility of construction materials such as steel and cement. In line with industry practice, if there is a significant price fluctuation (depending on the specific terms of each contract), we will be required to renegotiate existing construction contracts to top up payment to, or receive refund from, the contractors, depending on the price movement. Our profit margin is sensitive to changes in the market prices for construction materials and our profit margins will be adversely affected if we are not able to pass all of the increased costs onto our customers.

**We cannot assure you that compliance with environmental laws will not result in substantial costs.**

We are subject to a variety of laws and regulations concerning the protection of health and the environment. The particular environmental laws and regulations which apply to any given project development site vary greatly according to the site's location, the site's environmental condition, the present and former uses of the site, as well as adjoining properties. Environmental laws can prohibit or severely restrict activity in environmentally-sensitive regions or areas. Compliance with environmental laws and conditions, and any change thereof, may result in delays, may cause us to incur substantial compliance and other costs and can prohibit or severely restrict project development activity in environmentally-sensitive regions or areas.

As required by PRC law, each project we develop is required to undergo environmental assessments and an environmental impact assessment document is required to be submitted to the relevant government authorities for approval or record before commencement of construction. The local authorities may request a developer to submit the environmental impact documents, otherwise the authorities shall issue orders to suspend the construction and impose a penalty amounting to 1%-5% of the total investment amount for a project that has not received the approval of the environmental impact assessment documents before construction commenced. We cannot assure you that the environmental investigations on our projects conducted to date have revealed all environmental liabilities, or that there are no material environmental liabilities of which we are unaware. Please see "*Business – Environmental Matters*" for more details.

**The enforcement of the Labour Contract Law and other labour-related regulations in the PRC may adversely affect our business and our results of operations.**

On 29 June 2007, the National People's Congress of China enacted the Labour Contract Law, which latest revised on 28 December 2012 and became effective on 1 July 2013. Compared to the PRC Labour Law, the Labour Contract Law establishes more restrictions and increases the cost to employers to terminate employees, including specific provisions related to fixed-term employment contracts, temporary employment, probation, consultation with the labour union and employee general assembly, employment without a contract, dismissal of employees, compensation upon termination and overtime work, and collective bargaining. Pursuant to the Labour Contract Law, an employer is obligated to enter into an "indefinite term labour contract" with an employee if the employee is employed by the employer after two or more consecutive fixed-term contracts. The employer is required to pay compensation to the employee if the employer wants to terminate an "indefinite term labour contract". Unless an employee refuses to extend an expired labour contract, such compensation is also required when the labour contract expires. Further, under the Regulations on Paid Annual Leave for Employees, which became effective on 1 January 2008, employees who have served more than one year for an employer are entitled to a paid vacation ranging from five to 15 days, depending on their length of service. Employees who waive such vacation time at the request of employers must be compensated at a rate equal to three times their normal salaries for each waived vacation day. All of our real estate development operations and a substantial portion of our specialised construction business operations are



conducted in the PRC. As a result of these new protective labour measures, our labour costs in connection with our real estate development and specialised construction business operations may increase.

**Our continued success largely depends on the performance of our senior management.**

Our continued success primarily depends on the performance of our senior management team including Mr. He Jianbo, Mr. Liu Bo, Mr. Chen Xingwu and Mr. Yang Shangping, who have an average of over 18 years' experience in the PRC real estate development, property investment, construction and property management industries. In addition, we maintain a stable team of high calibre executive officers and professional managerial and technical personnel, in particular, our designers and architects. Competition in our industry for qualified personnel is intense. We could suffer if we lose the services of a number of key personnel and fail to recruit quality replacements. Furthermore, as our business continues to grow, we will need to recruit and train additional qualified personnel. If we fail to attract and retain qualified personnel, our business and prospects may be materially and adversely affected.

**Our controlling shareholder may take actions that are not in, or may conflict with, our best interests or the best interests of our creditors, including the holders of the Bonds.**

The interests of our controlling shareholder, China Minmetals, may differ from our interests or the interests of our creditors, including the holders of the Bonds. Subject to compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and other applicable laws, by maintaining such ownership, China Minmetals is able to influence our corporate policies, appoint our directors and officers and vote on corporate actions requiring shareholders' approval. In particular, the strategic goals of China Minmetals may not be aligned with our strategies and could reduce the level of management flexibility that would otherwise exist with a more diversified shareholder base. We cannot assure you that our controlling shareholder will act entirely in our interest or that any potential conflicts of interest will be resolved in our favour.

**Property owners may not retain us as the provider of property management services.**

As at 31 December 2020, we provided property management services to all our completed real estate development projects. Under the PRC laws and regulations, property owners of a residential development have the right to change the property management service provider upon the approval of a certain percentage of the property owners of that residential development. If owners of the properties that we have developed are not satisfied with our property management services, they may terminate our property management services or publish negative feedback in respect of our property management services, in which case our reputation, future sales of our properties and our results of operations could be adversely affected.

**Our specialised construction projects may be delayed.**

Our specialised construction projects may be delayed due to various factors beyond our control, including the construction progress of the underlying buildings. As part of the construction work of the underlying buildings, the schedules of our curtain wall installation, for instance, have to fit into, and heavily depend on, the overall construction schedules of the underlying buildings. However, the construction progress of the underlying buildings may experience unexpected difficulties as a result of weather conditions, financing difficulties, liquidity of the main contractors or real estate developers, availability of sufficient labour force, regulatory approval processes, government requirements, changes in the design of the buildings or curtain wall products, and other factors. We did not experience any material delays for the years ended 31 December 2018, 2019 and 2020. If our specialised construction projects are delayed, however, we may not be able to recognise our revenue or receive payment from our customers as expected, and our business, financial condition and results of operations may be materially and adversely affected.

**We receive payments for our specialised construction projects in stages, and any default or delay in payments from our customers may affect our cash flow and results of operations.**

We receive payments for our specialised construction projects in stages upon achieving certain project milestones. In addition, consistent with industry practice, our contracts usually also provide that our customers are entitled to withhold a certain percentage, normally 5%, of the total contract price for the defects liability period, normally one year after the completion of the project to guarantee our work quality. Our customers are primarily main contractors and real estate developers who are subject to the credit risks of their customers and the financial risks of their development projects not being able to proceed according to budget, or being delayed or terminated. We may encounter difficulties in collecting payments from those customers who are having financial difficulties or experiencing delays to their projects which are beyond our control. In addition, we receive rent from certain of our customers. The collection process might be time-consuming and administratively cumbersome. As a result of defaults in payment from our customers, we made allowance for impairment of trade and contract receivables in a total amount of HK\$5.4 million for the year ended 31 December 2018 and a reversal for impairment of HK\$6.0 million and HK\$8.3 million for the year ended 31 December 2019 and 2020, respectively.

We cannot assure you that our customers in the future will not subsequently default in, or delay, their payment obligations to us. Any failure to collect all or a portion of the payment obligations owed to us will put pressure on our cash flow position and our ability to meet our working capital requirements, which could materially and adversely affect our business, financial conditions and results of operations.

**We may be unable to keep up with the changes in the market needs or technological developments in the specialised construction industry.**

Our competitiveness in the specialised construction market, particularly the curtain wall market, partly depends on our ability to adopt new designs and techniques so that we are able to continuously tailor our products to meet our customers' needs. Such products and techniques are subject to continuous advancement and changes. There is no assurance that products or techniques can be developed and put into the market by us in a timely manner or at all, or that once developed, such products or techniques will be well accepted by the market. In the event that we are unable to develop or adopt new techniques that meet the needs of our customers or that our competitors develop new and more advanced products and techniques, our business, financial condition and results of operations may be materially and adversely affected.

**If we fail to meet the requirements of our specialised construction project contracts or quality standards of our products, we may face litigation, incur penalties and additional costs and experience delays or difficulties in receiving payments, which may adversely affect our business and reputation.**

We are typically required to complete each specialised construction project according to a fixed schedule by an agreed date as stated in the relevant contracts. If we fail to complete a project in a timely manner resulting in a breach of our contractual obligations, we may be liable to compensate our customers for losses or damages caused by the delay. Although we were not required to compensate any third parties due to delay of specialised construction projects during the years ended 31 December 2018, 2019 and 2020, we cannot assure you that we will not be required to provide such compensation in the future. Any delay in the completion of a project, whether or not caused by us, could also lead to additional costs being incurred, including for hiring additional manpower and temporary storage for assembled products. Any failure on our part to complete a project in a timely manner could harm our reputation in the industry and hinder our ability to win future contracts and, as a result, our business, financial condition and results of operations could be materially and adversely affected.

In addition, we may be liable to compensate our customers for any losses sustained by them if any of our employees, contract workers or installation service providers do not complete projects in accordance with the terms specified in the relevant contracts. Although we were not required to



compensate any third parties due to work defects during the years ended 31 December 2018, 2019 and 2020, we cannot assure you that we will not be required to do so in the future. With respect to our curtain projects, for instance, as most of our projects require tailor-made curtain wall components, any use of unsuitable materials would result in extra costs being incurred on our part due to additional materials and labour being required to rectify such errors. Any such work defects could also have a negative impact on our reputation, which could hinder our ability to win future contracts. Moreover, a severe technical defect could lead to personal injury or property damage, which could result in litigation and liability for damages. These litigation costs, together with the payment of damages, could adversely affect our profitability and financial performance.

**We are exposed to general risks associated with the ownership and management of our investment properties.**

Our investment properties primarily consist of two commercial and office buildings held for lease in Hong Kong: (i) China Minmetals Tower in Tsim Sha Tsui, Hong Kong and (ii) LKF 29 in Central, Hong Kong, and two commercial and retail complexes in Changsha and Taian in the PRC. Investment properties are generally illiquid, limiting the ability of an owner or a developer to convert property assets into cash on short notice and property assets may be required to be sold at a discount in order to ensure a quick sale. Such illiquidity also limits our ability to manage our portfolio in response to changes in economic or other conditions. Moreover, we may face difficulties in securing timely and commercially favourable financing in asset-based lending transactions secured by real estate due to the illiquidity.

Property investment is subject to risks incidental to the ownership and management of residential, office and retail properties including, among other things, competition for tenants, changes in market rents, inability to renew leases or re-let space as existing leases expire, inability to collect rent from tenants due to bankruptcy or insolvency of tenants or otherwise, inability to dispose of major investment properties for the values at which they are recorded in the financial statements, increased operating costs and the need to renovate, repair and re-let space periodically and to pay the associated costs.

**We may not be able to generate adequate returns on our properties held for long-term investment purposes.**

Real estate development is subject to varying degrees of risks. The investment returns available from investments in real estate depend, to a large extent, on the amount of capital appreciation generated, income earned from the rental of the relevant properties as well as the expenses incurred. Maximising yields from properties held for investment also depends to a large extent on active ongoing management and maintenance of the properties. The ability to eventually dispose of investment properties will also depend on market conditions and levels of liquidity, which may be limited or subject to significant fluctuation in the case of certain types of commercial properties. The revenue derived from and the value of property investment may be adversely affected by a number of factors, including but not limited to changes in market rates for comparable rentals, the inability to collect rent due to bankruptcy or insolvency of tenants and the costs resulting from periodic maintenance, repair and reletting.

**Changes in the fair values of our investment properties are unrealised.**

In accordance with HKAS40, the Hong Kong Accounting Standard for investment properties issued by the Hong Kong Institute of Certified Public Accountants, investment properties may be recognised by using either the fair value model or the cost model. We have chosen to recognise investment properties at their fair values because we are of the view that periodic fair value adjustments in accordance with prevailing market conditions provide a more up-to-date picture of the value of our investment properties.

For the years ended 31 December 2018 and 2019, we recorded upward fair value adjustments of approximately, HK\$134.1 million and HK\$107.6 million, respectively, on our investment properties. However, we recorded downward fair value adjustment of approximately HK\$50.6 million for the year ended 31 December 2020. In light of the above, prospective investors should be aware that upward or downward fair value adjustments, which reflect, among other things, unrealised capital gains or loss in the value of our investment properties at the end of relevant accounting reporting period and sometimes arise upon the reclassification of our properties as investment properties, are not profit or loss generated from day-to-day rental income from our investment properties, are largely dependent on prevailing property market conditions, and do not generate cash inflow which can be contributed to payments of interest, principal or other amounts under the Bonds unless such investment properties are disposed of and the capital gains or loss are realised. We may not be able to dispose of investment properties at or near their recorded fair values, or at all. Moreover, prospective investors should be aware that property values are subject to market fluctuations, and we cannot assure you that we will be able to record favourable fair value adjustments on investment properties in the future. Should there be any severe downward fair value adjustments on our investment properties in the future, our business, prospects and results of operations may be materially and adversely affected.

**Any failure to protect our brand and trademarks could have a negative impact on our business.**

We believe our brands and trademarks are critical to our success. Any unauthorised use of our brands, trademarks and other intellectual property rights could harm our competitive advantages and business. Historically, China has not protected intellectual property rights to the same extent as certain other countries, and infringement of intellectual property rights continues to pose a serious risk to doing business in China. Monitoring and preventing unauthorised use are difficult. The measures we take to protect our brand and trademarks may not be adequate. Furthermore, the application of laws governing intellectual property rights in China and abroad is uncertain and evolving. If we are unable to adequately protect our brand, trademarks and other intellectual property rights, we may lose these rights and this may have an adverse effect on our financial condition and results of operations.

**Certain facts and statistics are derived from publications not independently verified by us, the Joint Lead Managers or our or Managers' advisers**

Facts and statistics in this Offering Circular relating to China's economy and the industries in which we operate are derived from publicly available sources. While we have taken reasonable care to ensure that the facts and statistics presented are accurately reproduced from such sources, they have not been independently verified by us, the Joint Lead Managers or their advisers.

We make no representation as to the accuracy of these facts and statistics, which may not be consistent with other information compiled within or outside China. Due to ineffective calculation and collection methods and other problems, the facts and statistics herein may be inaccurate or may not be comparable to facts and statistics produced for other economies and should not be unduly relied upon.

**RISKS RELATING TO THE PRC REAL ESTATE INDUSTRY**

**We are subject to regulations implemented by the PRC government, which may adopt further measures intended to curtail the overheating of the property market in China or adopt further measures to tighten restrictions on PRC property developers.**

Our business is subject to extensive governmental regulations. As with other PRC property developers, we must comply with various requirements mandated by the PRC laws and regulations, including the policies and procedures established by local authorities designed to implement such laws and regulations. In particular, reports about a developer running into difficulties on repayment and operations could prompt the PRC government to further tighten restrictions on PRC property developers, which could have a material adverse impact on our business and operations.

In recent years, the PRC government exerted considerable direct and indirect influence on the PRC property sector by imposing industry policies and other economic measures, such as:

- requiring real estate developers to finance, with their internal resources, at least 20% of the total investment (excluding affordable housing projects);
- limiting the monthly mortgage payment to 50% of an individual borrower's monthly income and limiting all monthly debt service payments of an individual borrower to 55% of his or her monthly income;
- suspending land supply for villa construction and restricting land supply for high-end residential property construction;
- requiring that at least 70% of the land supply approved by any local government for residential property development during any given year must be used for developing low to medium-cost and small-to medium-size units for sale or as low-cost rental properties;
- requiring that at least 70% of the total development and construction area of residential projects approved or constructed on or after 1 June 2006 in any administrative jurisdiction must consist of units with a unit floor area of no more than 90 sq.m. and that projects which have received project approvals prior to this date but have not obtained construction permits must adjust their planning in order to comply with this new requirement, with the exception that municipalities under direct administration of the PRC central government and provincial capitals and cities specifically designated in the state plan (計劃單列市) may deviate from such ratio under special circumstances upon approval from the Ministry of Construction;
- requiring first-time home buyer to pay a minimum amount of down-payment of 25% of the purchase price of the underlying property in principle;
- requiring any second-time home buyer to pay an increased minimum amount of down payment of 60% of the purchase price of the underlying property and an increased minimum mortgage loan interest rate of no less than 110% of the relevant PBOC benchmark lending interest rate;
- for a commercial property buyer, (i) requiring banks not to finance any purchase of pre-sold properties, (ii) increasing the minimum amount of down-payment to 50% of the purchase price of the underlying property, (iii) increasing the minimum mortgage loan interest rate to 110% of the relevant PBOC benchmark lending interest rate, and (iv) limiting the terms of such bank borrowings to no more than 10 years, with commercial banks allowed flexibility based on their risk assessment;
- for a buyer of commercial/residential dual-purpose properties, increasing the minimum amount of down-payment to 45% of the purchase price of the underlying property, with the other terms similar to those for commercial properties;
- limiting the grant or extension of revolving credit facilities to property developers that hold a large amount of idle land and vacant commodity properties;
- imposing more restrictions on the types of property developments that foreign investments may engage in;
- imposing or increasing taxes on short-term gains from second-hand property sales;

- restricting foreign investment in the property sector by, among other things, increasing the ratio of registered capital to total investment amount and other requirements for establishing foreign invested real estate enterprises (**FIREEs**), tightening foreign exchange control and imposing restrictions on purchases of properties in China by foreign persons;
- requiring commercial banks to suspend mortgage loans to customers for purchase of a third or further residential property, or to non-residents who cannot provide proof of local tax or social security insurance payments for more than a one-year period;
- reducing the benchmark one-year lending rate published by PBOC for the year ended 31 December 2014 to 5.60% and to 4.35% on 24 October 2015;
- decreasing the PBOC Renminbi deposit reserve requirement ratio for all PRC depository financial institutions by 0.5 percent on 1 March 2016;
- non-residents who own one or more residential properties and are unable to provide proof of payment of local taxes or social security contributions covering a period of one year or more are prohibited from purchasing any residential properties located in the administrative area; and
- strictly enforcing a 20% tax on home sale profits.

We cannot assure you that the PRC government will not change or modify these temporary measures in the future. These measures may limit our access to capital resources, reduce market demand for our products and increase our operating costs in complying with these measures. We cannot assure you that the PRC government will not adopt additional and more stringent measures, which could further slowdown property development in China and adversely affect our business and prospects.

**The PRC property market has been cyclical and our property development activities are susceptible to significant fluctuations.**

Historically, the PRC property market has been cyclical. The rapid expansion of the property market in certain major provinces and cities in China, in the early 1990s, culminated in an oversupply in the mid-1990s and a corresponding fall in property values and rentals in the second half of the decade. Since the late 1990s, private residential property prices and the number of residential property development projects have gradually increased in major cities as a result of an increase in demand driven by domestic economic growth. In particular, prices of residential properties in certain major PRC provinces have experienced rapid and significant growth. In recent years, however, risk of property oversupply is increasing in parts of China, where property investment, trading and speculation have become overly active. In the event of actual or perceived oversupply, together with the effect of the PRC government policies to curtail the overheating of the property market, property prices may fall significantly, and our revenue and results of operations will be adversely affected. There have been reports of property developers in the PRC facing difficulties in repaying loans. On 1 January 2015, property developer Kaisa, which is based in Shenzhen, announced it had defaulted on a HK\$400 million term loan, and that such default on the loan triggered cross-defaults on Kaisa's obligations to other lenders. We cannot assure you that the problems of oversupply and falling property prices that occurred in the mid-1990s will not recur in the PRC property market and the recurrence of such problems could adversely affect our business and financial condition. The PRC property market is also susceptible to the volatility of the global economic conditions.

The cyclical nature of the property market in the PRC affects the optimal timing for the acquisition of sites and pace of development, as well as the sale of properties. This cyclicity, combined with the lead time required for completion of projects and the sale of properties, means that our results of operations relating to property development activities may be susceptible to significant fluctuations from year to year.

**Increasing competition in the PRC property market may adversely affect our profitability.**

Our real estate development operations face competition from both international and local players with respect to factors such as location, facilities and supporting infrastructure, services and pricing. We compete with both local and international companies in capturing new business opportunities in the PRC.

In recent years, for example, a large number of real estate developers have begun to undertake real estate development and investment projects in the PRC. These include overseas real estate developers (including a number of leading Hong Kong developers) and local real estate developers in the PRC. Our existing and potential competitors include major domestic state-owned and private real estate developers in the PRC, and, to a lesser extent, developers from Hong Kong and elsewhere in Asia. Some of our competitors in the real estate development sector have greater financial and other capital resources, marketing and other capabilities and/or name recognition than us. In addition, some local companies have extensive local knowledge and business relationships and/or a longer operational track record in the relevant local markets than us while international companies are able to capitalise on their overseas experience to compete in the PRC markets.

Intensified competition may result in increased costs for land acquisition and project construction, oversupply of properties and construction services and a slowdown in the approval process for new real estate developments and services by the relevant government authorities, all of which may adversely affect our business. There can be no assurance that we will be able to compete successfully in the future against our existing or potential competitors or that increased competition with respect to our activities may not have a material adverse effect on our financial condition and results of operations.

In addition, the real estate development markets in the PRC are rapidly changing. If we cannot respond to changes in market conditions or changes in customer preferences more swiftly or more effectively than our competitors, our business, results of operations and financial condition could be materially and adversely affected.

**The PRC property market has experienced significant consolidation.**

Consolidation in the PRC property market in recent years has resulted in smaller real estate developers merging or otherwise combining their operations in order to enjoy economies of scale and enhance their competitiveness. Any further consolidation in the property sector in the PRC may intensify competition among real estate developers and we may have to compete with competitors with greater financial and operational resources, such as land banks and management capabilities. Such consolidation could potentially place us under competitive pressure with respect to land or development negotiations, scale, resources and pricing of our properties.

**There is a lack of reliable and updated information on property market conditions in the PRC generally.**

We are subject to property market conditions in the PRC generally. Currently, reliable and up-to-date information on the amount and nature of real estate development and investment activities, the demand for such development, the supply of new properties being developed or the availability of land and buildings suitable for development and investment is not generally available in the PRC. Consequently, our investment and business decisions may not always have been, and may not in the future be, based on accurate, complete and timely information. Inaccurate information may adversely affect our business decisions, which could materially and adversely affect our business, financial condition, results of operations and prospects.

## **RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC**

### **Economic, political and social conditions in the PRC as well as government policies could affect our business.**

A substantial portion of our business and operations are conducted in the PRC. Accordingly, to a significant degree, our results of operations, financial position and prospects are subject to the economic, political and legal developments of the PRC.

The economy of the PRC differs from the economies of most developed countries in many respects, including, but not limited to:

- political structure;
- level of government involvement;
- level of development;
- growth rate;
- level and control of capital investment and reinvestment;
- control of foreign exchange; and
- allocation of resources.

While the PRC economy has grown significantly in the past 30 years, growth has been uneven, both geographically and among the various sectors of the economy. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures benefit the overall PRC economy, but may also negatively affect our operations. For example, our financial condition and results of operations may be adversely affected by the PRC government's control over capital investment or any changes in tax regulations or foreign exchange controls that are applicable to us.

For the past three decades, the PRC government has implemented economic reform measures emphasizing utilisation of market forces in the development of the PRC economy.

If China's economic growth decreases or if the PRC economy experiences a recession, the growth in demand for our products may also decrease and our business, financial condition and results of operations will be adversely affected.

In addition, demand for our products and our business, financial condition and results of operations may be adversely affected by:

- political instability or changes in social conditions in the PRC;
- changes in laws and regulations or the interpretation of laws and regulations;
- measures which may be introduced to control inflation or deflation;
- changes in the rate or method of taxation; and
- imposition of additional restrictions on currency conversion and remittances abroad.



**Uncertainties with respect to the PRC legal system could have a material adverse effect on us.**

Our business and operations are primarily conducted in China and governed by the PRC laws and regulations. The PRC legal system is a civil law system based on written statutes. Prior court decisions may be cited for reference but have limited precedential value. Since the late 1970s, the PRC government has significantly enhanced PRC legislation and regulation to provide protection to various forms of foreign investments in China. However, China has not developed a fully integrated legal system and recently-enacted laws and regulations may not sufficiently cover all aspects of economic activities in China. As many of these laws and regulations are relatively new, and because of the limited volume of published decisions and their non-binding nature, the interpretation and enforcement of these laws and regulations may involve uncertainties and may not be as consistent or predictable as in other more developed jurisdictions. Furthermore, the legal protections available to us under these laws and regulations may be limited. Any litigation or regulatory enforcement action in China may be protracted and could result in substantial costs and diversion of resources and management attention.

**Governmental control of currency conversion may affect the value of your investment.**

The PRC government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency to jurisdictions outside China. We receive substantially all of our revenue in Renminbi. Under our current structure, our income is primarily derived from dividend payments from our PRC subsidiaries. Shortages in the availability of foreign currency may restrict the ability of our PRC subsidiaries to remit sufficient foreign currency to pay dividends or other payments to us or otherwise satisfy the foreign currency denominated or settled obligations of the Issuer and us, such as the Bonds and the Guarantee. Under existing PRC foreign exchange regulations, payments of certain current account items can be made in foreign currencies without prior approval from the local branch of SAFE, by complying with certain procedural requirements. However, approval from the appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted to a jurisdiction outside China to pay capital expenses such as the repayment of bank loans denominated in foreign currencies. The PRC government may also, at its discretion, restrict access to foreign currencies for current account transactions in the future. If the PRC foreign exchange control system prevents us from obtaining sufficient foreign currency to satisfy our currency demands, our PRC subsidiaries may not be able to pay dividends in foreign currencies to us and the Issuer and we may not be able to service our respective debt obligations denominated or settled in foreign currencies, such as the Bonds and the Guarantee.

**There are significant uncertainties under the PRC enterprise income tax law relating to the withholding tax liabilities of our PRC subsidiaries.**

Under the Enterprise Income Tax Law of the PRC adopted in March 2007 and revised on 29 December 2018 and the Implementation Rules of the Enterprise Income Tax Law of the PRC adopted in December 2007 and revised on 23 April 2019 (collectively, the “EIT Law”), the profits of a foreign invested enterprise generated in 2008 and onwards which are distributed to its immediate holding company outside the PRC are subject to a withholding tax rate of 10% or a lower treaty rate. Pursuant to a special arrangement between Hong Kong and the PRC, such rate is lowered to 5% if a Hong Kong resident enterprise directly owns over 25% of a PRC company. Some of our PRC subsidiaries are currently wholly owned by our Hong Kong subsidiaries. However, according to the Circular of State Administration of Taxation on Printing and Issuing the Administrative Measures for Non-resident Individuals and Enterprises to Enjoy the Treatment Under Taxation Treaties, which became effective on 1 October 2009, the 5% withholding tax rate does not automatically apply and approvals from competent local tax authorities are required before an enterprise can enjoy any benefits under the relevant taxation treaties. Moreover, according to a tax circular issued by SAT in February 2009, if the main purpose of an offshore arrangement is to obtain a preferential tax treatment, PRC tax authorities have the discretion to adjust the preferential tax rate for which an offshore entity would otherwise be eligible. PRC tax authorities might not grant approvals on the 5% withholding tax rate on dividends received by our subsidiaries in Hong Kong from our PRC subsidiaries.

**Under the EIT Law, we may be classified as a “resident enterprise” of China. Such classification could result in unfavourable tax consequences to us and our non-PRC Bondholders.**

Under the EIT Law, an enterprise established outside of China with “*de facto* management organisation” located within China will be considered a “resident enterprise”, and consequently will be treated in a manner similar to a Chinese enterprise for enterprise income tax purposes. The implementing rules of the EIT Law define “*de facto* management” as “substantial and overall management and control over the production and operations, personnel, accounting, and properties” of the enterprise. In April 2009, July 2011 and January 2014, the SAT issued several circulars to clarify certain criteria and administrative procedures for the determination of the “*de facto* management organisation” for foreign enterprises controlled by PRC enterprises. If PRC tax authorities determine that the Issuer or we are a “resident enterprise” for PRC enterprise income tax purposes, a number of unfavourable PRC tax consequences could follow. The Issuer or we may be subject to enterprise income tax at a rate of 25% on our worldwide taxable income as well as PRC enterprise income tax reporting obligations. If the PRC tax authorities determine that the Issuer is a “resident enterprise” for PRC enterprise income tax purposes, income such as interest from any investment of any portion of the offering proceeds and other income sourced from outside the PRC would be subject to PRC enterprise income tax at a rate of 25%, whereas no direct tax is imposed on enterprises under the laws of the British Virgin Islands or the laws of Bermuda. Furthermore, if the Issuer is considered a “resident enterprise”, interest payable to Bondholders and any gains realised from the transfer of the Bonds may be treated as income derived from sources within China. Non-resident enterprise holders may be subject to PRC withholding tax or PRC tax at a rate of 10%, or a lower treaty rate as applicable, and non-resident individual holders may be subject to PRC withholding tax or PRC tax at a rate of 20% (or lower rate if available under an applicable tax treaty). If the Issuer is required under the EIT Law to withhold PRC tax on our interest payable to our non-resident Bondholders, it will be required to pay such additional amounts as will result in receipt by a holder of a Bond of such amounts as would have been received by the holder had no such withholding been required. The requirement to pay additional amounts will increase the cost of servicing interest payments on the Bonds, and could have a material adverse effect on the ability of the Issuer to pay interest on, and repay the principal amount of, the Bonds, as well as our profitability and cash flow. In addition to the uncertainty as to the application of the “resident enterprise” classification, the PRC government could amend or revise the taxation laws, rules and regulations to impose stricter tax requirements, higher tax rates or apply the EIT Law, or any subsequent changes in PRC tax laws, rules or regulations retroactively. As there may be different applications of the EIT Law and any amendments or revisions, comparisons between our past financial results may not be meaningful and should not be relied upon as indicators of our future performance. If such changes occur or are applied retroactively, they could materially and adversely affect our results of operations and financial condition.

**Fluctuations in the value of the Renminbi may have a material adverse effect on our business.**

The Bonds are denominated in U.S. dollars, while substantially all of our revenues are generated by our PRC operating subsidiaries and are denominated in Renminbi. Pursuant to reforms of the exchange rate system announced by the PBOC on 21 July 2005, RMB-to-foreign currency exchange rates are allowed to fluctuate within a narrow and managed band against a basket of foreign currencies, rather than being effectively linked to the U.S. dollar. There remains significant international pressure on the PRC government to adopt a more flexible currency policy. On 19 June 2010, the PBOC announced its intention to further reform the Renminbi exchange rate regime by allowing greater flexibility in the Renminbi exchange rate, which could result in a further and more significant appreciation of the Renminbi against the U.S. dollar or other foreign currency. These changes in currency policy resulted in the Renminbi appreciating against the U.S. dollar by approximately 28.8% from 21 July 2005 to 31 December 2011, according to rates published by Bloomberg.

On 11 August 2015, to improve the central parity quotations of the Renminbi against the U.S. dollar, the PBOC authorised market-makers to provide central parity quotations to the China Foreign Exchange Trading Centre daily before the opening of the interbank foreign exchange market with reference to the interbank foreign exchange market closing rate of the previous day, the supply and demand for foreign exchange as well as changes in major international currency exchange rates.

Following the announcement by the PBOC on 11 August 2015, the Renminbi depreciated significantly against the U.S. dollar. The International Monetary Fund announced on September 30, 2016 that, effective from October 1, 2016, Renminbi will be added to its Special Drawing Rights currency basket. Such change and additional future changes may increase the volatility in the trading value of the Renminbi against foreign currencies. On 5 August 2019, the PBOC set the Renminbi's daily reference rate above 7 per U.S. dollar for the first time in over a decade amidst an uncertain trade and global economic climate. Start from June 2020, China's economy has come roaring back from the depths of the coronavirus pandemic and its currency has joined the ride. Renminbi has surged in strength against the U.S. dollar.

The PRC government may adopt further reforms of its exchange rate system, including making the Renminbi freely convertible in the future. If such reforms were implemented and resulted in devaluation of the Renminbi against the U.S. dollar, our financial condition and results of operations could be adversely affected because of our substantial U.S. dollar-denominated indebtedness and other obligations. Such a devaluation could also adversely affect the value, translated or converted to U.S. dollars or otherwise, of our earnings and our ability to satisfy our obligations under the Bonds.

There are limited hedging instruments available in China to reduce our exposure to exchange rate fluctuations between the Renminbi and other currencies. The Group has been closely monitoring the fluctuation in Renminbi exchange rate and has adopted necessary measures to minimise the impact arising from adverse currency fluctuation including adjustment to the proportion of borrowings in foreign currency and utilisation of foreign exchange hedging instruments such as forward foreign exchange contracts or capped forward contracts.

**The national and regional economies in the PRC and our prospects may be adversely affected by natural disasters, acts of God, occurrence of epidemics, acts of war and other disasters, which in turn affect our prospects.**

Our business is subject to general economic and social conditions in the PRC. Natural disasters, epidemics and other acts of God which are beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the PRC. Some regions in the PRC, including the cities where we operate, are under the threat of flood, earthquake, sandstorm, snowstorm, fire, drought, or epidemics such as Severe Acute Respiratory Syndrome, or SARS, H5N1 avian flu, H7N9 flu, or the human swine flu, also known as Influenza A (H1N1). For instance, in May 2008, April 2010 and April 2013, high-magnitude earthquakes occurred in the Sichuan Province and the Qinghai Province. In addition, past occurrences of epidemics, depending on their scale, have caused different degrees of damage to the national and local economies in the PRC. In 2014, West Africa experienced the largest outbreak of the Ebola virus to date, putting many countries globally on high alert for the Ebola virus, which is highly contagious and persons infected with the virus have a high risk of death. A recurrence of SARS or an outbreak of Ebola or of any other epidemics in the PRC, such as the H5N1 avian flu or the human swine flu, or most recently, the novel coronavirus named COVID-19 by the World Health Organization, especially in the cities where we have operations, may result in material disruptions to our property development and our sales and marketing, which in turn may materially and adversely affect our financial condition and results of operations.

Past occurrences of epidemics, depending on their scale, have caused different degrees of damage to the national and local economies in the PRC. Another public health crisis in China triggered by a recurrence of SARS or an outbreak of any other epidemics, including, for example, the ongoing COVID-19 epidemic, especially in the cities where we have operations, may result in material disruptions to our

property development and sales and the operation of commercial properties. For instance, after the outbreak of COVID-19 epidemic, several cities in China where we have land bank and operations were under a lockdown and have imposed travel restrictions in an effort to curb the spread of the highly infectious coronavirus. As a result, sales offices and construction of our development projects were temporarily shut down. Completion of our projects may be delayed and sales might be lower than expected, which might in turn result in substantial increase in our development costs, late delivery of properties and/or otherwise adversely affect our profitability and cash flows. Customers who have previously entered into contracts to purchase properties may also default on their purchase contracts if the economic situation further deteriorates as a result of the epidemic. In addition, the COVID-19 outbreak poses risks to the wellbeing of our employees and the safety of our workplace, which may materially and adversely affect our business operation. Our ability to adequately staff, manage and/or maintain daily operations may be adversely affected if the outbreak continues or further deteriorates. Given the uncertainties as to the development of the outbreak at the moment, it is difficult to predict how long these conditions will exist and the extent to which we may be affected.

In response to the COVID-19 pandemic, governments and central banks across the world have introduced fiscal and monetary stimulus measures including tax cuts, direct subsidies, rate cuts, bond repurchase programmes and suspension or relaxation of prudential bank capital requirements to stabilise financial markets and provide liquidity support to companies that are affected by business disruptions. However, as the COVID-19 outbreak is still ongoing, it is difficult to predict whether these measures will be sufficient or effective in containing the economic impact, or whether more measures will be required in the future should the outbreak of COVID-19 continue for a prolonged period. In light of significant uncertainties and headwinds the global economy is facing, we cannot guarantee that this will not have a material adverse impact on our business, financial condition and prospects.

Besides, the outbreak of communicable diseases, such as the COVID-19 outbreak on a global scale may affect investment sentiment and result in sporadic volatility in global capital markets or adversely affect China and other economies. Such outbreak has resulted in restrictions on travel and public transportation and prolonged closures of workplaces, which may have a material adverse effect on the global economy. Any material change in the financial markets, the PRC economy or regional economies as a result of these events or developments may materially and adversely affect our business, financial condition and results of operations.

Acts of war and terrorist attacks may cause damage or disruption to us, our employees and our markets, any of which could materially impact our sales, cost of sales, overall results of operations and financial condition. The potential for war or terrorist attacks may also cause uncertainty and cause our business to suffer in ways that currently we cannot predict.

**It may be difficult to effect service of process upon us or our Directors or senior officers who reside in China or to enforce against them in China any judgments obtained from non-PRC courts.**

A significant portion of our assets and our subsidiaries are located in the PRC. In addition, most of our Directors and officers reside in the PRC, and the assets of our Directors and officers may also be located in the PRC. As a result, it may not be possible to effect service of process outside the PRC upon most of our Directors and officers, including with respect to matters arising under applicable securities laws. A judgment of a court of another jurisdiction may be reciprocally recognised or enforced in the PRC if that jurisdiction has a treaty with the PRC or if judgments of the PRC courts have been recognised before in that jurisdiction, subject to the satisfaction of any other requirements. However, China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with many western countries. As a result, recognition and enforcement in the PRC or Hong Kong of judgments of a court in any of these jurisdictions may be difficult.

**The PRC government has no obligations under the Bonds and the repayment obligations under the Bonds and the Guarantee remain the sole obligation of the Issuer and the Guarantor.**

The PRC government is not an obligor and Bondholders shall have no recourse to the PRC government in respect of any obligation arising out of or in connection with the Bonds or the Guarantee in lieu of the Issuer or the Guarantor. This position has been reinforced by the Circular of the Ministry of Finance on Issues relevant to the Regulation on the Financing Activities Conducted by Financial Institutions for Local Governments and State-owned Enterprises (財政部關於規範金融企業對地方政府和國有企業投融資行為有關問題的通知，財金[2018]23號)(the “**MOF Circular**”) promulgated on 28 March 2018 and which took effect on the same day and the Circular of the National Development and Reform Commission and the Ministry of Finance on Improvement of Market Regulatory Regime and Strict Prevention of Foreign Debt Risks and Local Government Indebtedness Risks (國家發展改革委財政部關於完善市場約束機制嚴格防範外債風險和地方債務風險的通知，發改外資[2018]706號)(the “**Joint Circular**”) promulgated on 11 May 2018 and which took effect on the same day MOF Circular and the Joint Circular. Both MOF Circular and the Joint Circular are relatively new, and because of the limited volume of published decisions, the interpretation and enforcement of these laws and regulations involve uncertainties. The PRC government as the ultimate shareholder of the Guarantor only has limited liability in the form of its equity contribution in the Guarantor. As such, the PRC government does not have any payment obligations under the Bonds or the Guarantee. Such payment is solely to be repaid by the Issuer (and the Guarantee by the Guarantor) as independent legal persons. In addition, any ownership or control by the PRC government does not necessarily correlate to, or provide any assurance as to, any of the Issuer’s or the Guarantor’s financial condition. Therefore, investors should base their investment decision only on the financial condition of the Issuer, the Guarantor and the Group and base any perceived credit risk associated with an investment in the Bonds only on the Group’s own financial information reflected in its financial statements.

**RISKS RELATING TO THE BONDS, THE GUARANTEE AND THE KEEPWELL DEED**

**China Minmetals’ Keepwell Deed is not a guarantee of the payment obligations under the Bonds or the Guarantee.**

China Minmetals will enter into the Keepwell Deed in relation to the Bonds. See “*Description of the Keepwell Deed*”. However, neither the Keepwell Deed nor any actions taken by China Minmetals thereunder shall be deemed to constitute a guarantee by China Minmetals of the payment of any obligation, indebtedness or similar liability, of any kind or character whatsoever, of the Issuer the Guarantor under the laws of any jurisdiction. China Minmetals therefore shall not have any obligation to make direct payment or any similar liabilities and thereby disclaims any direct payment obligation and/or any similar liabilities under the Keepwell Deed. Furthermore, even if China Minmetals intends to perform its obligations under the Keepwell Deed, such performance may be subject to governmental or regulatory approvals, permits and filings pursuant to applicable laws. In addition, any claim against China Minmetals in relation to the Keepwell Deed will be effectively subordinated to all existing and future obligations of China Minmetals’ subsidiaries, particularly its PRC operating subsidiaries, and all claims by creditors of such subsidiaries (which do not guarantee the Bonds) will have priority to the assets of such entities over the claims of the Trustee, the Issuer and us under the Keepwell Deed. It is also uncertain whether the obligations of a keepwell provider under a keepwell deed will be recognised in any bankruptcy process in the PRC.

**The Issuer is currently a special purpose finance vehicle and payments with respect to the Bonds are dependent upon cash flow from other members of the Group.**

The Issuer is a company incorporated in the British Virgin Islands and is currently a special purpose finance vehicle with no material operations or significant assets other than receivables from on-lending of the proceeds of the issue of bonds. The Issuer will invest in or on-lend the proceeds from the issue of the Bonds to one or more of our subsidiaries. The Issuer’s ability to make payments under the



Bonds will depend on its receipt of timely payments from us and/or one or more of our subsidiaries that borrow or have received investments using the net proceeds of the issue of the Bonds by means of such intercompany loans or advances or investments.

The PRC government is not an obligor of the Bonds or the Guarantee or the obligation under the Keepwell Deed, and there will be no recourse to the PRC government in respect of any obligation arising out of or in connection with the Bonds, the Guarantee or the Keepwell Deed. This is supported by the recently promulgated MOF Circular, and the Joint Circular. Both the MOF Circular and the Joint Circular do not, however, restrict the PRC government from providing relevant support to our Group or China Minmetals as the Keepwell Provider, provided that such support is granted in compliance with relevant PRC laws.

**The Issuer is not prohibited from issuing other securities.**

There is no restriction on the amount of securities that the Issuer may issue. The issue of any such securities may reduce the amount recoverable by investors in the Bonds upon the Issuer's bankruptcy, winding-up or liquidation.

**We are a holding company and payments under the Guarantee are effectively subordinated to certain liabilities, contingent liabilities and obligations of our subsidiaries.**

We are a holding company with no material operations. We conduct substantially all of our operations through our PRC subsidiaries. The Bonds will not be guaranteed by any current or future subsidiaries. Our primary assets are ownership interests in our PRC subsidiaries. Accordingly, our ability to satisfy our obligations under the Guarantee will depend upon our receipt of principal and interest payments on any intercompany loans and distributions of dividends from our subsidiaries.

Other creditors, including trade creditors of our subsidiaries and any holders of preferred shares in our subsidiaries, would have a claim on our subsidiaries' assets that would be prior to the claims of holders of the Bonds. As a result, our payment obligations under the Guarantee will be effectively subordinated to all existing and future obligations of our subsidiaries, including their obligations under guarantees they have issued or will issue in connection with business operations, and all claims of creditors of our subsidiaries will have priority as to the assets of such entities over our claims and those of our creditors, including holders of the Bonds.

**Our subsidiaries are subject to restrictions on the payment of dividends and the repayment of intercompany loans or advances to us.**

As a holding company, we depend on the receipt of dividends and the interest and principal payments on intercompany loans or advances from our subsidiaries, including our PRC subsidiaries, to satisfy our obligations, including the obligations under the Guarantee. The ability of our subsidiaries to pay dividends and make payments on intercompany loans or advances to their shareholders is subject to, among other things, distributable earnings, cash flow conditions, restrictions contained in the articles of association of our subsidiaries, applicable laws and restrictions contained in the debt instruments of such subsidiaries. In addition, if any of our subsidiaries raises capital by issuing equity securities to third parties, dividends declared and paid with respect to such shares would not be available to us to make payments under the Guarantee. These restrictions could reduce the amounts that we receive from our subsidiaries, which would restrict our ability to meet our payment obligations under the Guarantee.

PRC laws and regulations permit payment of dividends only out of accumulated profits as determined in accordance with PRC accounting standards and regulations and such profits differ from profits determined in accordance with HKFRS in certain significant respects, including the use of different bases of recognition of revenue and expenses. Our PRC subsidiaries are also required to set aside a portion of their after-tax profits according to relevant PRC laws and regulations to fund certain reserves that are not distributable as cash dividends by the board of directors. In addition, since 1 January 2008, dividends paid by our PRC subsidiaries to their non-PRC parent companies are subject to



a 10% withholding tax, unless there is a tax treaty between the PRC and the jurisdiction in which the overseas parent company is incorporated, which specifically exempts or reduces such withholding tax. As a result of such limitations, there could be timing limitations on payments from our PRC subsidiaries to meet payments required by the Guarantee, and there could be restrictions on payments required to redeem the Bonds at maturity or as required for any early redemption.

As a result of the foregoing, we might not have sufficient cash flow from dividends or payments on intercompany loans or advances from our subsidiaries to satisfy our obligations under the Guarantee.

**The insolvency laws of the British Virgin Islands and Bermuda and other local insolvency laws may differ from those of jurisdictions with which you are familiar.**

The Issuer is incorporated under the laws of the British Virgin Islands, and we are incorporated under the laws of Bermuda. Accordingly, an insolvency proceeding relating to the Issuer or us, regardless of where they are brought, might involve the insolvency laws of the British Virgin Islands or Bermuda, the procedural and substantive provisions of which may differ from comparable provisions of bankruptcy laws of other jurisdictions.

**The Bonds and the Guarantee are unsecured obligations.**

As the Bonds and the Guarantee are unsecured obligations, the repayment of the Bonds and payment under the Guarantee may be compromised if

- the Issuer or we enter into bankruptcy, liquidation, reorganisation or other winding-up proceedings;
- there is a default in payment under the future secured indebtedness or other unsecured indebtedness of the Issuer or us; or
- there is an acceleration of any of the indebtedness of the Issuer or us.

If any of these events were to occur, the assets of the Issuer and us may not be sufficient to make payments to pay amounts due on the Bonds or the Guarantee.

**The Trust Deed and the Conditions do not contain restrictive financial or operating covenants.**

The Trust Deed and the Conditions will contain various covenants intended to benefit the interests of the holders of the Bonds that limit our ability to, among other things, incur certain secured debt. These covenants are subject to a number of important exceptions and qualifications. For more details, see “*Terms and Conditions of the Bonds*”. The Trust Deed and the Conditions, however, do not contain restrictive financial or operating covenants or restrictions on the payments of dividends, the incurrence of indebtedness or the issuance or repurchase of securities by us. In addition, the Trust Deed and the Conditions do not contain any other covenants or provisions that require the Issuer or our company to achieve or maintain any minimum financial results relating to their respective financial position or results of operations. Our ability to recapitalise, incur additional debt and take other actions that are not limited by the terms of the Trust Deed or the Conditions could have the effect of diminishing the ability of the Issuer or us to make payments on the Bonds or the Guarantee when due.

**The Issuer may not be able to redeem the Bonds upon a Change of Control.**

The Issuer must offer to redeem the Bonds upon the occurrence of a Change of Control (as defined in the Terms and Conditions of the Bonds), at a purchase price equal to 101% of the principal amount plus accrued interest. See “*Terms and Conditions of the Bonds*”. The source of funds for any such redemption may be our available cash or third-party financing. However, the Issuer may not have enough available funds at the time of the occurrence of any Change of Control to make purchases of outstanding Bonds. If an event constituting a Change of Control occurs at a time when the Issuer is prohibited from redeeming the Bonds, the Issuer may seek the consent of the lenders under such

indebtedness to purchase the Bonds or may attempt to refinance the borrowings that contain such prohibition. If such a consent to repay such borrowings is not obtained, the Issuer may be unable to redeem the Bonds. The Issuer's failure to make the offer to redeem or purchase the outstanding Bonds would constitute an event of default under the Bonds. The event of default may, in turn, constitute an event of default under other indebtedness, any of which could cause the related debt to be accelerated after any applicable notice or grace periods. If the Issuer's other debt were to be accelerated, it may not have sufficient funds to redeem the Bonds and repay the debt.

Certain of the events constituting a Change of Control under the Bonds may also constitute an event of default under certain of our or our subsidiaries' debt instruments, requiring repurchase of such debt or otherwise cancelling our lenders' commitments under such debt instruments. In addition, future debt of the Issuer may also (1) prohibit us from purchasing Bonds in the event of a Change of Control; (2) provide that a Change of Control is a default; or (3) require repurchase of such debt upon a Change of Control. Moreover, the exercise by the Bondholders of their right to require the Issuer to redeem the Bonds could cause a default under our or our subsidiaries' other indebtedness, even if the Change of Control itself does not, due to the financial effect of the redemption on us and our subsidiaries.

**Credit ratings may not reflect all risks and no credit rating agencies have assigned ratings to the Bonds. Any downgrade in China Minmetals' credit ratings could adversely affect our business or liquidity.**

The Bonds have not been assigned ratings by any rating agencies, and neither the Issuer nor the Guarantor has requested any rating agencies to assign ratings to the Bonds. Ratings assigned by rating agencies represent such rating agencies' assessment of the ability of an issuer to perform its obligations under the terms and conditions of the issuer's bonds and credit risks in determining the likelihood that payments will be made when due under the issuer's bonds. The Issuer and we currently have no plans to obtain ratings on the Bonds from any credit rating agencies. If the Issuer or we in the future obtain ratings on the Bonds from any rating agencies, such ratings (and any subsequent revision, downgrade or withdrawal of such ratings) may adversely affect the market price of the Bonds and the ability of the Issuer or us to access the debt capital markets in the future that in turn may have a material adverse effect on our financial condition and results of operations.

We have not been assigned a rating by any credit rating agencies. China Minmetals has been assigned a rating of "Baa1" by Moody's, "BBB+" by S&P and "BBB+" by Fitch with a stable outlook. The ratings may not fully reflect the potential impact of all risks relating to the structure, market and other factors in relation to the Bonds as discussed in this Offering Circular. China Minmetals is not a guarantor of the Issuer's obligations under the Bonds. See "*– China Minmetals' Keepwell Deed is not a guarantee of the payment obligations under the Bonds or the Guarantee.*"

China Minmetals' rating may be affected by changes in its results of operations, capital structure or other factors, which will mean certain risks for the investors. In addition, there can be no assurance that a rating will remain unchanged during a specific period of time, or the rating agency will not downgrade or withdraw a rating based on its assessment of the future developments or as a result of the adoption of a different rating methodology. Any adverse revision to China Minmetals' corporate ratings or the sovereign ratings of the PRC by rating agencies may adversely affect our business, financial performance and market price of the Bonds.

**If the Issuer or we are unable to comply with the terms of the Trust Deed governing the Bonds and the Guarantee or our future debt agreements, there could be a default under those agreements, which could cause repayment of our debt to be accelerated.**

If the Issuer or we are unable to comply with the terms in the Trust Deed governing the Bonds and the Guarantee or future debt obligations and other agreements, there could be a default under those agreements. If that occurs, the holders of the debt could terminate their commitments to lend to us, accelerate repayment of the debt and declare all outstanding amounts due and payable or terminate the agreements, as the case may be. Furthermore, the Trust Deed governing the Bonds and the Guarantee

contains, and our future debt agreements are likely to contain, cross-acceleration or cross-default provisions. As a result, our default under one debt agreement may cause the acceleration of repayment of not only such debt but also other obligations, including the Bonds and the Guarantee, or result in a default under our other debt agreements, including the Trust Deed governing the Bonds and the Guarantee. If any of these events occur, our assets and cash flow might not be sufficient to repay in full all of our indebtedness and we might not be able to find alternative financing. Even if we could obtain alternative financing, it might not be on terms that are favourable or acceptable to us.

**A trading market for the Bonds may not develop, and there are restrictions on resale of the Bonds.**

The Bonds are a new issue of securities for which there is currently no trading market. Application will be made for the listing of the Bonds on the Hong Kong Stock Exchange and neither the Issuer nor we can assure you that it will be able to maintain a listing on the Hong Kong Stock Exchange and, even if listed, a liquid trading market might not develop. If no active trading market develops, you may not be able to resell your Bonds at their fair market value or at all. Future trading prices of the Bonds will depend on many factors, including prevailing interest rates, our operating results and the market for similar securities. The Issuer and we have been advised that the Joint Bookrunners intend to make a market in the Bonds, but the Initial Purchasers are not obligated to do so and may discontinue such market making activity at any time without notice. In addition, the Bonds are being offered pursuant to exemptions from registration under the Securities Act and, as a result, you will only be able to resell your Bonds in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act. See “*Subscription and Sale*”. The Issuer and we cannot predict whether an active trading market for the Bonds will develop or be sustained.

**Any failure to complete the relevant filings under the NDRC Notice within the prescribed time frame may have adverse consequences for the Issuer and/or the investors of the Bonds.**

NDRC issued the NDRC Notice on 14 September 2015, which came into effect on the same day. According to the NDRC Notice, domestic enterprises and their overseas controlled entities shall procure the registration of any debt securities issued outside the PRC with NDRC prior to the issue of the securities and notify the particulars of the relevant issues within 10 PRC Business Days after the completion of the issue of the securities. The NDRC Notice is silent on the legal consequences of non-compliance with the pre-issue registration requirement. China Minmetals has obtained the NDRC pre-issuance registration on 11 April 2018. Similarly, the legal consequences of non-compliance with the post-issue notification requirement under the NDRC Notice is unclear. In the worst-case scenario, such non-compliance with the post-issue notification requirement under the NDRC Notice may result in it being unlawful for the Issuer to perform or comply with any of its obligations under the Bonds and the Bonds might be subject to redemption as provided in Condition 4 of the Terms and Conditions of the Bonds. Potential investors of the Bonds are advised to exercise due caution when making their investment decisions. We undertake to file or cause to be filed with the NDRC, within the time period prescribed by the NDRC or pursuant to relevant laws and regulations after the Issue Date, the requisite information and documents in accordance with the NDRC Notice.

**The liquidity and price of the Bonds following the offering may be volatile.**

The price and trading volume of the Bonds may be highly volatile. Factors such as variations in our revenues, earnings and cash flows and proposals for new investments, strategic alliances and acquisitions, interest rates and fluctuations in price for comparable companies could cause the price of the Bonds to change. Any such developments may result in large and sudden changes in the trading volume and price of the Bonds.

**International financial markets and world economic conditions may adversely affect the market price of the Bonds.**

The market price of the Bonds may be adversely affected by declines in the international financial markets and world economic conditions. The market for the Bonds is, to varying degrees, influenced by economic and market conditions in other markets, especially those in Asia. Although economic

conditions are different in each country, investors' relations to developments in one country can affect the securities markets and the securities in other countries. The market price of the Bonds could be adversely affected by any significant volatility in the global financial market.

**There may be less publicly available information about us than is available in certain other jurisdictions.**

There may be less publicly available information about companies listed in Hong Kong than is regularly made available by public companies in certain other countries. In addition, the financial information in this Offering Circular has been prepared in accordance with HKFRS, which differ in certain respects from generally accepted accounting principles in other jurisdictions, or other GAAPs, which might be material to the financial information contained in this Offering Circular. We have not prepared a reconciliation of our consolidated financial statements and related footnotes between HKFRS and other GAAPs. In making an investment decision, you must rely upon your own examination of the Issuer, China Minmetals and us, the terms of the offering and our financial information. You should consult your own professional advisers for an understanding of the differences between HKFRS and other GAAPs and how those differences might affect the financial information contained in this Offering Circular.

**Decisions that may be made on behalf of all holders of the Bonds may be adverse to the interests of individual holders of the Bonds.**

The Terms and Conditions of the Bonds contain provisions for calling meetings of holders of the Bonds to consider matters affecting their interests generally. These provisions permit defined majorities to bind all holders of the Bonds including holders who did not attend and vote at the relevant meeting and holders who voted in a manner contrary to the majority. Furthermore, there is a risk that the decision of the majority of the holders of the Bonds may be adverse to the interests of the individuals.

**Modifications and waivers may be made in respect of the Terms and Conditions of the Bonds, the Trust Deed and the Agency Agreement by the Trustee.**

The Terms and Conditions of the Bonds also provide that the Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to (i) any modification of the Bonds, any of the Terms and Conditions of the Bonds or any of the provisions of the Trust Deed, the Keepwell Deed or the Agency Agreement that in its opinion is of a formal, minor or technical nature or to correct a manifest error or to comply with any mandatory provision of law, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of the Bonds, any of the Terms and Conditions of the Bonds or any of the provisions of the Trust Deed, the Keepwell Deed or the Agency Agreement that is in the opinion of the Trustee not materially prejudicial to the interest of the Bondholders.

**The Trustee may request the holders of the Bonds to provide an indemnity, security or prefunding to its satisfaction.**

In certain circumstances, the Trustee may (at its sole discretion) request the holders of the Bonds to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes actions on behalf of the holders of the Bonds. The Trustee will not be obliged to take any such actions if not indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or prefunding can be a lengthy process and may have an impact on when such actions can be taken. The Trustee may not be able to take actions, notwithstanding the provision of any indemnity or security or prefunding to it, in breach of the terms of the Trust Deed or in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the Bondholders to take such actions directly.

**Interest payment and gains on the transfer of the Bonds may be subject to income tax, VAT and local surcharges under PRC tax laws.**

Under the EIT Law, any gains realised on the transfer of the Bonds by holders who are deemed under the EIT Law as non-resident enterprises may be subject to PRC enterprise income tax if such gains are regarded as income derived from sources within the PRC. If the Issuer is treated as a PRC “resident enterprise”, the interest the Issuer pays in respect of the Bonds may be subject to PRC withholding tax at a rate of 10% if paid to a non-PRC resident enterprise holder of the Bonds and 20% if paid to a non-PRC resident individual holder of the Bonds, and any gain a holder may realize from the transfer of the Bonds, may be treated as income derived from sources within the PRC and may be subject to PRC withholding tax at a rate of up to 10% in the case of a non-PRC resident enterprise holder and 20% in the case of a non-PRC resident individual holder (in each case unless an applicable treaty provides otherwise). According to an arrangement between Mainland China and Hong Kong for the avoidance of double taxation, Bondholders who are Hong Kong residents, including both enterprise holders and individual holders, may be exempted from PRC income tax on capital gains derived from a sale or exchange of the Bonds.

On 23 March 2016, MOF and SAT jointly issued the Circular of Full Implementation of Business Tax to VAT Reform (Cai Shui [2016] No. 36) (《關於全面推開營業稅改征增值稅試點的通知》(財稅[2016]36號)) (the “**Circular 36**”), which stipulates that VAT will be applicable where the entities or individuals provide financial services, such as providing the loans within the PRC. The services are treated as being sold within the PRC where either the service provider or the service recipient is located in the PRC. It is further clarified under Circular 36 that “loans” refer to the activity of lending capital for another’s use and receiving the interest income thereon. Based on the definition of “loans” under Circular 36, the issuance of Bonds is likely to be treated as the Bond holders providing “loans” to the Issuer, which will therefore be regarded as financial services for VAT purposes. In the event the Issuer is deemed to be a PRC resident enterprise in the PRC by the PRC tax authorities, the Note holders may be regarded as providing financial services within the PRC and consequently, the amount of interest payable by the Issuer to any non-resident Bonds holders may be subject to withholding VAT at the rate of 6% plus related local surcharges. It is uncertain whether VAT is applicable to any transfer of the Bond between entities or individuals outside the PRC, but VAT shall be applicable if either the seller or buyer of Bonds is located inside the PRC. However, individuals (including non-resident individuals) are exempt from VAT for transfer of financial products. If VAT is exempted, local surcharges shall also be exempted.

If a Bondholder, being a non-resident enterprise or non-resident individual, is required to pay any PRC income tax, VAT and local surcharges on interest payment and gains on the transfer of the Bonds, the value of the relevant Bondholder’s investment in the Bonds may be materially and adversely affected.

**The Bonds may not be a suitable investment for all investors.**

Each potential investor in any Bond must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the relevant Bonds, the merits and risks of investing in the relevant Bonds and the information contained in this Offering Circular;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Bonds and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Bonds;



- understand thoroughly the terms of the relevant Bonds and be familiar with the behaviour of any relevant indices and financial markets; and be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

A potential investor should not invest in Bonds which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of such Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

Additionally, the investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) Bonds are legal investments for it, (b) Bonds can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase of any Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Bonds under any applicable risk-based capital or similar rules.

**The Bonds may not be a suitable investment for all investors seeking exposure to green, social or sustainable assets.**

We have developed our sustainable finance framework and intend to adopt certain obligations with respect to the issue of the Bonds as described in the section entitled "*Bonds Being Issued as Sustainable Bonds*" (the "**Sustainable Finance Framework**"). We intend to issue the Bonds to use the net proceeds for refinancing of existing indebtedness in accordance with our Sustainable Finance Framework. We have engaged Sustainalytics and S&P, independent firms that specialize in rating environmental and corporate governance performance, to provide a second party opinion ("**SPO**") on our Sustainable Finance Framework and to confirm the alignment with the various principles described in the "Purpose" section of "Sustainable Finance Framework". The SPOs are available on our website. We cannot guarantee that we will be able to comply with the obligations as set out in the Sustainable Finance Framework. However, it will not be an event of default under the terms of the Bonds if we fail to comply with such obligations. Such failure may affect the value of the Bonds and/or may have consequences for certain investors with portfolio mandates to invest in green assets. Therefore, the Bonds may not be a suitable investment for all investors seeking exposure to green, social or sustainable assets.

There is currently no market consensus on what precise attributes are required for a particular project to be defined as "green, social or sustainable" and therefore no assurance can be provided to potential investors that the Eligible Projects (as defined in the Bonds Being Issued as Sustainable Bonds) will continue to meet the relevant eligibility criteria or meet all investor expectations regarding environmental impact. Although applicable green, social or sustainable projects are expected to be selected in accordance with the categories recognized in various principles described in the Sustainable Finance Framework and are expected to be developed in accordance with applicable legislation and standards, there can be no guarantee that adverse social and/or environmental developments will not occur during the design, construction, commissioning and/or operation of any such Eligible Projects. In addition, where any negative impacts are insufficiently mitigated, green, social or sustainable projects may become controversial, and/or may be criticized by activist groups or other stakeholders.

The SPOs may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed above and other factors that may affect the value of the Bonds. The SPOs are not a recommendation to buy, sell or hold the Bonds and are only current as of the date that each of the SPO was initially issued, and may be updated, suspended or withdrawn at any time. Currently, the providers of second-party opinions are not subject to any regulatory regime or oversight. A withdrawal of any of the SPOs or any failure to use the proceeds of the Bonds on projects within the definition of the Eligible Projects, or to meet or continue to meet the investment requirements of certain



environmentally-focused investors with respect to such Bonds, may have an adverse effect on the value of the Bonds and/or may have adverse consequences for certain investors with portfolio mandates to invest in green, social or sustainable assets.

In addition, in connection with the issue of the Bonds, the Issuer has requested the Hong Kong Quality Assurance Agency (the “HKQAA”) to issue independent certification (a “HKQAA Pre-issuance Stage Certificate”) confirming that the Bonds are in compliance with the requirements of the Green and Sustainable Finance Certification Scheme operated by the HKQAA (the “HKQAA Green and Sustainable Finance Certification Scheme”). The HKQAA Green and Sustainable Finance Certification Scheme is a set of voluntary guidelines that aims to facilitate the development of green and sustainable finance and the green and sustainable industry. The HKQAA Pre-issuance Stage Certificate has been obtained for the Bonds.

The HKQAA Pre-issuance Stage Certificate is not incorporated into, and does not form part of this Offering Circular. The HKQAA Pre-issuance Stage Certificate may not reflect the potential impact of all risks related to the Bonds, their marketability, trading price or liquidity or any other factors that may affect the price or value of the Bonds. The HKQAA Pre-issuance Stage Certificate is not a recommendation to buy, sell or hold securities and is only current as of its date of issue.

No assurance can be provided with respect to the suitability or reliability of the SPOs or that the Bonds will conform the Sustainable Finance Framework. Neither the independent assurance provider nor the Joint Lead Managers have undertaken, or are responsible for, any assessment of the eligibility of projects within the definition of Eligible Projects or the monitoring of the use of proceeds from the offering of the Bonds. Each potential purchaser of the Bonds should determine for itself the relevance of the information contained in this Offering Circular regarding the use of proceeds and its purchase of the Bonds should be based upon such investigation as it deems necessary. None of the Sustainable Finance Framework or the SPOs is incorporated into, or forms part of, this Offering Circular.

While it is the company’s intention to allocate an amount equal to the net proceeds received from the offering to refinance eligible green and social projects in accordance with the Sustainable Finance Framework, it would not be an event of default under the Trust Deed if it were to fail to comply with such intention. Any failure to use the net proceeds in connection with such eligible projects, and/or any failure to meet, or to continue to meet, the investment requirements of certain investors with environmental and/or social concerns with respect to the Bonds, may affect the value and/or trading price of the Bonds, and/or may have consequences for certain investors with portfolio mandates to invest in green projects. In the event that the Bonds are included in any dedicated “green”, “environmental”, “sustainable” or other equivalently-labelled index, no representation or assurance is given by the company or any other person that such listing or admission, or inclusion in such index, satisfies any present or future investor expectations or requirements as regards to any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable laws or regulations or by its own constitutive documents or other governing rules or investment portfolio mandates.

**The Bonds will initially be held in book-entry form, and therefore you must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.**

The Bonds will initially only be issued in global certificated form and held through Euroclear and Clearstream. Interests in the Global Certificates representing the Bonds will trade in book-entry form only, and Bonds in definitive registered form will be issued in exchange for book-entry interests only in very limited circumstances. Owners of book-entry interests will not be considered owners or holders of the Bonds for purposes of the Trust Deed. A common depositary for Euroclear and Clearstream will be the sole registered holder of the Global Certificates. Accordingly, you must rely on the procedures of Euroclear or Clearstream, and if you are not a participant in Euroclear or Clearstream, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder of the Bonds under the Trust Deed.

Upon the occurrence of an event of default under the Trust Deed, unless and until definitive registered Bonds are issued in respect of all book-entry interests, if you own a book-entry interest, you will be restricted to acting through Euroclear and Clearstream. The procedures to be implemented through Euroclear and Clearstream may not be adequate to ensure the timely exercise of rights under the Bonds. See “*Summary of Provisions Relating to the Bonds in Global Form*”.

## TERMS AND CONDITIONS OF THE BONDS

*The following other than the words in italics is the text of the terms and conditions of the Bonds which will appear on the reverse of each of the definitive certificates evidencing the Bonds:*

The issue of the US\$300,000,000 aggregate principal amount of 4.95 per cent. Guaranteed Bonds due 2026 (the “**Bonds**”, which term shall include, unless the context requires otherwise, any additional Bonds issued in accordance with Condition 15 and consolidated and forming a single series therewith) was authorised by a resolution of the Board of Directors of Expand Lead Limited (拓利有限公司)(the “**Issuer**”) passed on 29 June 2021. The Bonds are guaranteed by Minmetals Land Limited (the “**Guarantor**”). The giving of the Guarantee (as defined in Condition 3(b)) was authorised by a resolution of the Board of Directors of the Guarantor on 29 June 2021. The Bonds are constituted by a Trust Deed (as amended or supplemented from time to time, the “**Trust Deed**”) dated on or about 22 July 2021 between the Issuer, the Guarantor and Bank of Communications Trustee Limited (the “**Trustee**”, which expression shall include all persons for the time being acting as the trustee or trustees under the Trust Deed) as trustee for itself and the holders of the Bonds. These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bonds.

Copies of the Trust Deed and the Agency Agreement (as amended or supplemented from time to time, the “**Agency Agreement**”) dated on or about 22 July 2021 relating to the Bonds between the Issuer, the Guarantor, the Trustee, Bank of Communications Co., Ltd. Hong Kong Branch as registrar (the “**Registrar**”), Bank of Communications Co., Ltd. Hong Kong Branch as transfer agent (the “**Transfer Agent**” and together with any other transfer agents appointed from time to time, the “**Transfer Agents**”) and as initial principal paying agent (the “**Principal Paying Agent**”), and any other agents named therein, are available for inspection during usual business hours upon prior or written request and satisfactory proof of holding at the specified office of the Trustee (presently at 1/F Far East Consortium Bldg., 121 Des Voeux Road Central, Hong Kong) and at the specified office of the Principal Paying Agent. “**Agents**” means the Principal Paying Agent, the Registrar, the Transfer Agent and any other agent or agents appointed from time to time with respect to the Bonds. Certain provisions of these Conditions (as defined below) are summaries of the Trust Deed and the Agency Agreement and subject to their detailed provisions. The Bonds also have the benefit of a keepwell deed dated on or about 22 July 2021 (the “**Keepwell Deed**”) entered into by the Issuer, the Guarantor and China Minmetals Corporation (“**China Minmetals**”). The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Keepwell Deed are deemed to have notice of those provisions applicable to them of the Agency Agreement.

All capitalised terms that are not defined in these terms and conditions (the “**Conditions**”) will have the meanings given to them in the Trust Deed.

### 1 FORM, SPECIFIED DENOMINATION AND TITLE

The Bonds are issued in the specified denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof.

The Bonds are represented by registered certificates (“**Certificates**”) and, save as provided in Condition 2(a), each Certificate shall represent the entire holding of Bonds by the same holder.

Title to the Bonds shall pass only by transfer and registration of title in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”). Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Bond shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on the Certificate representing it or the theft or loss of such Certificate and no person will be liable for so treating the holder.

In these Conditions, “**Bondholder**” or, in respect of a Bond, “**holder**” means the person in whose name a Bond is registered in the Register (or in the case of a joint holding, the first name thereof).

*Upon issue, the Bonds will be evidenced by a global certificate (the “**Global Certificate**”) substantially in the form scheduled to the Trust Deed. The Global Certificate will be registered in the name of a nominee of, and deposited with, a common depository for, Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream**”) and will be exchangeable for individual Certificates only in the circumstances set out therein.*

## **2 TRANSFERS OF BONDS AND DELIVERY OF NEW CERTIFICATES**

- (a) **Transfer:** A holding of Bonds may, subject to Condition 2(d), be transferred in whole or in part upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate(s) representing such Bonds to be transferred, together with the form of transfer endorsed on such Certificate(s) (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may require. In the case of a transfer of only part of a holding of Bonds represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Bonds to a person who is already a holder of Bonds, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. No transfer of title to a Bond will be valid unless and until entered on the Register. All transfers of Bonds and entries on the Register will be made in accordance with the detailed regulations concerning transfers and registration of Bonds scheduled to the Agency Agreement. The regulations may be changed by the Issuer or the Registrar, with the prior written approval of the Trustee and (in the case of any change proposed by the Issuer) the Registrar. A copy of the current regulations will be made available by the Registrar to any Bondholder upon written request and satisfactory proof of holding.

*Transfers of interests in the Bonds evidenced by the Global Certificate will be effected in accordance with the rules of the relevant clearing systems.*

- (b) **Delivery of New Certificates:** Each new Certificate to be issued upon transfer of Bonds pursuant to Condition 2(a) shall be available for delivery within five business days of receipt of a duly completed form of transfer and surrender of the existing Certificate(s). Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(b), “**business day**” means a day, other than a Saturday, Sunday or public holiday, on which commercial banks are generally open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).
- (c) **Transfer or Exercise Free of Charge:** Certificates, on transfer, exercise of an option or redemption, shall be issued and registered without charge to the Bondholder by or on behalf of the Issuer, the Registrar or any Transfer Agent, but upon payment by the relevant

Bondholder of any tax or other governmental charges that may be imposed in relation to them (or the giving of such indemnity and/or security and/or prefunding as the Registrar or the relevant Transfer Agent may require).

- (d) **Closed Periods:** No Bondholder may require the transfer of a Bond to be registered (i) during the period of 15 days ending on (and including) the due date for redemption of that Bond, (ii) after a Change of Control Put Exercise Notice has been deposited in respect of such Bonds pursuant to Condition 6(c), (iii) after any such Bond has been called for redemption, or (iv) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(a)(ii)).

### 3 STATUS AND GUARANTEE

- (a) **Status:** The Bonds constitute direct, unsubordinated, unconditional and (subject to Condition 4(a)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a), at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.
- (b) **Guarantee:** The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Bonds and the Trust Deed. The Guarantor's obligations in respect of the Bonds and the Trust Deed (the "**Guarantee**") are contained in the Trust Deed (and any supplement thereto). The obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a), at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

### 4 COVENANTS

#### (a) Negative Pledge

So long as any Bond remains outstanding (as defined in the Trust Deed), neither the Issuer nor the Guarantor will, and each of the Issuer and the Guarantor shall procure that none of their respective Subsidiaries will, create, or permit to subsist, any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Bonds the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as either (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interest of the Bondholders or (ii) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

#### (b) NDRC Post-Issuance Filing

The Guarantor undertakes to file or cause to be filed with the National Development and Reform Commission (the "**NDRC**"), within the time period prescribed by the NDRC or pursuant to relevant laws and regulations after the Issue Date, the requisite information and documents in accordance with the Notice on Promoting the Reform of the Filing and Registration System for Issuance of Foreign Debt by Corporates (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知) promulgated by the NDRC on 14 September 2015 which came into effect immediately and any implementation rules, regulations, certificates, circulars or notices in connection therewith issued by the NDRC from time to time (the "**NDRC Post-Issuance Filing**"). The Guarantor shall submit or procure to be submitted to the NDRC Post-Issuance Filing and comply with all applicable PRC laws and regulations in relation to the NDRC Post-Issuance Filing.

The Guarantor shall within 14 PRC Business Days after submission of such NDRC Post-Issuance Filing (i) provide the Trustee with a certificate substantially in the form set out in the Trust Deed signed by an Authorised Signatory (as defined in the Trust Deed) of the Guarantor confirming the submission of the NDRC Post-Issuance Filing (together with the document(s), if any, evidencing due filing with the NDRC) and (ii) give notice to the Bondholders in accordance with Condition 16.

The Trustee shall have no obligation to monitor, assist with or ensure the completion of the NDRC Post-Issuance Filing on or before the deadline referred to above or to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection with the NDRC Post-Issuance Filing or to give notice to the Bondholders confirming the completion of the NDRC Post-Issuance Filing, and shall not be liable to Bondholders or any other person for not doing so.

**(c) Financial Statements**

So long as any Bond remains outstanding, the Guarantor shall:

**(A)**

- (x) where the Guarantor is listed on the SEHK and the SEHK maintains a website on which the Guarantor may publish its financial statements in English for public access, publish English financial statements on such website in accordance with the listing rules of the SEHK;
- (y) where the Guarantor is no longer listed on the SEHK or the SEHK ceases to make a website available for public access and it is otherwise not possible for the Guarantor to publish financial statements on the website of the SEHK, deliver to the Trustee:
  - (i) within 180 days after the end of the financial year of the Guarantor, being currently 31 December (any change of which, the Guarantor will notify in writing to the Trustee), its audited financial statements (on a consolidated basis, if applicable) prepared in accordance with Hong Kong Financial Reporting Standards for and as at the last financial year of the Guarantor;
  - (ii) within 90 days after the end of each first semi-annual period of the Guarantor, being currently 30 June (any change of which, the Guarantor will notify in writing to the Trustee), the unaudited financial statements (on a consolidated basis, if applicable) in respect of such first semi-annual period (including a statement of income, balance sheet and cash flow statement) prepared on a basis consistent with the audited financial statements of the Guarantor;

and if such financial statements shall be in the Chinese language, together with an English translation of the same translated by (aa) an internationally recognised firm of independent accountants (which may be the auditor of the Guarantor as at the Issue Date) or (bb) a professional translation service provider and checked by an internationally recognised firm of independent accountants (which may be the auditor of the Guarantor as at the Issue Date), together with a certificate in English signed by an Authorised Signatory of the Guarantor certifying that such translation is complete and accurate.

- (B)** deliver to the Trustee within 180 days after the end of each financial year of the Guarantor ending after the Issue Date, being currently 31 December (any change of which, the Guarantor will notify in writing to the Trustee), a certificate in English



signed by a director of the Guarantor stating whether, to such director's knowledge, the Guarantor is in compliance with all covenants and all conditions to be complied with by the Guarantor under the Bonds, the Guarantee and the Trust Deed; and the Issuer shall deliver to the Trustee within 180 days after the end of each financial year of the Issuer ending after the Issue Date, a compliance certificate signed by a director of the Issuer stating whether, to such director's knowledge, the Issuer is in compliance with all covenants and conditions to be complied with by the Issuer under the Bonds and the Trust Deed.

In these Conditions:

“**PRC**” means the People's Republic of China, which shall for the purpose of these Conditions only, exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan;

“**PRC Business Day**” means a day (other than a Saturday, Sunday or public holiday) on which commercial banks are generally open for business in Beijing;

“**Relevant Indebtedness**” means any indebtedness incurred outside the PRC which is in the form of, or represented or evidenced by bonds, notes, debentures, loan stock certificates or other securities (which for the avoidance of doubt, does not include any loans) which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter market or other securities market;

“**SEHK**” means The Stock Exchange of Hong Kong Limited; and

“**Subsidiary**” of any person means (a) any company or other business entity of which that person owns or controls (either directly or through one or more other Subsidiaries) more than 50 per cent. of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other business entity, or (b) any company or other business entity which at any time has its accounts consolidated with those of that person or which, under the laws, regulations or generally accepted accounting principles of the jurisdiction of incorporation of such person from time to time, should have its accounts consolidated with those of that person.

## **5 INTEREST**

The Bonds bear interest on their outstanding principal amount from and including 22 July 2021 at the rate of 4.95 per cent. per annum, payable semi-annually in arrear in equal instalments of US\$24.75 per Calculation Amount (as defined below) on 22 January and 22 July in each year (each an “**Interest Payment Date**”) commencing on 22 January 2022. Each Bond will cease to bear interest from the due date for redemption unless, upon surrender of the Certificate representing such Bond, payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant Bondholder, and (b) the day which is seven days after the Trustee or the Principal Paying Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to such seventh day (except to the extent that there is a failure in the subsequent payment to the relevant Bondholder under these Conditions).

If interest is required to be calculated for a period of less than a complete Interest Period (as defined below), the relevant day-count fraction will be determined on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

In these Conditions, the period beginning on and including 22 July 2021 and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an “**Interest Period**”.

Interest in respect of any Bond shall be calculated per US\$1,000 in principal amount of the Bonds (the “**Calculation Amount**”). The amount of interest payable per Calculation Amount for any period shall, save as provided above in relation to equal instalments, be equal to the product of 4.95 per cent., the Calculation Amount and the day-count fraction (determined in the same manner as stated above in this Condition 5) for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

## **6 REDEMPTION AND PURCHASE**

- (a) **Final Redemption:** Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 22 July 2026 (the “**Maturity Date**”). The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition 6.
- (b) **Redemption for Taxation Reasons:** The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice to the Trustee, the Agents and the Bondholders (which notice shall be irrevocable), at their principal amount, (together with interest accrued up to but excluding the date fixed for redemption), if (i) the Issuer or the Guarantor has or will become obliged to pay Additional Tax Amounts (as defined in Condition 8) as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands, Bermuda, Hong Kong or the PRC or any political subdivision or any authority thereof or therein having power to tax (each, a “**Relevant Jurisdiction**”), or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 15 July 2021, and (ii) such obligation cannot be avoided by the Issuer or the Guarantor (as the case may be) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or the Guarantor (as the case may be) would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due. Prior to the publication of any notice of redemption pursuant to this Condition 6(b), the Issuer or the Guarantor (as the case may be) shall deliver to the Trustee a certificate signed by any one Authorised Signatory of the Issuer or the Guarantor (as the case may be) stating that the obligation referred to in (i) above of this Condition 6(b) cannot be avoided by the Issuer or the Guarantor (as the case may be) taking reasonable measures available to it and an opinion of an independent legal or tax adviser of recognised standing that the Issuer or the Guarantor (as the case may be) has or will become obliged to pay Additional Tax Amounts as a result of such change or amendment or any such change in the application or official interpretation (as the case may be) and the Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the condition precedent set out in (ii) above of this Condition 6(b), in which event such acceptance shall be conclusive and binding on the Bondholders. All Bonds in respect of which any notice of redemption is given under this Condition 6(b) shall be redeemed on the date and in such manner as specified in such notice in accordance with this Condition 6(b).

Upon the expiry of any such notice as is referred to in this Condition 6(b), the Issuer shall be bound to redeem the Bonds in accordance with this Condition 6(b).

- (c) **Redemption upon a Change of Control:** At any time following the occurrence of a Change of Control, the holder of any Bond will have the right, at such holder's option, to require the Issuer to redeem all but not some only of that holder's Bonds on the Change of Control Put Date (as defined below) at 101 per cent. of their principal amount, together with accrued interest up to but excluding such Change of Control Put Date. In order to exercise such right, the holder of the relevant Bond must deposit at the specified office of the Principal Paying Agent or any other Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of the Principal Paying Agent or any other Paying Agent (a "**Change of Control Put Exercise Notice**"), together with the Certificate evidencing the Bonds to be redeemed by not later than 30 days following a Change of Control, or, if later, 30 days following the date upon which notice thereof is given to Bondholders by the Issuer in accordance with Condition 16.

The "**Change of Control Put Date**" shall be the fourteenth day after the expiry of such period of 30 days as referred to above. A Change of Control Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Bonds subject to the Change of Control Put Exercise Notices delivered as aforesaid on the Change of Control Put Date.

The Issuer shall give notice to Bondholders in accordance with Condition 16 and to the Trustee and the Principal Paying Agent by not later than 14 days following the first day on which it becomes aware of the occurrence of a Change of Control, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Bonds pursuant to this Condition 6(c). In this Condition 6(c):

a "**Change of Control**" occurs when:

- (i) China Minmetals ceases to:
- (a) directly or indirectly through its controlled corporations hold at least 40 per cent. of the issued share capital of the Guarantor; or
  - (b) together with its controlled corporations, in aggregate remain as the single largest shareholder of the Guarantor (the percentage of interest in the Guarantor held by China Minmetals shall be calculated and determined in accordance with Part XV of the Securities and Futures Ordinance (Cap. 571) of Hong Kong); or
  - (c) ceases to maintain Management Control of the Guarantor; or
- (ii) the Guarantor consolidates with or merges into or sells or transfers all or substantially all of the assets of the Guarantor to any other person or persons acting together, except where China Minmetals has Management Control of such person(s) or the resulting entity.

A company or corporation is a "**controlled corporation**" of another company or corporation if the second mentioned company or corporation controls, directly or indirectly, one-third or more of the voting power at general meetings of the first mentioned company or corporation, or if first mentioned company or corporation or its directors are accustomed to act in accordance with the directions of the second mentioned company or corporation.

"**Management Control**" in relation to a company, corporation or entity means the ability to, directly or indirectly, direct or cause the direction of the affairs of, and to control the composition of all or the majority of the members of the board of directors or equivalent

body of, such company, corporation or entity (including without limitation the right to appoint and remove the directors or equivalent officers of such company, corporation or entity).

A “**person**” includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state, agency of a state (in each case whether or not being a separate legal entity).

The Trustee and the Agents shall not be required to take any steps to ascertain whether a Change of Control has occurred and shall not be responsible for or liable to Bondholders, the Issuer, the Guarantor or China Minmetals for any loss arising from any failure to do so.

- (d) **Notices of redemption:** If there is more than one notice of redemption given in respect of any Bond (which shall include any notice given by the Issuer pursuant to Condition 6(b) and any Change of Control Put Exercise Notice given by a Bondholder pursuant to Condition 6(c)), the notice given first in time shall prevail and in the event of two notices being given on the same date, the first to be given shall prevail.

Neither the Trustee nor any of the Agents shall be responsible for calculating or verifying the calculations of any amount payable under any notice of redemption and shall not be liable to the Bondholders or any other person for not doing so.

- (e) **Purchase:** The Issuer, the Guarantor, China Minmetals and their respective Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price. The Bonds so purchased, while held by or on behalf of the Issuer, the Guarantor, China Minmetals or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Bondholders or for the purposes of Conditions 9, 12 and 13.
- (f) **Cancellation:** All Certificates representing Bonds purchased by or on behalf of the Issuer, the Guarantor, China Minmetals or their respective Subsidiaries shall be surrendered for cancellation to the Registrar and, upon surrender thereof, all such Bonds shall be cancelled forthwith. Any Certificates so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer and the Guarantor in respect of any such Bonds so cancelled shall be discharged.

## 7 PAYMENTS

(a) **Method of Payment:**

- (i) Payments of principal and premium (if any) shall be made (subject to surrender of the relevant Certificates at the specified office of any Paying Agent or of the Registrar if no further payment falls to be made in respect of the Bonds represented by such Certificates) in the manner provided in Condition 7(a)(ii) below.
- (ii) Interest on each Bond shall be paid on the due date to the person shown as the holder on the Register at the close of business on the fifth Payment Business Day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Bond shall be made in US dollars to the holder (or to the first named of joint holders) of such Bond at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in US dollars maintained by the payee with a bank.

*So long as the Global Certificate is held on behalf of Euroclear and Clearstream or any other clearing system, each payment in respect of the Global Certificate will be made to the person shown as the holder in the Register at the close of business of the relevant clearing system on the Clearing System Business Day before the due date for such payments, where “Clearing System Business Day” means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.*

- (iii) If the amount of principal being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of such Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested by the Issuer or a Bondholder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of interest being paid is less than the amount then due, the Registrar will annotate the Register with the amount of interest so paid.
- (b) **Payments subject to Fiscal Laws:** All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment. No commission or expenses shall be charged to the Bondholders in respect of such payments.

For the purposes of the preceding sentence, the phrase “fiscal or other laws, regulations and directives” will include any obligation of us to withhold or deduct from a payment pursuant to an agreement described in Section 1471(b) of the Internal Revenue Code of 1986, as amended (the “Code”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations thereunder or official interpretations thereof or any law implementing an intergovernmental approach thereto.

- (c) **Payment Initiation:** Where payment is to be made by transfer to an account in US dollars, payment instructions (for value the due date, or if that is not a Payment Business Day, for value the first following day which is a Payment Business Day) will be initiated, or, in the case of payments of principal and premium (if any) where the relevant Certificate has not been surrendered at the specified office of any Paying Agent or of the Registrar, on a Payment Business Day on which the Principal Paying Agent is open for business and on which the relevant Certificate is surrendered.
- (d) **Appointment of Agents:** The Principal Paying Agent, the Registrar and the Transfer Agent initially appointed by the Issuer and their respective specified offices are listed below. The Principal Paying Agent, the Registrar and the Transfer Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Bondholder. The Issuer reserves the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of the Principal Paying Agent, the Registrar, the Transfer Agent or any of the other Agents and to appoint additional or other paying agents and/or transfer agents and/or a replacement registrar, provided that the Issuer shall at all times maintain (i) a Principal Paying Agent, (ii) a Registrar with a specified office outside the United Kingdom, (iii) a Transfer Agent, and (iv) such other agents as may be required by any other stock exchange on which the Bonds may be listed, in each case, as approved in writing by the Trustee (where such approval is required by the terms of the Agency Agreement).

Notice of any such change or any change of any specified office shall promptly be given to the Bondholders in accordance with Condition 16.

- (e) **Delay in Payment:** Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Bond if the due date is not a Payment Business Day, or if the Bondholder is late in surrendering or cannot surrender its Certificate (if required to do so) or if a cheque mailed in accordance with Condition 7(a)(ii) arrives after the due date for payment.
- (f) **Non-Payment Business Days:** If any date for payment in respect of any Bond is not a Payment Business Day, the holder shall not be entitled to payment until the next following Payment Business Day nor to any interest or other sum in respect of such postponed payment. In this Condition 7, “**Payment Business Day**” means a day (other than a Saturday, a Sunday or a public holiday) on which banks are open for general business (including dealings in foreign currencies) in Hong Kong, London and New York City and on which banks and foreign exchange markets are open for business in the place in which the respective specified office of each of the Registrar and the Principal Paying Agent is located and, in the case of presentation of a Certificate, in the place in which the Certificate is presented and where payment is to be made by transfer to an account maintained with a bank, on which foreign exchange transactions may be carried on in US dollars.

## 8 TAXATION

All payments of principal, premium and interest by or on behalf of the Issuer or the Guarantor in respect of the Bonds or under the Guarantee shall be made free and clear of, and without withholding or deduction for, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within any Relevant Jurisdiction, unless such withholding or deduction is required by law.

Where such withholding or deduction is made by the Issuer or the Guarantor by or within the PRC at the aggregate rate applicable on 15 July 2021 (the “**Applicable Rate**”), the Issuer or the Guarantor (as the case may be) will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amount which would otherwise have been receivable by them had no such withholding or deduction been required.

If the Issuer or the Guarantor is required to make a deduction or withholding (i) by or within the PRC in excess of the Applicable Rate, or (ii) by or within any Relevant Jurisdictions except the PRC, then the Issuer or the Guarantor (as the case may be) shall pay such additional amounts (the “**Additional Tax Amounts**”) as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no Additional Tax Amounts shall be payable in respect of any Bond:

- (a) **Other connection:** to a holder (or to a third party on behalf of a holder) who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with the PRC other than the mere holding of the Bond or where the withholding or deduction could be avoided by the holder making a declaration of non-residence or other similar claim for exemption to the appropriate authority;
- (b) **Lawful avoidance of withholding:** to a holder (or to a third party on behalf of a holder) who would not be liable for or subject to such withholding or deduction by making a declaration of identity, non-residence or other similar claim for exemption to the relevant tax authority if, after having been requested to make such a declaration or claim, such holder fails to do so within any applicable period prescribed by such relevant tax authority; or



- (c) **Surrender more than 30 days after the Relevant Date:** in respect of which the Certificate representing it is presented for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on surrendering the Certificate representing such Bond for payment on the last day of such period of 30 days (as if such last day were a Business Day).

“**Relevant Date**” in respect of any Bond means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Bondholders that, upon further surrender of the Certificate representing such Bond being made in accordance with these Conditions, such payment will be made, provided that payment is in fact made upon such surrender.

Any reference in these Conditions to principal or interest shall be deemed to include any Additional Tax Amounts in respect of such principal or interest (as the case may be) which may be payable under this Condition 8 or any undertaking given in addition to or in substitution of this Condition 8 pursuant to the Trust Deed.

Neither the Trustee nor any Agent shall be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 8 or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, any Bondholder or any third party to (i) pay such tax, duty, charges, withholding or other payment in any jurisdiction or (ii) provide any notice or information to the Trustee or any Agent that would permit, enable or facilitate the payment of any principal, premium, interest or other amount under or in respect of the Bonds without deduction or withholding for or on account of any tax, duty, charge, withholding or other payment imposed by or in any jurisdiction.

## 9 EVENTS OF DEFAULT

If any of the following events (“**Events of Default**”) occurs, the Trustee at its discretion may, and if so requested by holders of at least 25 per cent. of the aggregate principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution shall (provided in any such case that the Trustee shall have first been indemnified and/or secured and/or pre-funded to its satisfaction), give written notice to the Issuer and the Guarantor that the Bonds are, and they shall immediately become, due and payable at their principal amount together (if applicable) with accrued interest:

- (a) **Non-Payment:** the Issuer fails to pay the principal of or any premium or interest on any of the Bonds when due and such failure continues for a period of seven days in the case of principal or premium and 14 days in the case of interest; or
- (b) **Breach of Other Obligations:** the Issuer, the Guarantor or China Minmetals does not perform or comply with any one or more of its other obligations under the Bonds, the Trust Deed or the Keepwell Deed (except for any obligation of China Minmetals relating to ownership, disposition or pledge of shares of the Guarantor in the Keepwell Deed, provided however that the holder of any Bond will have the right to require the Issuer to redeem that holder’s Bonds upon a Change of Control in accordance with Condition 6(c)) which default is incapable of remedy or, if such default is capable of remedy, such default is not remedied within 30 days after notice of such default shall have been given to the Issuer, the Guarantor or China Minmetals (as the case may be) by the Trustee; or
- (c) **Cross-Acceleration:** (i) any other present or future indebtedness of the Issuer, the Guarantor or any of their respective Subsidiaries for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or

- (iii) the Issuer, the Guarantor or any of their respective Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 9(c) have occurred equals or exceeds US\$35 million or its equivalent; or
- (d) **Enforcement Proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against a material part of the property, assets or revenues of the Issuer, the Guarantor or any of the Guarantor's Principal Subsidiaries and is not discharged or stayed within 30 days; or
- (e) **Security Enforced:** any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer, the Guarantor or any of the Guarantor's Principal Subsidiaries over all or a material part of the assets of the Issuer, the Guarantor or any of the Guarantor's Principal Subsidiaries becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) and is not discharged within 30 days; or
- (f) **Insolvency:** the Issuer, the Guarantor or any of the Guarantor's Principal Subsidiaries is (or is deemed by law or declared by a court of competent jurisdiction to be) insolvent or bankrupt or is unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or a material part of the debts of the Issuer, the Guarantor or any of the Guarantor's Principal Subsidiaries; or
- (g) **Winding-up:** an administrator is appointed, an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Issuer, the Guarantor or any of the Guarantor's Principal Subsidiaries, or the Issuer or the Guarantor or any of the Guarantor's Principal Subsidiaries ceases or threatens to cease to carry on all or substantially all of its business or operations, except for (i) the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by an Extraordinary Resolution of the Bondholders, (ii) in the case of a Principal Subsidiary, whereby the undertaking and assets of the Subsidiary are transferred to or otherwise vested in the Guarantor or another of its Subsidiaries, (iii) a solvent winding up of any Principal Subsidiary of the Guarantor (other than the Issuer) or (iv) a disposal on an arm's length basis where the assets resulting from such disposal are vested in the Guarantor or any of its Subsidiaries; or
- (h) **Nationalisation:** any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer, the Guarantor or any of the Guarantor's Principal Subsidiaries; or
- (i) **Authorisation and Consents:** any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer, the Guarantor or China Minmetals lawfully to enter into, exercise their respective rights and perform and comply with its obligations under the Bonds, the Trust Deed and the Keepwell Deed (other than with regard to the performance and compliance with the obligations thereunder); (ii) to ensure that those obligations are legally binding and

enforceable; (iii) to make the Bonds and the Trust Deed admissible in evidence in the courts of England is not taken, fulfilled or done; and (iv) to make the Keepwell Deed admissible in evidence in the courts of Hong Kong is not taken, fulfilled or done; or

- (j) **Illegality:** it is or will become unlawful for the Issuer, the Guarantor or China Minmetals to perform or comply with any one or more of its obligations under any of the Bonds, the Trust Deed or the Keepwell Deed;
- (k) **Analogous Events:** any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of Conditions 9(d) to 9(g) (both inclusive); or
- (l) **Unenforceability of Guarantee:** except as permitted under the Trust Deed, any part of the Guarantee is unenforceable or invalid or shall for any reason cease to be in full force and effect or is claimed to be unenforceable, invalid or not in full force and effect by the Issuer or the Guarantor; or
- (m) **Keepwell Deed:** the Keepwell Deed is not or is claimed by the Guarantor or China Minmetals not to be in full force and effect, or the Keepwell Deed is modified, amended or terminated other than strictly in accordance with their respective terms; or
- (n) **Ownership:** the Issuer ceases to remain a directly or indirectly wholly-owned Subsidiary of the Guarantor.

For the purposes of this Condition 9, “**Principal Subsidiary**” means any Subsidiary of the Guarantor:

- (i) whose revenues (consolidated in the case of a Subsidiary which has Subsidiaries) as shown by its income statement, included in the latest audited financial statements, is at least 5 per cent. of the consolidated revenues as shown by the published income statement, included in the latest audited financial statements, of the Guarantor and its consolidated Subsidiaries; or
- (ii) whose gross profit (consolidated in the case of a Subsidiary which itself has Subsidiaries) as shown by its income statement, included in the latest audited financial statements, is at least 5 per cent. of the consolidated gross profit as shown by the published consolidated income statement, included in the latest audited financial statements, of the Guarantor and its consolidated Subsidiaries, including, for the avoidance of doubt, the Guarantor and its consolidated Subsidiaries’ share of profits of Subsidiaries not consolidated and of associated entities and after adjustment for minority interests; or
- (iii) whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) as shown by its balance sheet, included in the latest audited financial statements, are at least 5 per cent. of the consolidated total assets of the Guarantor and its Subsidiaries as shown by the published consolidated balance sheet, included in the latest audited financial statements, of the Guarantor and its Subsidiaries; or
- (iv) to which is transferred the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, provided that the Principal Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Principal Subsidiary and the Subsidiary to which the assets are so transferred shall become a Principal Subsidiary at the date on which the first published audited accounts (consolidated, if appropriate), of the Guarantor prepared as of a date later than such transfer are issued unless such Subsidiary would continue to be a Principal Subsidiary on the basis of such accounts by virtue of the provisions of paragraphs (i), (ii) or (iii) above of this definition;

*provided that*, in relation to paragraphs (i), (ii) and (iii) above of this definition:

- A. in the case of a corporation or other business entity becoming a Subsidiary after the end of the financial period to which the latest consolidated audited accounts of the Guarantor relate, the reference to the then latest consolidated audited accounts of the Guarantor and its Subsidiaries for the purposes of the calculation above shall, until consolidated audited accounts of the Guarantor for the financial period in which the relevant corporation or other business entity becomes a Subsidiary are published, be deemed to be a reference to the then latest consolidated audited accounts of the Guarantor and its Subsidiaries adjusted to consolidate the latest audited accounts (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such accounts;
- B. if at any relevant time in relation to the Guarantor or any Subsidiary which itself has Subsidiaries, no consolidated accounts are prepared and audited, revenues, gross profit or total assets of the Guarantor and/or any such Subsidiary shall be determined on the basis of pro forma consolidated accounts prepared for this purpose by or on behalf of the Guarantor;
- C. if at any relevant time in relation to any Subsidiary, no accounts are audited, its revenues, gross profit or total assets (in each case consolidated, if appropriate) shall be determined on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by or on behalf of the Guarantor; and
- D. if the accounts of any Subsidiary (not being a Subsidiary referred to in proviso (A) above) are not consolidated with those of the Guarantor, then the determination of whether or not such Subsidiary is a Principal Subsidiary shall be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Guarantor.

A certificate signed by one director of the Guarantor stating that, in his/her opinion, a Subsidiary is or is not, or was or was not, a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties. The certificate shall, if there is a dispute as to whether any Subsidiary of the Guarantor is or is not a Principal Subsidiary be accompanied by a report by an internationally recognised firm of accountants addressed to the Guarantor as to proper extraction of the figures used by the Guarantor in determining the Principal Subsidiaries of the Guarantor and mathematical accuracy of the calculation.

Each of the Issuer and the Guarantor has undertaken in the Trust Deed that, within the applicable periods as set out in the Trust Deed, it will send to the Trustee a certificate signed by any one Authorised Signatory of the Issuer or, as the case may be, the Guarantor to the effect that as at a date not more than five days prior to the date of the certificate no Event of Default or Potential Event of Default (as defined in the Trust Deed) has occurred.

## **10 PRESCRIPTION**

Claims against the Issuer and the Guarantor for payment in respect of the Bonds shall be prescribed and become void unless made within 10 years (in the case of principal or premium) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

## **11 REPLACEMENT OF CERTIFICATES**

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations or other relevant regulatory authority regulations, at the specified office of the Registrar or such other Transfer Agent as may from time to time be designated by the Issuer for that purpose and notice of whose designation is given to Bondholders, in each case on payment by the

claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity and otherwise as the Issuer, the Registrar or the relevant Transfer Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

## 12 MEETINGS OF BONDHOLDERS, MODIFICATION AND WAIVER

- (a) **Meetings of Bondholders:** The Trust Deed contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed, the Agency Agreement or the Keepwell Deed. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Trustee if so requested in writing by the Bondholders holding not less than 10 per cent, in aggregate principal amount of the Bonds for the time being outstanding and subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. in aggregate principal amount of the Bonds for the time being outstanding, or at any adjourned meeting two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the maturity of the Bonds or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount of, any premium payable on redemption of, or interest on, the Bonds, (iii) to change the currency of payment of the Bonds, (iv) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, or (v) to cancel or amend the Keepwell Deed or the Guarantee, in which case the necessary quorum will be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in aggregate principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed).

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. in aggregate principal amount of the Bonds for the time being outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

- (b) **Modification, Waiver and Authorisation:** The Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to (i) any modification of the Bonds, any of these Conditions or any of the provisions of the Trust Deed, the Agency Agreement or the Keepwell Deed, that in its opinion is of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provision of law, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of the Bonds, any of these Conditions or any of the provisions of the Trust Deed, the Agency Agreement or the Keepwell Deed that is in the opinion of the Trustee not materially prejudicial to the interest of the Bondholders. Any such modification, authorisation or waiver shall be binding on the Bondholders and, unless the Trustee otherwise agrees, such modification, authorisation or waiver shall be notified by the Issuer (failing whom, the Guarantor) to the Bondholders as soon as practicable.
- (c) **Substitution:** The Trust Deed contains provisions permitting (but not obliging) the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Bondholders, to the substitution of another

company in place of the Issuer or the Guarantor, or of any previous substituted company, as principal debtor or guarantor under the Trust Deed and the Bonds. In the case of such a substitution, the Trustee may agree, without the consent of the Bondholders, to a change of the law governing the Bonds and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Bondholders. Under the Trust Deed, the Trustee may agree or require the Issuer or the Guarantor to use all reasonable endeavours to procure the substitution as principal debtor under the Trust Deed and the Bonds of a company incorporated in some other jurisdiction in the event of the Issuer or the Guarantor becoming subject to any form of tax on its income or payments in respect of the Bonds.

- (d) **Entitlement of the Trustee:** In connection with the exercise of its functions, rights, powers and discretions (including but not limited to those referred to in this Condition 12), the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders, and the Trustee shall not be entitled to require on behalf of any Bondholder, nor shall any Bondholder be entitled to claim, from the Issuer or the Guarantor any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders.

### 13 ENFORCEMENT

At any time after the Bonds become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer, the Guarantor and/or China Minmetals as it may think fit to enforce the terms of the Trust Deed, the Bonds and/or the Keepwell Deed (as the case may be), but it need not take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Bondholders holding at least 25 per cent. in aggregate principal amount of the Bonds for the time being outstanding, and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction. No Bondholder may proceed directly against the Issuer, the Guarantor or China Minmetals unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

### 14 INDEMNIFICATION OF THE TRUSTEE

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility and to be paid or reimbursed for any liabilities incurred by it in priority to the claims of the Bondholders. The Trustee is entitled to enter into business transactions with the Issuer, the Guarantor and China Minmetals and/or any entity related to the Issuer, the Guarantor and/or China Minmetals without accounting for any profit.

The Trustee may rely without liability to Bondholders, the Issuer or any other person on any report, confirmation, certificate or information from or on any advice or opinion of any legal counsel, accountants, valuers, auctioneers, surveyors, brokers, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation, certificate, information, advice or opinion, in which event such report, confirmation, certificate, information, advice or opinion shall be binding on the Issuer, the Guarantor, China Minmetals, the Trustee and the Bondholders.

Whenever the Trustee is required or entitled by the terms of the Trust Deed, the Agency Agreement, the Keepwell Deed or these Conditions to exercise any discretion or power, take any action, make any decision or give any direction, the Trustee is entitled, prior to exercising any such discretion or power, taking any such action, making any such decision or giving any such direction, to seek directions from the Bondholders by way of Extraordinary Resolution, provided that, in either case, the Trustee shall not be obliged to exercise such discretion or take such action unless it shall have been



indemnified, secured and/or prefunded to its satisfaction against all liabilities, and the Trustee shall not be responsible for any loss or liability incurred by any person as a result of any delay in it exercising such discretion or power, taking such action, making such decision or giving such direction as a result of seeking such direction from the Bondholders or in the event that no direction is given to the Trustee by the Bondholders.

None of the Trustee or any of the Agents shall be responsible for the performance by the Issuer and any other person appointed by the Issuer in relation to the Bonds of the duties and obligations on their part expressed in respect of the same and, unless it has written notice from the Issuer to the contrary, the Trustee and each Agent shall be entitled to assume that the same are being duly performed. None of the Trustee or any of the Agents shall be liable to any Bondholder, the Issuer or any other person for any action taken by the Trustee or any such Agent in accordance with the instructions of the Bondholders. The Trustee shall be entitled to rely on any direction, request or resolution of Bondholders given by Bondholders holding the requisite principal amount of Bonds outstanding or passed at a meeting of Bondholders convened and held in accordance with the Trust Deed. Neither the Trustee nor any of the Agents shall be under any obligation to ascertain whether any Winding-Up, Change of Control or any event which could give rise to a right on the part of the Issuer to redeem the Bonds has occurred or may occur or monitor compliance by the Issuer with the provisions of the Trust Deed, the Agency Agreement, the Keepwell Deed or these Conditions.

Each Bondholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer, the Guarantor and China Minmetals, and the Trustee shall not at any time have any responsibility or liability for the same and each Bondholder shall not rely on the Trustee in respect thereof.

## **15 FURTHER ISSUES**

The Issuer may from time to time without the consent of the Bondholders create and issue further securities either having the same terms and conditions as the Bonds in all respects (or in all respects save for the issue date, the first payment of interest on them and the timing for complying with provisions in these Conditions in relation to the NDRC Post-Issuance Filing) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Bonds) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Bonds include (unless the context requires otherwise) any other securities issued pursuant to this Condition 15 and forming a single series with the Bonds. Any further securities forming a single series with the outstanding securities of any series (including the Bonds) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Bondholders and the holders of securities of other series where the Trustee so decides.

## **16 NOTICES**

Notices to the holders of Bonds shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. The Issuer shall also ensure that notices are duly published in a manner that complies with the rules and regulations of any stock exchange or other relevant authority on which the Bonds are for the time being listed. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once, on the first date on which publication is made.

*So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or any Alternative Clearing System (as defined in the Trustee Deed), notice to the holders of the Bonds shall be validly given by the delivery of the relevant notice to*

*Euroclear or Clearstream or the Alternative Clearing System, for communication by it to entitled accountholders in substitution for notification as required by the Conditions, and such notice shall be deemed to be received by the Bondholders on the date of delivery of such notice to Euroclear or Clearstream or the Alternative Clearing System.*

## **17 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999.

## **18 GOVERNING LAW AND JURISDICTION**

- (a) **Governing Law:** (i) The Trust Deed, the Agency Agreement, and the Bonds are governed by, and shall be construed in accordance with, English law; and (ii) the Keepwell Deed is governed by and shall be construed in accordance with Hong Kong law.
- (b) **Jurisdiction:** The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds, the Trust Deed, the Agency Agreement and the Keepwell Deed and accordingly any legal action or proceedings arising out of or in connection with any Bond, the Trust Deed, the Agency Agreement or the Keepwell Deed (“**Proceedings**”) may be brought in such courts.
- (c) **Service of Process:** Each of China Minmetals and the Issuer irrevocably appoints the Guarantor at its principal place of business at 18/F, China Minmetals Tower, 79 Chatham Road South, Tsim Tsa Tsui, Kowloon, Hong Kong as its agent in Hong Kong to receive service of process in any Proceedings in Hong Kong. If for any reason the Guarantor shall cease to have an office in Hong Kong, each of the Issuer, the Guarantor and China Minmetals shall forthwith appoint a new agent for service of process in Hong Kong and shall deliver to the Trustee a copy of the new agent’s acceptance of their appointment within 30 days. Nothing in this Deed shall affect the right to serve process in any other manner permitted by law.
- (d) **Waiver of Immunity:** Each of the Issuer, the Guarantor and China Minmetals has waived any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence, and has irrevocably consented to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings.

## DESCRIPTION OF THE KEEPWELL DEED

*The following contains summaries of certain key provisions of the Keepwell Deed. Such statements do not purport to be complete and are qualified in their entirety by reference to the Keepwell Deed.*

Subject to the last paragraph of the section, at all times during the term of the Keepwell Deed,

- (a). China Minmetals undertakes with the Issuer, the Guarantor and for the benefit of the Trustee (on behalf of each holder of the Bonds) that it shall directly or indirectly through its controlled corporations hold at least 40 per cent. of the issued share capital of the Guarantor, and China Minmetals, together with its controlled corporations, shall in aggregate remain as the single largest shareholder of the Guarantor. The percentage of interest in the Guarantor held by China Minmetals as referred to this Clause shall be calculated and determined in accordance with Part XV of the Securities and Futures Ordinance (Cap. 571) of Hong Kong;
- (b). China Minmetals undertakes with the Issuer, the Guarantor and for the benefit of the Trustee (on behalf of each holder of the Bonds) that it shall maintain Management Control of the Guarantor;
- (c). the Guarantor undertakes with the Issuer, China Minmetals and for the benefit of the Trustee (on behalf of each holder of the Bonds) that it shall directly or indirectly own and hold all of the issued shares of the Issuer. The Guarantor will not directly or indirectly pledge, grant a security interest, or in any way encumber or otherwise dispose of any shares of the Issuer to the extent that it will result in the Guarantor ceasing to directly or indirectly own and hold all of the issued shares of the Issuer, except where it is required to do so pursuant to law or regulation or final judgment of a court; and
- (d). China Minmetals undertakes with the Issuer, the Guarantor and for the benefit of the Trustee (on behalf of each holder of the Bonds) that it shall procure that the Guarantor directly or indirectly owns and holds all of the issued shares of the Issuer. China Minmetals undertakes to procure that the Guarantor will not directly or indirectly pledge, grant a security interest, or in any way encumber or otherwise dispose of any shares of the Issuer to the extent that it will result in the Guarantor ceasing to directly or indirectly own and hold all of the issued shares of the Issuer, except where it is required to do so pursuant to law or regulation or final judgment of a court.

For the purposes of the Keepwell Deed:

a company or corporation is a “**controlled corporation**” of another company or corporation if the second mentioned company or corporation controls, directly or indirectly, one-third or more of the voting power at general meetings of the first mentioned company or corporation, or if first mentioned company or corporation or its directors are accustomed to act in accordance with the directions of the second mentioned company or corporation; and

“**Management Control**” in relation to a company, corporation or entity means the ability to, directly or indirectly, direct or cause the direction of the affairs of, and to control the composition of all or the majority of the members of the board of directors or equivalent body of, such company, corporation or entity (including without limitation the right to appoint and remove the directors or equivalent officers of such company, corporation or entity).

Subject to the final paragraph of the section, for so long as the Bonds are outstanding, China Minmetals further undertakes with the Issuer, the Guarantor and for the benefit of the Trustee (on behalf of the holders of the Bonds) that it shall cause, in any manner as China Minmetals at its sole discretion deems appropriate and in compliance with the laws and regulations applicable to China Minmetals:

- (a). each of the Issuer and the Guarantor to have a Consolidated Net Worth of at least U.S.\$1.00 at all times;
- (b). each of the Issuer and the Guarantor to remain solvent and a going concern at all times under the laws of their respective jurisdiction of incorporation;
- (c). the Issuer to have sufficient liquidity to ensure timely payment by the Issuer of any amounts payable in respect of the Bonds in accordance with the terms and conditions of the Bonds; and
- (d). the Guarantor to have sufficient liquidity to ensure timely payment by the Guarantor of any amounts payable under the Guarantee of the Bonds.

For purposes of the Keepwell Deed:

“**Consolidated Net Worth**” means, in relation to the Issuer or the Guarantor, the excess of its total assets over total liabilities, in each case on a consolidated basis and to be determined in accordance with Financial Reporting Standards as issued by the Hong Kong Institute of Certified Public Accountants consistently applied.

Furthermore, subject to the final paragraph of the section, for so long as the Bonds are outstanding, China Minmetals undertakes in the Keepwell Deed:

- (a). to procure that the memorandum and articles of association of the Issuer and the memorandum and bye-laws of the Guarantor shall not be amended in a manner that is, directly or indirectly, adverse to holders of the Bonds and the Guarantee of the Bonds;
- (b). to cause (i) the Issuer to remain in full compliance with the terms and conditions of the Bonds, the Trust Deed and all applicable rules and regulations in the British Virgin Islands and Hong Kong and (ii) the Guarantor to remain in full compliance with the terms and conditions of the Bonds, the Trust Deed, the Guarantee and all applicable rules and regulations in Bermuda and Hong Kong; and
- (c). to ensure, in any manner as China Minmetals at its sole discretion deems appropriate and in compliance with the laws and regulations applicable to China Minmetals, that the Issuer and the Guarantor has sufficient funds to meet their respective obligations with respect to any and all fees, expenses and obligations of the Issuer or the Guarantor, including but not limited to fees and expenses with respect to the corporate formation and administration of the Issuer or the Guarantor.

The parties to the Keepwell Deed will acknowledge that in order for China Minmetals to comply with its obligations under the Keepwell Deed, China Minmetals may require governmental or regulatory approvals, permits and filings pursuant to applicable laws.

The Keepwell Deed may be modified, amended or terminated by the written agreement of the parties thereto provided the Trustee is satisfied that the interests of the holders of the Bonds would not be thereby materially prejudiced by such modification, amendment or termination or the Trustee otherwise consents to such modification, amendment or termination.

The Keepwell Deed will be governed by Hong Kong law.

The Keepwell Deed is not, and nothing therein contained and nothing done pursuant thereto by China Minmetals shall be deemed to constitute, a guarantee by China Minmetals of the payment of any obligation, indebtedness or similar liability, of any kind or character whatsoever, of the Issuer under the

laws of any jurisdiction. China Minmetals therefore shall not have any obligation to make direct payment or any similar liabilities and thereby disclaims and direct payment obligation and/or any similar liabilities under the Keepwell Deed.

## **DESCRIPTION OF THE ISSUER**

### **OVERVIEW**

The Issuer was incorporated as a BVI business company with limited liability on 20 April 2011 under the laws of the British Virgin Islands. The registered office of the Issuer is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. The current maximum number of authorised shares of the Issuer is 50,000 shares of par value US\$1.00 each. The Issuer has one share in issue.

### **BUSINESS ACTIVITY**

The Issuer is a wholly-owned subsidiary of the Guarantor. As at the date of this Offering Circular, the Issuer has not, since its incorporation, engaged in any material activities other than those relating to the issue of bonds and activities incidental thereto.

### **DIRECTORS**

The directors of the Issuer as at the date of this Offering Circular are Mr. He Jianbo and Mr. Chen Xingwu.

### **FINANCIAL STATEMENTS**

As at the date of this Offering Circular, save for the issue of the Bonds and other activities reasonably incidental thereto, the Issuer has no business nor assets and therefore, it has not prepared any financial information since its incorporation.



## DESCRIPTION OF THE KEEPWELL PROVIDER

### OVERVIEW

Founded in 1950, China Minmetals was established by the State Council as the designated trading channel for mineral and industrial products in the PRC. Since then, China Minmetals has become the largest metals and mining conglomerate in the PRC and holds a leading position in the global metals and mining industry according to Fortune Magazine. Among the 51 structurally important state-owned enterprises supervised by the SASAC, it has been selected by the SASAC to be one of the “ten key enterprises” for becoming “world-class enterprises” as part of the 13th Five-Year Plan’s internationalisation strategy. In 2016, China Minmetals was selected by the SASAC as the first state-owned capital investment pilot company in the metals and mining industry. China Minmetals was ranked 92th overall and second in the metals industry among the Fortune Global 500 in terms of revenue for the year ended 31 December 2020, according to Fortune Magazine, which marked the 14th consecutive year China Minmetals was ranked on this list.

China Minmetals is a leading, vertically integrated commodities group with a global presence and a diversified portfolio of metals and minerals products. China Minmetals engages in metals and mining businesses and emerging diversified businesses. China Minmetals’ comprehensive businesses comprise (i) metals and minerals, (ii) metallurgical construction, (iii) trade and logistics, and (iv) finance and real estate.

Within the PRC, China Minmetals’ long-standing operations have reinforced its leadership across many non-ferrous and other metals, and have established China Minmetals’ leading market positions along each step of the metals and mining value chain. Globally, China Minmetals has grown its portfolio of mining assets and developed strategic footholds in major base metals producing regions worldwide, particularly for base metals such as copper and zinc.

On 8 December 2015, as approved by the PRC Government, China Metallurgical Group Corporation (the “**MCC Group**”) has become a wholly-owned subsidiary of China Minmetals (the “**Strategic Restructuring**”) and, consequently, the MCC Group’s financial results have been consolidated into China Minmetals’ financial statements since then. China Minmetals believes that the consolidation of the MCC Group has strengthened and will further strengthen its capital position and resources, improve its efficiencies, lower its operating costs and enhance its integrated business model across the metals and mining value chain. Leveraging the strong research and development capability, the synergy of the metallurgical businesses and diversified businesses brought into China Minmetals by the MCC Group, China Minmetals’ competitiveness has been further enhanced, laying the foundation for the formation of a world-class metals and mining conglomerate.

For the avoidance of doubt, the PRC government is not an obligor and shall not under any circumstances bear any obligations arising out of or in connection with the Bonds, the Guarantee or the Keepwell Deed in lieu of us or China Minmetals. The PRC Government only assumes limited liability as a shareholder of China Minmetals, which is limited to its equity contributions in China Minmetals. The Bonds are solely to be repaid by and the Guarantee is solely to be discharged by us as an independent legal person.

### COMPETITIVE STRENGTHS

#### **Strong support from the PRC Government**

China Minmetals fulfils a crucial, strategic role in the PRC national economy and, as a result, receives strong support from the PRC Government through various initiatives which help advance China Minmetals’ strategic and financial objectives. China Minmetals is one of the strategically important state-owned enterprises supervised by the SASAC and has been selected by the SASAC to be one of the “ten key enterprises” for creating “world-class enterprises” as part of the 13th Five-Year Plan’s

internationalisation strategy. China Minmetals' mission is to maintain the supply of mineral resources for the PRC, to lead innovative industrial transformation and upgrading, and to support the "Belt and Road Initiative" of the PRC Government (the "**Belt and Road Initiative**"). In addition, China Minmetals' chairman and president are directly appointed by the State Council and its senior management team is directly appointed by the SASAC. Some examples of government support received by China Minmetals to date include:

- ***Support for restructuring and consolidation of state-owned enterprises:*** The PRC Government has actively promoted the restructuring and consolidation of state-owned enterprises and China Minmetals has benefited from the PRC Government's restructuring and consolidation plans. Since 2004, China Minmetals has grown its capital base through various capital injections and consolidated quality assets through various asset transfers and asset restructuring exercises. On 8 December 2015, as approved by the PRC Government, the MCC Group has become a wholly owned subsidiary of China Minmetals and the financial results of the MCC Group have been consolidated into China Minmetals' financial statements since 1 January 2016. The SASAC's support for the Strategic Restructuring demonstrated its commitment to the reform of state-owned enterprises and its goal to develop China Minmetals into a strategically important conglomerate. China Minmetals believes that the consolidation of the MCC Group with China Minmetals will further strengthen its capital position, improve operating efficiencies, lower its operating costs and enhance its integrated business model across the metals and mining value chain.
- ***Financial support through financial grants and preferential tax treatment:*** China Minmetals received government grants from the PRC Government to support its capital and operational needs. In addition, China Minmetals has received tax incentives and government funding for its research and development projects. China Minmetals has also received special purpose funds for its projects from Chinese policy banks, including China Development Bank and Export-Import Bank of China.
- ***Support for overseas expansion:*** The PRC Government supports China Minmetals' international expansion plans as a means of securing strategic overseas mining resources and ensuring a steady supply of strategic resources for the PRC. Over the years of successful international expansion, China Minmetals has established overseas bases for copper in Peru, Democratic Republic of The Congo and Afghanistan, for chrome in South Africa, for zinc in Australia and for nickel in Papua New Guinea.
- ***Other strategic and business support:*** The PRC Government also provides China Minmetals with support in its business strategy and development. For example, China Minmetals is frequently invited to participate in policy discussions and plays an important role in establishing multiple industry standards and specifications in the metals and mining industry. It is one of the first enterprises in the PRC that has obtained exclusive exploration right and prioritised mining right to certain international coastal mining areas. China Minmetals' diversified business model is also supported by the PRC Government. For example, China Minmetals is the only SASAC-owned central enterprise which is qualified to design and construct theme parks. In 2016, China Minmetals was selected by the SASAC as one of the six second-batch, state-owned capital investment pilot enterprises to carry out capital investment activities, and was the first enterprise selected in the metals and mining industry. In addition, China Minmetals is also one of the largest ferrous metallurgic engineering research and design centres, and has undertaken the construction tasks for several major national steel industry bases such as Baosteel, Anshan Iron and Steel, Wuhan Iron and Steel, and Panzhihua Iron and Steel.

### **The largest metals and mining conglomerate in the PRC with a leading position globally**

China Minmetals is a leading integrated metals and mining conglomerate in the PRC, with an established and growing portfolio of mining assets and an extensive marketing network. China Minmetals is one of the largest producers and held the largest amount of reserves across a broad range of metals and minerals in China, and will continue to strengthen its position globally as a leading producer in base metals.

Within the PRC, China Minmetals is a leading producer of a number of non-ferrous and other minerals. China Minmetals believes that nationwide it was the largest producer of mineral copper, one of the largest suppliers of non-ferrous metals and materials and steel structures, one of the six operation groups for rare earth and the largest independent producer for iron ore. China Minmetals believes that it held the world's largest amount of bismuth, tungsten and antimony reserves and is the largest antimony products producer in the world. In addition, capitalising on its abundant mining resources with world-class quality around the world, China Minmetals believes that it is the largest metallurgical engineering constructor in the world and one of the largest raw material suppliers in metallurgical industry, with world-leading metallurgical engineering design and research centres. China Minmetals ranked the 8th in terms of overseas construction revenue in the 2019 ENR's Top 250 Global Contractors List and is one of the world's largest comprehensive product construction companies.

China Minmetals plays a strategic role to the mineral resource security of the PRC. For mining resources in scarcity in the PRC, such as copper, lead, zinc and iron ore, China Minmetals contributed a material part to the PRC's mining reserves. For mining resources in abundance in the PRC, such as tungsten, bismuth and antimony, China Minmetals leverages its advantages as the largest metals and mining conglomerate in the PRC and continues to a world-leading producer for tungsten, bismuth and antimony.

The completion of the Strategic Restructuring has further strengthened China Minmetals' mining assets portfolio, as the MCC Group currently holds mining interests in six overseas mines which have abundant mineral resources in iron ore, copper, nickel, gold, zinc and lead. In addition, the MCC Group also engages in the production of polysilicon in Henan province. Following the completion of the Strategic Restructuring, China Minmetals now has copper resources in Peru, Australia and Afghanistan, chrome resources in South Africa, zinc resources in Australia, and nickel resources in Papua New Guinea. Leveraging the MCC Group's metallurgical engineering business, China Minmetals was one of the largest sellers of ferrous metals in China, one of the largest suppliers of steel structures and other raw materials for the metallurgical industry in China, one of the largest metallurgical engineering contractor in the world and one of the largest metallurgical construction operation service enterprise groups in the world, and operated a leading metallurgical engineering research and design centre.

### **Integrated business model across the metals and mining industry value chain supports operational stability and increases synergy, competitiveness and profitability**

China Minmetals believes diversity is a vital competitive advantage in achieving superior business stability relative to its less diversified peers in the industry by delivering significant cash flow and risk diversification through its many commodity exposures, geographic locations and operating platforms. By offering a wide portfolio of products with varying correlations to the underlying economic and commodity cycles, China Minmetals aims to mitigate its overall exposure to price volatility and achieve business stability. China Minmetals' worldwide presence and activities allow it to further diversify its revenue and cash flow composition and reduce susceptibility to geopolitical or specific risks in a particular jurisdiction. China Minmetals also benefits from its processing and trading operations, which tend to be less correlated to commodity price volatility compared to its mining operations. China Minmetals' extensive business platform has also grown to encompass diversified industries, including real estate, finance and infrastructure and urbanisation construction, which complements its core mining business, increases China Minmetals' overall profitability and provides further diversification and

effective hedges against commodity and macroeconomic cycles for China Minmetals. China Minmetals believes that its well-balanced and complementary assets platform establishes a strong foundation for its long-term growth.

China Minmetals has established an integrated business model that covers each key segment of the value chain in the metals and mining industry, including metallurgical engineering, construction, development of mineral resources, manufacturing and processing of minerals and metals, and minerals marketing and logistics services. This integrated business platform provides unique competitive advantages over its peers operating in only one segment or a few segments of the metals and mining value chain. In addition, in 2020, China Minmetals further cooperated with Rio Tinto, a global mining conglomerate, to establish a joint venture in Hainan province to further strengthen China Minmetals' mining exploration expertise.

The integrated business model enhances China Minmetals' operational stability through ownership of physical commodities traded by China Minmetals. China Minmetals' exploration, mining, smelting and processing operations help secure a stable, reliable supply of commodities and products for China Minmetals' trading activities and ensure stability in China Minmetals' vertically integrated business model. China Minmetals' acquisition of one of the world's largest copper mines, Las Bambas, has significantly strengthened China Minmetals' copper production capabilities. An integrated business platform with operational stability provides the unique advantage of pursuing opportunities which maximise returns across the entire supply chain, and enhances China Minmetals' opportunities to further expand other available business initiatives.

The completion of the Strategic Restructuring has further enhanced China Minmetals' integrated business model across the metals and mining value chain, with opportunities for synergy arising from the addition of the MCC Group's capability in engineering, procurement and construction management ("EPCM") as well as its mining, processing, smelting and trading assets and capabilities. For example, through cross-segment referral and collaboration, the MCC Group has successfully obtained the EPC general contract of the CNI Ferronickel Smelting Project in Indonesia and a 10-year exclusive sales agreement for the ferronickel produced afterwards, which in turn has brought a stable supply of nickel from Indonesia for China Minmetals' Material Development business. The completion of the Strategic Restructuring has also further strengthened China Minmetals' mining assets portfolio, created a unique business model with complementary segments, and reinforced China Minmetals' market competitiveness, bargaining power, operation capability and access to new opportunities. This would be achieved through the utilisation of the MCC Group's metallurgical EPCM capability for the design and construction of China Minmetals' mine sites, especially for greenfield projects. Leveraging the MCC Group's research and development platform, experience, management and comprehensive EPCM solutions, China Minmetals' mining operations could be further optimised. In addition, steel or raw materials used as part of the MCC Group's EPCM business could be sourced internally from China Minmetals' mines, which enhances the stability of supply and increases profitability. China Minmetals' subsidiaries can also share experiences and researches in designated areas and topics, such as environmental protection. There has been collaborated efforts, internally within China Minmetals and externally with Wuhan University, in the recycling of mine tailings, as part of China Minmetals' enhanced environmental protection contribution.

Furthermore, China Minmetals' in-house operations allow China Minmetals to retain a high degree of control in its marketing and trading activities. As a result, China Minmetals preserves direct connectivity with customers, develops long-term relationships and gathers superior market intelligence, which reinforces its market leadership and competitiveness. For instance, capitalising on its strong sales and marketing capacities, China Minmetals has become a leading trading company of minerals and metals in the PRC. Vertical integration also allows China Minmetals to capture profit margins along the value chain.

In addition, China Minmetals' fully-licensed financial service entity provides comprehensive financial services to the members of China Minmetals. For example, Minmetals Securities Co., Ltd. (“**Minmetals Securities**”) has facilitated ABS issuance and PPP project financing for other subsidiaries in China Minmetals, and Mianyang Bank, in which China Minmetals owns equity interest, provided credits to China Minmetals for its PPP projects.

**Significant growth potential of China Minmetals' infrastructure and urbanisation construction business and new materials and new resources business and opportunities arising from the Belt and Road Initiative enhance overall profitability**

China Minmetals has engaged in various businesses, including metallurgical construction business and new energy materials segment, which have favourable industry dynamics and growth potential. China Minmetals believes that it has various strengths in such businesses to capture significant industry potential for growth in the future, further increasing China Minmetals' overall profitability.

China Minmetals is a leading metallurgical and other construction solutions provider, and actively participates in the development of smart cities and eco-friendly cities. China Minmetals conducts metallurgical construction projects mainly through the MCC Group. The metallurgical engineering and construction business has been the MCC Group's core focus and strongest business area, which provides China Minmetals with strong research and development capacity and extensive construction experience. China Minmetals has been traditionally involved in metallurgical engineering projects, such as Hejing Steel Base Project in Vietnam, Papua New Guinea Ramu Ni-co Project, OBI Ferronickel project in Indonesia. China Minmetals has also expanded its business to cover various landmark construction projects, including the Universal Studios in Singapore, Shanghai Disneyland, the subway (MRT) project in Singapore, the airport express highway in Sri Lanka and sewage treatment project in Shanghai. China Minmetals is also one of the pioneers in the construction of integrated subterranean piping systems and ranked first in terms of market share and construction mileage in the integrated subterranean piping system construction market in China in 2018 being involved in various integrated subterranean piping system construction projects including in Zhuhai, Xi'an, Lanzhou and Shenzhen. China Minmetals is also an expert in the field of special theme park engineering, being the only enterprise in China with theme park design and construction capabilities and qualifications. Leveraging the MCC Group's expertise in engineering, China Minmetals has the required experience, technology and construction capabilities to carry out transportation infrastructure construction and other construction involving various industries, including mining, environmental protection, power and energy management, chemicals and optoelectronic industries, and capture the opportunities arising from the Belt and Road Initiative.

China Minmetals believes that the Belt and Road Initiative will bring about significant demand for infrastructure projects in the Belt and Road regions. This is expected to increase demand for China Minmetals' metals and minerals business and create a broader overseas market for China Minmetals' metallurgical engineering and infrastructure and urbanisation construction businesses. Key infrastructure and urbanisation construction projects undertaken by China Minmetals in the Belt and Road regions include metallurgical engineering projects, city parks and roads construction. China Minmetals is positioned as a leading urbanisation constructor and provides comprehensive project solutions. As at the date of this Offering Circular, it occupied the largest market share in terms of length in underground utility tunnels network construction in the PRC. It is the only SASAC-owned central enterprise which is qualified to design and construct theme parks. China Minmetals has gained increased presence in overseas expansion along the Belt and Road Initiative areas, utilising these advantages, resources and experiences previously accumulated.

In relation to its new energy materials business, China Minmetals has comprehensive exploration, mining, research and processing capabilities across the entire industry value chain. China Minmetals primarily produces lithium, cobalt and nickel-cobalt under its new energy material segment. In response to the rapid increasing demands for lithium cathodes, China Minmetals has been focusing on



manufacturing lithium cathodes in recent years. China Minmetals' operation covers critical stages and aspects of the value chain through the lithium industry, from mining, processing, to producing positive and negative electrode materials.

### **Strong research and development capability drives business growth**

China Minmetals' strong research and development capability supports its businesses and maximises synergy, by, for example, improving China Minmetals' mining capabilities and its ability to undertake high value-added engineering and construction projects, and enabling China Minmetals to develop or adopt new technology for its development of new materials, energy resources and construction methods.

China Minmetals continuously invest in research and development activities. China Minmetals has a team of high-calibre talents who are on the cutting edge of the industry's development, including members of the China Engineering Academy and the National Million Talents Plan, national survey and design engineers, hundreds of employees with doctorate degrees in various technological areas. China Minmetals also has various national technology innovation platforms and national key laboratories, including the National Steel Smelting Equipment and System Integrated Engineering Technology Research Centre, the National Steel Production and Efficiency Optimisation Engineering Technology Research Centre, the National Steel Industrial Environmental Protection Key Laboratory, the National Industrial Construction Analysis and Transformation Engineering Technology Research Centre, the National Steel Structure Technology Research Centre, the National Steel Construction Material Quality Control and Testing Centre and the National Sintering Pellet Equipment System Engineering Technology Research Centre.

China Minmetals has received numerous awards in recognition of its strong research and development capability, including the National Science and Technology Advancement Award, the National Patent Excellent Award, the Nonferrous Metals Industrial Science and Technology Award and the Metallurgical Science Technology Award by China Metallurgical Industry Association and China Metallurgical Society. In 2020, China Minmetals was ranked 92nd overall, and was the second in the metals industry among the Fortune Global 500 in terms of revenue for the year ended 31 December 2020, according to the Fortune Magazine, which marked the 14th consecutive year China Minmetals was ranked on this list. In 2017, China Minmetals was ranked fourth in the metals industry, on the list of "World's Most Admired Companies" ranking by Fortune Magazine. Key award-winning technologies developed by China Minmetals include clean and effective coking technology and the application of relevant equipment, typhoon and disaster prevention theories and application to roof and enclosure systems, tungsten, fluoride, phosphorus and calcium strategic mineral resources flotation interface assemble technology and application, coke ventilation control and application and an environmental friendly bottom-filtration blast furnace slag equipment and application.

### **Diversified financing channels with prudent internal management to maintain a healthy debt structure and sustainable cash flow**

China Minmetals has diversified financing channels and prudent internal management and control systems in place to ensure business sustainability and to improve cash flow and liquidity. China Minmetals has implemented central management on capital to enhance its efficiency. Under centralized management, China Minmetals has successfully raised capital through multiple issuances of bonds in both domestic and offshore capital markets. It has also tapped into the capital market through equity financing transactions, including private placement, strategic investment and employee share issuance. With its strategic positioning in the nation's metals and minerals sector, stable profitability and secured and sustainable cash flow, China Minmetals maintains close relationships with major financial institutions in China and overseas. This close relationship allows China Minmetals to maintain diversified low-cost funding channels and ample credit facilities as well as liquidity to support its business operations, capital investments and acquisitions requirements.



## **Experienced management team and a sustainable development strategy**

Through over 50 years of efforts in the PRC and overseas, along with support from its remuneration committee which reviews, among others, its equity incentive plans, China Minmetals has forged a dedicated management team with extensive industry experience and global vision, which can quickly capture market opportunities. China Minmetals' senior management team has significant experience in the global metals and mining industry and strong technical and operational expertise in mining operations, as well as in the processing, manufacturing and marketing of minerals and metals. Many members of the senior management of China Minmetals have extensive experience of working within China Minmetals for over 20 years, accumulating significant industry knowledge and skills in managing China Minmetals' business operations.

In addition, many members of China Minmetals' management team have received education or on-position training overseas and participated in many cross-border mergers and acquisitions. As a result, China Minmetals' management team has accumulated valuable experience in managing and operating overseas investment or production projects. The significant experience and proven track record of China Minmetals' successful development provide China Minmetals' senior management team with an in-depth understanding of the metals and mining industry, allowing them to develop a long-term strategy to enhance China Minmetals' leading position and lead its future development.

To ensure sustainable development by China Minmetals: China Minmetals attaches great importance to the development, maintenance and improvement of its risk management system and also commits to the highest safety and environmental standards in its operations.

- ***Risk management system:*** China Minmetals has established a comprehensive, integrated risk management system with three lines of defences across all business operations. China Minmetals' risk management committee oversees the risk management practices of China Minmetals while China Minmetals' audit committee is responsible for the supervision and internal audit of China Minmetals' risk management policies and practices. Both the risk management committee and the audit committee report to the board of directors of China Minmetals. China Minmetals believes that its risk management system is well recognised in the PRC, as it has been highlighted by the SASAC to other state-owned enterprises as a recommended practice.
- ***Workplace safety:*** China Minmetals aims to create a safety-oriented enterprise by establishing a safety management platform, with a motto of "cover all, tolerate none" towards safety concerns, in order to enhance the safety of its employees and establish a safe work environment. China Minmetals has made substantial investment towards the production safety initiatives, and has received several national awards in respect of its safety standards and track records, including the Golden Bee Excellent enterprise for Social Responsibility Report Award in 2016.
- ***Environmental sustainability:*** China Minmetals is a member of the United Nations Global Compact and has applied environmental protection concepts in every stage of its operations. China Minmetals has received several awards in respect of its environmental protection practices both in the PRC and overseas. For example, China Minmetals has established an environmental protection management platform, developed the operation of green mines and promoted other green activities such as emission reduction and reduced energy consumption. In addition, China Minmetals phased out four obsolete processes, significantly reducing its consumption of standard coal, and conducted environmental protection training activities for its personnel.

## **BUSINESS STRATEGIES**

China Minmetals aims to leverage its trading and resources base and become a globally competitive and internationally influential metals and mining conglomerate and a reputable, world-class and innovative multinational enterprise. In addition, China Minmetals aims to strengthen its role in securing strategic and scarce mineral resources for the PRC, and play a leading role in the reform and transformation of the metals and mining industry. It plans to achieve these objectives through the execution of the following business strategies:

### **Continue expanding China Minmetals' key business segments domestically and globally, in particular capitalising on growth opportunities arising from the Belt and Road Initiative**

China Minmetals intends to continue to secure high-quality mining assets, increasing its reserves and resources through organic development and exploration opportunities within its existing portfolio both domestically and overseas. For example, China Minmetals' acquisition of Las Bambas in 2014, the largest outbound copper asset acquisition of the PRC and one of the world's largest copper projects under development at the time, has significantly strengthened China Minmetals' copper production capabilities and overall profitability. Within the PRC, China Minmetals intends to focus on minerals with abundant reserves domestically, such as tungsten and rare earths, to further strengthen its leadership at home and globally. China Minmetals primarily produces lithium, cobalt and nickel-cobalt under its new energy materials segment and expects to focus on growing this business segment to capitalise on the rapidly growing demand for these materials. Production increases through improved mining plans, better technology and operational efficiencies will be evaluated and pursued in order to expand its supply of commodities.

China Minmetals will also continue to focus on technological innovation and the development of new techniques and products in its metallurgical engineering, construction business, as well as improve its existing key technologies in metallurgical engineering. China Minmetals will focus, in particular, on energy saving and emission reduction technologies.

China Minmetals also plans to capitalise on the rapid urbanisation of the PRC to expand its infrastructure and urbanisation construction business by leveraging its experience and strengths in metallurgical construction and engineering. China Minmetals will focus primarily on public transportation, municipal administration, clean energy, urban complex construction, integrated subterranean piping system construction and featured theme projects. China Minmetals plans to increase its investment in technology development for the infrastructure and urbanisation construction market, as well as its investment in management, personnel, equipment and sales and marketing.

In respect of overseas markets, as emerging market economies continue to industrialise and urbanise, and economic exchanges between China and its neighbouring countries continue to grow, especially those along the Asian economic corridors, China Minmetals is poised to capitalise on opportunities for China Minmetals to expand overseas. In particular, the Belt and Road Initiative is expected to increase demand for China Minmetals' metals and minerals business and create a broader overseas market for China Minmetals' metallurgical engineering and infrastructure and urbanisation construction business. China Minmetals will also continue to strategically select attractive overseas acquisitions to add to its core portfolio of long-life, low-cost, nonferrous focused mining assets. China Minmetals aims to capitalise on its strong government support, extensive global network, local business relationships and its strengths in branding, technology and capital to proactively implement its international expansion plans, while maintaining strict control over overseas business risks and improving the operations of overseas projects with strengthened local management. At the same time, China Minmetals also aims to implement plans to increase production at existing operations using strategies similar to those employed domestically.

### **Further enhance synergies among China Minmetals' business segments**

In addition to its metals and mining businesses segments, China Minmetals has built an extensive business platform, including real estate and financial services, to enhance China Minmetals' overall profitability and provide further diversification and effective hedges against commodity and macroeconomic cycles. China Minmetals intends to capitalise on its integrated business platform and capabilities to enhance synergies among its business segments. For example, China Minmetals' finance business has facilitated obtaining funding for China Minmetals' mining business. China Minmetals' business segments could also provide or support many complementary growth opportunities to its emerging diversified business segments in the form of information sharing, intelligence gathering, fiscal support and customer relationships. Within a business segment, China Minmetals also intends to strengthen communication and collaboration to collect better market and customer knowledge, and to generate cross-selling opportunities.

China Minmetals will focus on sharing resources and integrating the mining, processing, smelting and trading operations, as well as the real estate development business, of China Minmetals and the MCC Group. China Minmetals intends to develop synergies arising from the addition of the MCC Group's EPCM capability as well as its mining, processing, smelting and trading assets and capabilities, by utilising the MCC Group's metallurgical EPCM capability for the design and construction of China Minmetals' mining sites, especially for greenfield projects. China Minmetals will also continue to promote its internal collaboration, by integrating the businesses of the MCC Group, in the purchases and sales of steel, steel mill negotiations, logistics park development, agent bidding, financing, capital operation and other areas. Leveraging the MCC Group's research and development platform, experience, management and comprehensive EPCM solutions, China Minmetals' mining operations could be further optimised. In addition, the steel or raw materials used as part of the MCC Group's EPCM business could be sourced internally from China Minmetals' mines, which enhances the stability of supply and increases profitability.

### **Promote the development of China Minmetals as a state-owned capital investment enterprise**

In 2016, China Minmetals was selected by the SASAC as the first and one of the six second-batch, state-owned capital investment pilot enterprises to carry out capital investment activities, and was the first enterprise selected in the metals and mining industry. In furtherance of the goals of the pilot programme, China Minmetals has reorganised the functional departments at its headquarters and reduced the number of staff to increase operational efficiency. China Minmetals intends to continue to improve the efficiency of its administrative and management processes and, in particular, processes associated with the implementation of business strategy, determination of commercial decisions, establishment of development objectives, risk control and performance assessment. Furthermore, China Minmetals intends to maintain its focus on cost control and asset utilisation. For example, China Minmetals conducted the development and construction of the Las Bambas mine on time and on budget with commercial production having commenced in 2016, demonstrating its management team's ability to mitigate common risks on development and construction projects, such as cost overrun and delay in delivery. China Minmetals also intends to enhance its capital management policies, establish a framework and build an effective model for capital investment and improve the operation of state-owned assets.

### **Enhance customer loyalty by expanding business footprint and providing value-added services globally, and pursue sustainable growth**

China Minmetals believes that its global expansion across business segments and along the value chain will improve customer loyalty by providing convenience, better responsiveness, ease of access, and a superior, more comprehensive product and service offering. For instance, China Minmetals' ongoing investment in, and acquisitions of, mining and processing assets will further ensure a secure, long-term supply for its customers in its trading operations. China Minmetals will also optimise distribution channels to improve customer reach, product availability and delivery operations. In addition, China Minmetals plans to further enhance customer experience by providing value-added

services such as more accessible logistics, supply chain management and financing services. China Minmetals will continue to expand its product, geographical and service offerings to further improve long-term customer satisfaction and loyalty.

One of China Minmetals' key strategic visions is to "develop a green enterprise". China Minmetals is committed to pursuing sustainable growth through promoting a corporate culture of "building an environmentally friendly company". China Minmetals intends to strictly follow relevant laws and regulations and maintain open communications as well as regular engagements with regulators, local communities and other stakeholders. China Minmetals will continue to adopt advanced energy conservation technologies and upgrade its facilities and production process to reduce pollution and improve its waste recovery and recycling ratios.

### **Continue to promote technological innovation and the development of key technologies**

China Minmetals intends to continue to develop and strengthen its technology innovation platform by optimising the allocation of technology resources, obtaining national financial support for research and development and focusing its efforts on promoting technology innovation so as to maintain, reinforce and develop itself as an innovative enterprise. China Minmetals has assembled a team of high-calibre talents responsible for its research and development activities, and has built national technology innovation platforms and national key laboratories.

China Minmetals will adapt advanced overseas technologies for the Chinese market, while leveraging the core technological advantages of its existing businesses to focus on the research and development of new techniques, new technology and new products, in order to reinforce its leading positions and increase its competitiveness and market shares. China Minmetals will also intensify applied research and speed up the application and industrialisation of technological research achievements so as to promptly turn scientific research achievements into economic benefits.

### **AWARDS**

- In 2020, China Minmetals was ranked 92nd overall, and was the second in the metals industry among the Fortune Global 500 in terms of revenue for the year ended 31 December 2020, according to the Fortune Magazine, which marked the 14th consecutive year the Group was ranked on this list.
- In 2019, China Minmetals was ranked 112th overall, and was the first in the metals industry among the Fortune Global 500 in terms of revenue for the year ended 31 December 2018, according to the Fortune Magazine.
- In 2018, China Minmetals was ranked 109th overall, and was the first in the metals industry among the Fortune Global 500 in terms of revenue for the year ended 31 December 2018, according to the Fortune Magazine, which marked the 12th consecutive year China Minmetals was ranked on this list.
- In 2017, China Minmetals was ranked fourth in the metals industry, on the list of "World's Most Admired Companies" ranking by Fortune Magazine.
- In 2017, China Minmetals was ranked 120th overall, and was the first in the metals industry among the Fortune Global 500 in terms of revenue for the year ended 31 December 2016, according to Fortune Magazine.
- In 2017, China Minmetals was awarded "Outstanding Contribution Award 2017" by China Foundation of Poverty Alleviation and won the 2017 National Science and Technology Awards with four scientific and technological achievements.

- In 2015, China Minmetals was awarded the “Outstanding Enterprise in Overseas Resources Development Strategy” award by the China Non-ferrous Metals Magazine and China Nonferrous Metals Industry Association.
- In 2015, China Minmetals won the “Evergreen Award of GoldenBee Excellent CSR Report 2015” and the “Innovation Award of GoldenBee Excellent CSR Report 2015” in the eighth GoldenBee International Conference on CSR Reporting sponsored by China WTO Tribune and China Business Council for Sustainable Development, and co-sponsored by the Embassy of Sweden in Beijing and Deutsche Gesellschaft für Internationale Zusammenarbeit.
- In 2015, China Minmetals’ subsidiary, Zhuzhou Cemented Carbide, was awarded the Second-Class Honour of the State Technological Invention Award by the State Council for its technological achievement in high-performance, tungsten-based composite materials and their applications.
- In 2014, China Minmetals was recognised as one of the “Most Influential Enterprises in China” by China Enterprise Confederation.
- In 2014, China Minmetals won the “China Industrial Award”, which is the highest award in the Chinese industrial sector approved by State Council and appraised by CFIE.
- In 2014, China Minmetals was ranked as one of the top 10 state-owned enterprises and was ranked first in the metals industry by CSR indicators, according to the Research Report on Corporate Social Responsibility in China (2014).
- In 2014, China Minmetals was awarded the “Best Environmental Protection Practices” award by Global Compact Network China.

## **OTHER INFORMATION**

In December 2017, China Minmetals completed the procedures to transform into a joint-stock limited company with its Chinese name changed to “中國五礦集團有限公司”.

## SUMMARY OF PROVISIONS RELATING TO THE BONDS IN GLOBAL FORM

*The Global Certificate contains provisions which apply to the Bonds while they are in global form, some of which modify the effect of the Terms and Conditions of the Bonds set out in this Offering Circular.*

*Terms defined in the Terms and Conditions of the Bonds set out in this Offering Circular have the same meanings in the paragraphs below.*

The Bonds will be represented by the Global Certificate which will be registered in the name of a nominee of, and deposited with, a common depository for Euroclear and Clearstream.

Under the Global Certificate, the Issuer, for value received, will promise to pay such principal, Distribution (including any Arrears of Distribution and any Additional Distribution Amount) and premium (if any) on the Bonds to the holder of the Bonds on such date or dates as the same may become payable in accordance with the Terms and Conditions of the Bonds.

Owners of interests in the Bonds in respect of which the Global Certificate is issued will be entitled to have title to the Bonds registered in their names and to receive individual definitive Certificates if either Euroclear or Clearstream or any other clearing system (an “**Alternative Clearing System**”) is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so.

The individual definitive Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Certificate. Such exchange will be effected in accordance with the provisions of the Trust Deed, the Agency Agreement and the regulations concerning the transfer and registration of the Bonds scheduled thereto and, in particular, shall be effected without charge to any holder of the Bonds or the Trustee, but against such indemnity and/or security as the Registrar or the relevant Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

The Issuer will cause sufficient individual definitive Certificates to be executed and delivered to the Registrar for completion, authentication and dispatch to the relevant holders of the Bonds. A person with an interest in the Bonds in respect of which the Global Certificate is issued must provide the Registrar not less than 30 days’ notice at its specified office of such holder’s intention to effect such exchange and a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such individual definitive Certificates.

In addition, the Global Certificate will contain provisions which modify the Terms and Conditions of the Bonds as they apply to the Bonds evidenced by the Global Certificate. The following is a summary of certain of those provisions:

### **PAYMENTS**

All payments in respect of Bonds represented by a Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where “Clearing System Business Day” means Monday to Friday, inclusive, except 25 December and 1 January.

### **BONDHOLDER’S REDEMPTION**

The Bondholder’s redemption option in Condition 6(c) of the Terms and Conditions of the Bonds may be exercised by the holder of the Global Certificate giving notice to the Principal Paying Agent or any other Paying Agent of the principal amount of Bonds in respect of which the option is exercised within the time limits specified in the Conditions.



## **ISSUER'S REDEMPTION**

The options of the Issuer provided for in Condition 6 of the Terms and Conditions of the Bonds shall be exercised by the Issuer giving notice to the Bondholders within the time limits set out in and containing the information required by the relevant Condition.

## **TRANSFERS**

Transfers of interests in the Bonds will be effected through the records of Euroclear and Clearstream (or any Alternative Clearing System) and their respective participants in accordance with the rules and procedures of Euroclear and Clearstream (or any Alternative Clearing System) and their respective direct and indirect participants.

## **CANCELLATION**

Cancellation of any Security by the Issuer following its redemption or purchase by the Issuer will be effected by a reduction in the principal amount of the Bonds in the register of Bondholders and the Global Certificate on its presentation to or to the order of the Principal Paying Agent for annotation (for information only) in Schedule A of the Global Certificate.

## **MEETINGS**

For the purposes of any meeting of Bondholders, the holder of the Bonds represented by the Global Certificate shall (unless the Global Certificate represents only one Security) be treated as two persons for the purposes of any quorum requirements of a meeting of Bondholders and as being entitled to one vote in respect of each integral currency unit of the currency of the Bonds.

## **TRUSTEE'S POWERS**

In considering the interests of Bondholders while the Global Certificate is registered in the name of a nominee for a clearing system, the Trustee may, to the extent it considers it appropriate to do so in the circumstances, but without being obligated to do so, (a) have regard to any information as may have been available to it by or on behalf of the relevant clearing system or its operator as to the identity of its accountholders (either individually or by way of category) with entitlements in respect of the Bonds and (b) consider such interests on the basis that such accountholders were the holders of the Bonds in respect of which the Global Certificate is issued.

## **CALCULATION OF INTEREST**

So long as the Bonds are represented by a Global Certificate and such Global Certificate is held on behalf of a clearing system, the Issuer has promised, *inter alia*, to pay interest in respect of such Bonds from the Issue Date in arrear at the rates, on the dates for payment, and in accordance with the method of calculation provided for in the Conditions, save that the calculation is made in respect of the total aggregate amount of the Bonds represented by such Global Certificate.

## **NOTICES**

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or any Alternative Clearing System, notices to holders of the Bonds shall be given by delivery of the relevant notice to Euroclear or Clearstream or such Alternative Clearing System, for communication by it to accountholders entitled to an interest in the Bonds in substitution for notification as required by the Terms and Conditions of the Bonds.

## **USE OF PROCEEDS**

We estimate the gross proceeds from this Offering to be U.S.\$300,000,000 before deducting the commissions to be charged by the Joint Lead Managers and other expenses. We intend to use the proceeds for refinancing of existing indebtedness in accordance with our Sustainable Finance Framework. See “*Bonds Being Issued as Sustainable Bonds*” for more information.

## **BONDS BEING ISSUED AS SUSTAINABLE BONDS**

### **PURPOSE**

The Sustainable Finance Framework has been developed to demonstrate how we will, among entering into other green and social financing transactions, issue the Bonds to fund new and existing projects and businesses with environmental and/or social benefits that aligned with:

- Green Bond Principles 2018 by International Capital Markets Association (“**ICMA**”);
- Social Bond Principles 2020 by ICMA;
- Sustainability Bond Guidelines 2018 by ICMA;
- Green Loan Principles 2021 by Loan Market Association (“**LMA**”); and
- Social Loan Principles 2021 by LMA.

### **BACKGROUND**

#### **Our company’s sustainability objectives**

We have envisioned ourselves to be a leading innovative and sustainable real estate developer – with sustainability being our company’s top business priority. It is an integral part of our company’s mission to create shared value and long-term commitment to building sustainable communities and is a core consideration for our company’s property business. Our company strives to incorporate its corporate mission “Building the Best, Creating a Legend” into its business operation to perform its corporate and social obligations while developing the business. Our company strives to maximize its sustainability impact by prioritizing issues that are most material to its business and stakeholders.

#### **5M Intelligent Health Product System**

Our company strives to adhere to the focus of developing high quality products. In 2020, our company implemented during the 5M intelligent health product system which promotes and implements the concept of health life, smart system, delicate management, comfortable environment and green materials into its product lines. 5M intelligent health product system in projects concerning merit in healthy living, mutual and intelligent system for households and community, mindful of the need to provide caring services and protective security system, merry and comfortable lifestyle and environment and to master green construction. Accordingly, the intelligent applications, environmental and green elements are integrated into the design of our company’s real estate development projects. Our company will continue to innovate designs for residential development, sales and marketing models, branding effect and property management services to realize the “people-oriented” principle to bring about high-quality products and services to residents.

#### **Sustainable Procurement**

To reduce the potential environmental impact, our company works closely with suppliers and other organizations for environmentally friendly materials and equipment. Since 2017, our company joined the first voluntary emission reduction programme formed by renowned property developers, and becomes one of the pioneer members of the “China Real Estate Industry Green Supply Chain Initiative” (the “**Green Chain Initiative**”).

Through frequent interaction with members of the “Green Chain Initiative”, our company continuously improves the procurement management mechanism. Our company adheres to the consideration of suppliers’ legal compliance, quality control and suppliers’ performance on environmental protection to promote sustainable procurement practices in the industry. In 2020, our

company had cooperation with a total of 12 whitelisted suppliers in the “Green Chain Initiative”, who supplied our company with hardware, air conditioners, kitchen appliances, elevators, wallpaper and other construction materials.

### **Sustainable Construction**

To enhance environmental protection during project construction, our company has formulated the “Minmetals Land Safe Construction Standards” in accordance with the “Green Construction Management Regulations” (DB11/513-2008) as well as national, industry standards and local regulations, which require employees and contractors on site to comply with the construction safety, environmental protection and social-related regulations. Our company has carried out works in accordance with the local regulations on environmental protection for construction projects and has controlled emissions and pollution (such as dust, waste, noise and exhaust) at compliant levels. Our company also strive to use renewable energy to reduce the use of electricity or large-scale equipment to minimize the impact on the environment.

### **APPLICATION OF THE SUSTAINABLE FINANCE FRAMEWORK**

The Green Bond Principles 2018, Social Bond Principles 2020 and Sustainability Bond Guidelines 2018 are voluntary process guidelines for best practices when issuing the Bonds.

For the purpose of issuing the Bond, we have developed the following framework, which aligns with the four core components of the Green Bond Principles 2018, the Social Bonds Principles 2020 or the Sustainability Bond Guidelines: (1) use of proceeds, (2) the process for evaluation and selection, (3) management of proceeds, and (4) reporting, as set out in the Sustainable Finance Framework.

### **USE OF PROCEEDS**

The net proceeds of the Bond will be used to fund or refinance, in whole or in part, new or existing projects that meet one or more of the following categories as either eligible green project or eligible social projects (“**Eligible Projects**”). Our company has also identified how each of the eligible green and social category is contributing to the targets of the United Nations Sustainable Development Goals (“**SDG**”).

The Eligible Projects could be within and/or outside of PRC and Hong Kong, as well as meet the definition of more than one category. If the Eligible Projects fit into more than one category, we can choose to attribute that Eligible Project to a specific category that is deemed to have the largest impact.

### **Eligible Green Projects**

- **Green Buildings:** new development and/or redevelopment of existing buildings that have or will receive certain certification systems;
- **Renewable Energy:** renewable energy system (solar and wind) of solar and wind adoption as an alternative to fossil fuel-based sources; Renewable energy investments, including but not limited to purchasing renewable energy certificates recognised by international standards/organisations or procurement of offsite renewable energy through power purchase agreements with third party energy providers and local partners in Hong Kong and PRC;
- **Energy Efficiency:** projects relating to adoption of smart technologies and/or systems for optimising energy management in new and existing buildings (e.g. lighting and motion sensors) or retrofitting projects (e.g. replacing air-conditioning chiller or lift systems). Such projects will result in achieving a minimum 15% reduction in energy usage intensity for new and existing buildings compared to its baseline;

- **Pollution Prevention and Control:** facilities, systems and equipment that are used for the collection, treatment, and recycling of waste (excluding landfilling);
- **Sustainable Water and Wastewater Management:** water saving features to reduce domestic and commercial water consumption; or facilities, systems and equipment that are used for the collection, treatment, and recycling of wastewater, in either case such projects will result in achieving a minimum 15% reduction in water usage intensity for new and existing buildings compared to its baseline;
- **Climate Change Adaption:** development of buildings/assets to enhance resilience towards material physical climate risk of flood risk; and
- **Clean Transportation:** electric vehicles and related infrastructure that utilizes technology to replace direct use of fossil fuels, which generate greenhouse gas emissions.

### Eligible Social Projects

- **Equitable Access to Essential Services:** facilities for the less-privileged group in society.

### GOVERNANCE STRUCTURE

The governance structure of our sustainable development structure is a three-tier working mechanism which is comprised of supervision level, decision-making level and execution level. Our board of directors is the highest level to set sustainability objectives and oversee all aspects of sustainable development. The Executive Committee (“**EC**”) comprises of all of our executive directors to strengthen the systematic management of sustainable development. The Sustainable Development Working Group (“**SDWG**”) comprises of the senior members from various departments including Operations, Design, Finance, Investor Relations and Company Secretary.

EC and SDWG have overall responsibility for implementing this Sustainable Finance Framework. The main responsibilities include, but not limited to, amending the scope of financial instruments covered by this Sustainable Finance Framework, eligibility for use of proceeds, updating the process to align the purpose of this Sustainable Finance Framework relevant to our business activities, and reviewing and approving nominated Eligible Projects.

### PROCESS FOR EVALUATION AND SELECTION

All respective business units within our company shall consider and nominate any Eligible Project to the EC. The shortlisted projects will be reviewed by our EC and SDWG to ensure that the nominated Eligible Project meet the criteria under the Sustainable Finance Framework. All Eligible Projects will be endorsed by SDWG and approved by EC. After such projects are approved and considered as an Eligible Project in accordance with this Sustainable Finance Framework, it will be earmarked for the use of proceeds under this Sustainable Finance Framework.

### MANAGEMENT OF PROCEEDS

We will establish a register of the Bonds (“**Register**”) under this Sustainable Finance Framework with Finance teams being responsible for the management of proceeds. The Register will include the following information for the Bonds:

- **Funding Transaction:** key information including, issuing entity transaction date, the principal amount of proceeds, repayment or amortisation profile, maturity date, and interest or coupon and the ISIN code.
- **Allocation of Use of Proceeds:** information including:

- name and basic details of Eligible Projects to which the Bonds' proceeds have been allocated in accordance with this Sustainable Finance Framework;
- amount of the Bonds' proceeds allocated to each project;
- confirmation of EC's endorsement that a project is considered to be an Eligible Project; and
- the remaining amount of proceeds of the Bonds' that have not been allocated to Eligible Projects.

Any balance of proceeds of the Bonds not earmarked to fund Eligible Projects will be held in accordance with our normal treasury or liquidity management policy.

If any of the Eligible Projects cease to fulfil requirements of use of proceeds under the Sustainable Finance Framework, we will identify other projects that comply with the Sustainable Finance Framework and allocate the Bonds to those assets as soon as is practicable.

## **REPORTING**

We will prepare a progress report on an annual basis to disclose the allocation of the borrowed funds or the net proceeds of the Bonds on its corporate website (<http://www.minmetalsland.com>) or annual report until the proceeds are fully allocated. Such information will be provided until all the net proceeds have been allocated. Where applicable, this progress report will consist mainly information from the Register:

### **Allocation Reporting**

- amount of allocated proceed by eligible category (in first column of Eligible Projects);
- amount of allocated proceed for financing and refinancing;
- remaining balance of unallocated proceeds at the end of reporting period (if any);
- lookback period of refinanced projects; and
- description of green and/or social projects.

### **Impact Reporting**

We will report the environmental and/or social impact of allocated Eligible Projects, where relevant and application. Subject to the nature of Eligible Projects and availability of information, we will consider the following impact indicators:

#### *Green Buildings*

- green building certification obtained; and
- total floor area of certified green buildings.

#### *Renewable energy*

- amount of power generated from renewable energy; and
- amount of greenhouse gases avoided.

#### *Energy efficiency*

- energy saved;



- CO2 and other greenhouse gas avoided; and
- reduction in energy usage intensity for existing buildings compared to its baseline.

*Pollution prevention and control*

- amount of waste reduced and/or diverted from landfills.

*Sustainable Water and Wastewater Management*

- amount of water saved;
- efforts in providing facility for rainwater harvesting; and
- reduction in water usage intensity for existing buildings compared to its baseline.

*Climate Change Adoption*

- area covered by sponge city-related projects in; and
- number of people benefitted from reduced flood risk and associated benefits of sponge city-related projects.

*Clean Transportation*

- amount of CO2 avoided due to electric vehicles when compared with conventional vehicles; and
- amount of harmful emissions when compared with conventional vehicles.

*Equitable Access to Essential Services*

- number of facilities built and the corresponding less-privileged community served;
- number of healthcare devices/facilities deployed; and
- number of education and training devices/facilities deployed.

**EXTERNAL REVIEW**

**Pre-Issuance Review**

We have engaged independent assurance providers, Sustainalytics and S&P, to provide a second party opinion (“SPO”) on this Sustainable Finance Framework. This SPO is performed to confirm the alignment of this Sustainable Finance Framework with the key features of various principles described in the “Purpose” section of this Sustainable Finance Framework. Unless there are material changes to this Sustainable Finance Framework, the SPO will be done on a one-off basis.

We have also engaged S&P & HKQAA as independent providers to evaluate on the environmental and social benefit from Eligible Projects. Unless there are material changes to Eligible Projects, this evaluation will be done on a one-off basis.

**Post-Issuance Review**

We may engage an independent third party to conduct post issuance assurance on the allocation of proceeds and impact reporting.

The Framework, pre-issuance review and post-issuance review will be made available on [www.minmetalsland.com](http://www.minmetalsland.com).

## EXCHANGE RATES

### HONG KONG

The Hong Kong dollar is freely convertible into other currencies, including the U.S. dollar. Since 17 October 1983, the Hong Kong dollar has been linked to the U.S. dollar at the rate of HK\$7.80 to U.S.\$1.00. The Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China (the "Basic Law"), which came into effect on 1 July 1997, provides that no foreign exchange control policies shall be applied in Hong Kong.

The market exchange rate of the Hong Kong dollar against the U.S. dollar continues to be determined by the forces of supply and demand in the foreign exchange market. However, against the background of the fixed rate system which applies to the issuance and withdrawal of Hong Kong currency in circulation, the market exchange rate has not deviated significantly from the level of HK\$7.80 to U.S.\$1.00. In May 2005, the Hong Kong Monetary Authority broadened the 22-year-old trading band from the original rate of HK\$7.80 per U.S. dollar to a rate range of HK\$7.75 to HK\$7.85 per U.S. dollar. The Hong Kong government has indicated its intention to maintain the link within that rate range. Under the Basic Law, the Hong Kong dollar will continue to circulate and remain freely convertible. The Hong Kong government has also stated that it has no intention of imposing exchange controls in Hong Kong and that the Hong Kong dollar will remain freely convertible into other currencies, including the U.S. dollar.

The following table sets forth the exchange rate of the Hong Kong dollar against the U.S. dollar. For all dates through 31 December 2008, exchange rates between the Hong Kong dollars and U.S. dollars are presented at the noon buying rate in the City of New York for cable transfers in Hong Kong dollars per U.S. dollar as certified for customs purposes by the Federal Reserve Bank of New York. For 1 January 2009 and all later dates and periods, the exchange rate refers to the noon buying rate as set forth in the weekly H.10 statistical release of the U.S. Federal Reserve Board.

	Noon buying rate			
	Period end	Average <sup>(1)</sup>	High	Low
	(HK\$ per U.S.\$1.00)			
2016 .....	7.7534	7.7618	7.8270	7.7505
2017 .....	7.8128	7.7926	7.8267	7.7540
2018 .....	7.8305	7.8376	7.8499	7.8043
2019 .....	7.7894	7.8333	7.8499	7.7850
2020 .....	7.7534	7.7562	7.7951	7.7498
2021				
January .....	7.7531	7.7533	7.7555	7.7517
February .....	7.7567	7.7529	7.7567	7.7515
March .....	7.7746	7.7651	7.7746	7.7562
April .....	7.7664	7.7691	7.7849	7.7596
May .....	7.7610	7.7654	7.7697	7.7608
June .....	7.7658	7.7617	7.7666	7.7566
July (through 9 July 2021) .....	7.7676	7.7670	7.7680	7.7656

*Note:*

- (1) Annual averages were calculated by using the average of the exchange rates on the last day of each month during the relevant year. Monthly averages or average for a period are calculated by using the average of the daily rates during the relevant month or period.

### CHINA

PBOC, the central bank of the PRC, sets and publishes daily a base exchange rate with reference primarily to the supply and demand of Renminbi against a basket of currencies in the market during the prior day. PBOC also takes into account other factors, such as the general conditions existing in the international foreign exchange markets. On 21 July 2005, the PRC government introduced a managed

floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. On the same day, the value of Renminbi appreciated by two per cent. against the U.S. dollar. The PRC government has since made and in the future may make further adjustments to the exchange rate system. On 18 May 2007, PBOC enlarged, effective on 21 May 2007, the floating band for the trading prices in the inter-bank spot exchange market of Renminbi against the U.S. dollar from 0.3 per cent. to 0.5 per cent. around the central parity rate. This allows Renminbi to fluctuate against the U.S. dollar by up to 0.5 per cent. above or below the central parity rate published by PBOC. The floating band was further widened to 1.0 per cent. on 16 April 2012. These changes in currency policy resulted in Renminbi appreciating against the U.S. dollar by approximately 26.9 per cent. from 21 July 2005 to 31 December 2013. On 14 March 2014, PBOC further widened the floating band against the U.S. dollar to 2.0 per cent. On 11 August 2015, PBOC announced to improve the central parity quotations of Renminbi against the U.S. dollar by authorising market-makers to provide central parity quotations to the China Foreign Exchange Trading Centre daily before the opening of the interbank foreign exchange market with reference to the interbank foreign exchange market closing rate of the previous day, the supply and demand for foreign exchange as well as changes in major international currency exchange rates. Following the announcement by PBOC on 11 August 2015, Renminbi depreciated significantly against the U.S. dollar. On 11 December 2015, CFETS, a sub-institutional organisation of PBOC, published the CFETS Renminbi exchange rate index for the first time which weighs the Renminbi based on 13 currencies, to guide the market in order to measure the Renminbi exchange rate from a new perspective. In January and February 2016, Renminbi experienced further fluctuations in value against the U.S. dollar. The PRC government may adopt further reforms of its exchange rate system, including making the Renminbi freely convertible in the future. The International Monetary Fund announced on 30 September 2016 that the Renminbi joins its Special Drawing Rights currency basket. Such change and additional future changes may increase the volatility in the trading value of the Renminbi against foreign currencies.

The following table sets forth the noon buying rates for U.S. dollars in New York City for cable transfers payable in Renminbi as certified by the Federal Reserve Bank of New York for customs purposes for and as at the periods indicated as set forth in the H.10 statistical release of the Federal Reserve Board.

	Noon Buying Rate			
	Period End	Average <sup>(1)</sup>	High	Low
		(Renminbi per U.S.\$1.00)		
2016 . . . . .	6.9430	6.6400	6.9580	6.4480
2017 . . . . .	6.5063	6.7350	6.9575	6.4773
2018 . . . . .	6.8755	6.8839	6.9077	6.8343
2019 . . . . .	6.9618	6.9014	7.1786	6.6822
2020 . . . . .	6.5250	6.8878	7.1681	6.5208
2021				
January . . . . .	6.4282	6.4672	6.4822	6.4282
February . . . . .	6.4730	6.4601	6.4869	6.4344
March . . . . .	6.5518	6.5109	6.5716	6.4648
April . . . . .	6.4749	6.5186	6.5649	6.4710
May . . . . .	6.3674	6.4321	6.4749	6.3674
June . . . . .	6.4566	6.4250	6.4811	6.3796
July (through 9 July 2021) . . . . .	6.4788	6.4765	6.4898	6.4679

Note:

- (1) Annual averages were calculated by using the average of the exchange rates on the last day of each month during the relevant year. Monthly averages or average for a period are calculated by using the average of the daily rates during the relevant month or period.

## CAPITALISATION AND INDEBTEDNESS

The following table sets forth our consolidated capitalisation and indebtedness as at 31 December 2020 on an actual basis and on an adjusted basis to give effect to the issuance of the Bonds before deducting the commissions and other estimated transaction expenses payable by us in connection with this offering. You should read this information together with “Use of Proceeds”, “Summary Consolidated Financial Statements of the Group” and the financial statements and related notes included elsewhere in this Offering Circular.

	As at 31 December 2020			
	Actual		As Adjusted	
	(HK\$'000)	(US\$'000) <sup>(1)</sup>	(HK\$'000)	(US\$'000)
<b>Current indebtedness</b>				
Bank borrowings . . . . .	1,955,715	252,240	1,955,715	252,240
Bonds payable . . . . .	2,322,943	299,603	2,322,943	299,603
Other borrowings . . . . .	276,588	35,673	276,588	35,673
<b>Total current indebtedness . . . . .</b>	<b>4,555,246</b>	<b>587,516</b>	<b>4,555,246</b>	<b>587,516</b>
<b>Non-current indebtedness</b>				
Bank borrowings . . . . .	14,051,532	1,812,306	14,051,532	1,812,306
Bonds payable . . . . .	964,345	124,377	964,345	124,377
Bonds to be issued . . . . .	–	–	2,326,020	300,000
<b>Total non-current indebtedness . . . . .</b>	<b>15,015,877</b>	<b>1,936,683</b>	<b>17,341,897</b>	<b>2,236,683</b>
<b>Total indebtedness<sup>(2)</sup> . . . . .</b>	<b>19,571,123</b>	<b>2,524,199</b>	<b>21,897,143</b>	<b>2,824,199</b>
<b>Total equity . . . . .</b>	<b>22,410,007</b>	<b>2,890,346</b>	<b>22,410,007</b>	<b>2,890,346</b>
<b>Total capitalisation<sup>(3)</sup> . . . . .</b>	<b>41,981,130</b>	<b>5,414,545</b>	<b>44,307,150</b>	<b>5,714,545</b>

*Notes:*

- (1) All translation from Hong Kong dollars into U.S. dollars are made for convenience purpose at the rate of HK\$7.7534 to U.S.\$1.00, based on the noon buying rate as set forth in the H.10 statistical release of the Federal Reserve Bank of New York on 31 December 2020.
- (2) Total indebtedness represents the sum of “Total current indebtedness” and “Total non-current indebtedness”.
- (3) Total capitalisation represents the sum of “Total indebtedness” and “Total equity”.

We incurred additional indebtedness to fund our operations in the ordinary course of business after 31 December 2020. There has been no material adverse change in the capitalisation and indebtedness of the Group since 31 December 2020.

## HISTORY AND CORPORATE STRUCTURE

### KEY CORPORATE MILESTONES

The following table sets forth key milestones in our development:

<u>Year</u>	<u>Events</u>
1991 . . . . .	Under our former name Laws Property Holdings Limited, we completed our initial public offering, and our shares became listed on Hong Kong Stock Exchange (Stock Code: 230).
1993 . . . . .	After being acquired by China Nonferrous Metals Group, we were renamed ONFEM Holdings Limited.
2003 . . . . .	China Minmetals acquired the controlling interest in us.
2005 . . . . .	We acquired a parcel of land in Jiangning District, Nanjing, the PRC with a site area of approximately 310,000 sq.m. for the development of Laguna Bay.
2007 . . . . .	<ul style="list-style-type: none"><li>• We were renamed Minmetals Land Limited.</li><li>• With SASAC's approval, China Minmetals was permitted to develop real estate as one of its core businesses, and we became the sole Hong Kong-listed real estate flagship of China Minmetals.</li><li>• Cooperating with The 23rd Metallurgical Construction Group Co., Ltd. of Minmetals (formerly known as Ershisanye Construction Group Co., Ltd.), we acquired land in Changsha, Hunan Province with a site area of approximately 643,000 sq.m. for the development of LOHAS International Community.</li></ul>
2008 . . . . .	<ul style="list-style-type: none"><li>• We entered into a joint venture agreement with Pramerica Real Estate Investors (Asia) Pte Ltd. to jointly acquired land in Jianye District, Nanjing, the PRC with a site area of approximately 73,000 sq.m. for the development of Riviera Royale.</li><li>• We acquired China Minmetals Tower from China Minmetals H.K. (Holdings) Ltd. with total asset value of HK\$537 million.</li></ul>
2009 . . . . .	<ul style="list-style-type: none"><li>• We completed our first rights issue exercise and raised funds of approximately HK\$524.0 million (approximately HK\$356 million of which was contributed by China Minmetals), which were fully underwritten by China Minmetals.</li><li>• We completed our first share placement exercise and raised funds of approximately HK\$466.0 million.</li><li>• China Minmetals injected approximately 230 million issued shares of China Jinmao Holdings Group Limited (formerly known as Franshion Properties (China) Limited) (Stock Code: 817) and cash in the sum of approximately HK\$172.0 million into us.</li><li>• We completed our second share placement exercise and raised funds of approximately HK\$956.0 million.</li></ul>
2010 . . . . .	<ul style="list-style-type: none"><li>• We acquired approximately 396,000 sq.m. of residential land in the Liaoning (Yingkou) Coastal Industrial Base for the development of Platinum Bay.</li></ul>

Year	Events
	<ul style="list-style-type: none"> <li>We entered into a cooperation agreement with Shenzhen Pan-China Engineering Co., Ltd. in Huizhou for the acquisition of 918,000 sq.m. of residential land in Huizhou, Guangdong Province, the PRC for the development of Hallstatt See.</li> <li>Through the joint venture with Beijing Vanke Enterprise Co., Ltd., we acquired two parcels of land with a site area of 139,000 sq.m. in Xibeiwang Town, Haidian District, Beijing, the PRC for the development of Fortune Garden.</li> <li>China Minmetals completed an asset injection of HK\$1.4 billion into us comprising the entire interests in the Minmetals International and Scotland Town projects and a 49% interest in LOHAS International Community.</li> </ul>
2011 . . . . .	<ul style="list-style-type: none"> <li>We acquired approximately 179,000 sq.m. of low-density residential land in Jiangning District, Nanjing, the PRC for the development of Sello Royale.</li> <li>We secured a four-year syndicated loan of approximately HK\$5.0 billion.</li> </ul>
2012 . . . . .	<ul style="list-style-type: none"> <li>Our contracted sales for the year reached RMB5.0 billion.</li> </ul>
2013 . . . . .	<ul style="list-style-type: none"> <li>We acquired six parcels of residential land in Hexi New Zone, Nanjing, the PRC with a site area of approximately 136,000 sq.m. for the development of Academic Royale.</li> <li>We had our debut issuance of U.S.\$225 million 5-year and U.S.\$125 million 10-year guaranteed bonds.</li> <li>We acquired seven parcels of mixed-use land in Kaifu District, Changsha, the PRC with a site area of 150,000 sq.m. for the development of Qin Royale.</li> </ul>
2014 . . . . .	<ul style="list-style-type: none"> <li>We acquired two parcels of residential land in Xuanwu District, Nanjing, the PRC with a site area of 91,000 sq.m. for the development of Yan Shan Ju.</li> <li>Our five-year syndicated loan in the amount of HK\$5.3 billion was renewed.</li> </ul>
2015 . . . . .	<ul style="list-style-type: none"> <li>Our contracted sales for the year reached RMB8.73 billion.</li> <li>Langfang Harrow Town sold out all Phase II residential units soon after the launch of the pre-sale programme and became the benchmark project in the Greater Beijing region.</li> </ul>
2016 . . . . .	<ul style="list-style-type: none"> <li>Our contracted sales for the year reached RMB11.7 billion.</li> <li>We entered into entrusted management agreement with China Minmetals regarding 25 real estate development and management projects for potential asset injection in the future.</li> <li>We acquired residential land with a site area of approximately 10,530 sq.m. in Yau Tong, Hong Kong, for the development of Montego Bay, marking our entry in the real estate market in Hong Kong.</li> <li>We acquired residential land with an aggregate site area of 163,000 sq.m. in Jiangning District, Nanjing, the PRC for the development of Enchanté Oasis and Enchanté Cove, thus strengthening the brand name in Nanjing.</li> </ul>

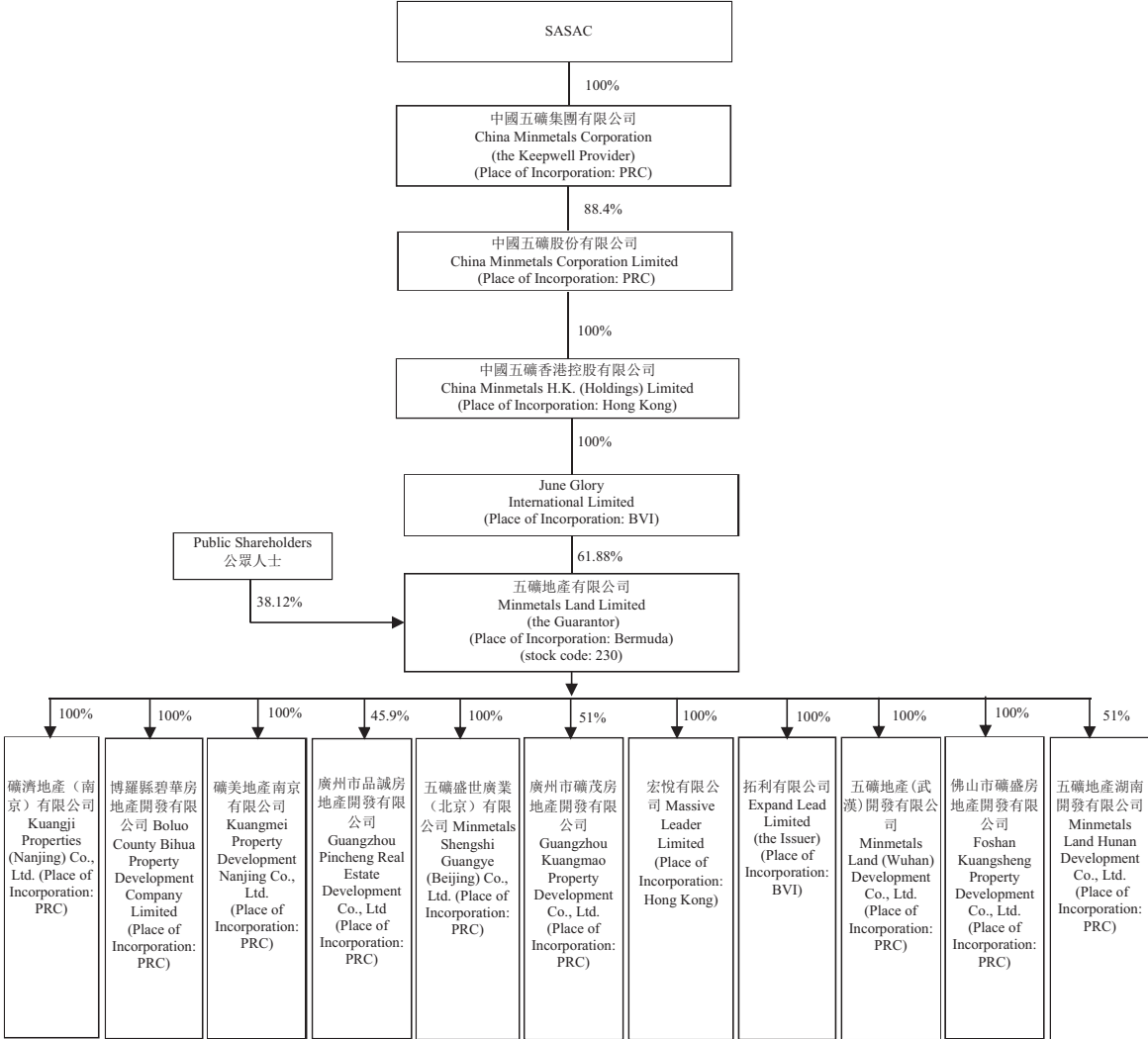


Year	Events
	<ul style="list-style-type: none"> <li>• We adopted the Chinese name “五礦地產有限公司”, reinforcing our position as the sole listed real estate flagship of China Minmetals in Hong Kong.</li> <li>• We secured HK\$6 billion term loan facility with fourteen banks in Hong Kong.</li> <li>• We secured HK\$1.8 billion term loan facility with a bank in Hong Kong.</li> <li>• We acquired residential land with a site area of approximately 17,300 sq.m. in Panyu and approximately 42,500 sq.m. in Foshan, Guangzhou, the PRC for the development of Greenery Terrace and Foshan Academic Royale, respectively, marking our debut in Guangzhou.</li> </ul>
2017 . . . . .	<ul style="list-style-type: none"> <li>• We acquired residential land with a site area of approximately 61,000 sq.m. and 62,400 sq.m. in Wuhan, the PRC, for the development of Enchanté Crest and Wuhan Scenery Cove, respectively, marking our debut in Wuhan.</li> <li>• We also acquired land with a site area of approximately 83,400 sq.m. in Pukou and approximately 43,000 sq.m. in Gulou District, Nanjing, the PRC for the development of Jiang Shan Da Jing and Majestic Mansion, respectively.</li> <li>• We secured a term loan facility of approximately HK\$5.5 billion.</li> </ul>
2018 . . . . .	<ul style="list-style-type: none"> <li>• Issued perpetual securities in May 2018 in the principal amount of US\$200 million.</li> <li>• Issued guaranteed bond in September 2018 in the principal amount of US\$300 million.</li> <li>• We entered into a HK\$3.5 billion term loan facility agreement with a number of local banks in Hong Kong.</li> <li>• We entered into two revolving loan agreements for an aggregated principal amount of HK\$2.28 billion.</li> <li>• We obtained an asset-backed notes (“<b>ABN</b>”) quota of RMB5 billion in China and successfully issued the first tranche of the ABN products.</li> <li>• We formed a joint venture company with Tongxiang City Anhao Investment Management Co., Ltd. and three other parties in December 2018 for the development of Langyun Garden located in Guangzhou, the PRC.</li> <li>• We further acquired two parcels of residential land in Guangzhou with a site area of approximately 20,500 sq.m. and 72,000 sq.m. located in Huangpu District, Guangzhou, the PRC for the development of Regent Heights and Parc One, respectively.</li> <li>• Our contracted sales for the year reached RMB6.82 billion.</li> </ul>
2019 . . . . .	<ul style="list-style-type: none"> <li>• We acquired four parcels of land located in each of Nanjing, Shenzhen, Chengdu and Changsha, the PRC with a total site area of approximately 136,000 sq.m. for the development of Enchanté Park, The Greenville, West Begonia and Nanhu Project, respectively.</li> </ul>

Year	Events
	<ul style="list-style-type: none"> <li>• We signed cooperation agreement with the Chengdu Government for an urban development project in Pidu District, Chengdu, the PRC.</li> <li>• Our contracted sales for the year reached RMB8.64 billion.</li> </ul>
2020 . . . . .	<ul style="list-style-type: none"> <li>• Asset injection by China Minmetals comprising real estate assets in Tianjin and Hunan of China Minmetals where the company’s land bank and assets had increased by 70% and 17% respectively.</li> <li>• We entered into a HK\$6.0 billion term loan facility agreement with eighteen banks in Hong Kong.</li> <li>• We entered into a revolving loan agreement with a principal amount of HK\$1.8 billion.</li> <li>• We acquired approximately 170,000 sq.m. of land located in Dayi County, Chengdu, the PRC for the development of Future-Eco City.</li> <li>• We acquired approximately 57,790 sq.m. of land located in Xiangtan city, Hunan Province, the PRC for the development of Xiangtan Scenery Cove.</li> <li>• We launched the corporate online sales platform “五礦好房”.</li> <li>• Our contracted sales for the year reached a record high of RMB19.36 billion, representing a year-on-year increase of 124%.</li> <li>• We signed cooperation agreement with the Chengdu Government for an urban development project in Xindu District, Chengdu, the PRC.</li> <li>• Formation of a joint venture with China Merchants Group and the Guangzhou Metro Group for the development of the company’s first TOD (transport-oriented development) project in Guangzhou, the PRC.</li> <li>• In December 2020, we disposed our entire equity interest in Minmetals Condo (Shanghai) Construction Co., Ltd (“<b>Condo Shanghai</b>”) for approximately RMB4.28 million.</li> </ul>
2021 . . . . .	<ul style="list-style-type: none"> <li>• We acquired approximately 43,000 sq.m. of land in Dayi County, Chengdu, the PRC for the development of Dayi Shaqu subdistrict project.</li> <li>• In May 2021, we further acquired approximately 48,808 sq.m. of land in Wangsiyingxing, Beijing, the PRC for residential development.</li> </ul>

**CORPORATE STRUCTURE**

The following chart illustrates the simplified corporate structure of the Group as at 31 May 2021.



## BUSINESS

### OVERVIEW

We are the sole Hong Kong-listed real estate flagship company and a subsidiary of China Minmetals, one of China's largest SOEs under the direct supervision of the SASAC. Founded in 1950, China Minmetals is one of the largest State-owned conglomerates that operates globally in metals and mining businesses and emerging diversified businesses with core operation in (i) metals and minerals; (ii) metallurgical construction; (iii) trade and logistics and (iv) finance and real estate. In 2020, China Minmetals was ranked 92 among the Fortune Global 500 enterprises.

We are principally engaged in real estate development, specialised construction, property investment and property management businesses. We develop quality residential properties in China and Hong Kong. Our current real estate development projects are located in 16 cities in the Pan Bohai Rim, Yangtze River Delta, Central China, Chengdu-Chongqing region and Pearl River Delta Regions in the PRC and Hong Kong. As at 31 December 2020, we had 40 projects at various stages of development located in these regions. As at 31 December 2018 and 2019, we had 22 and 27 projects at various stages located in the PRC and Hong Kong, respectively. We are also engaged in property management business in China and Hong Kong, which adheres to the "37°C Caring Service" principle to provide attractive, caring and value-added services to the property residents with safe and comfortable living environment in our completed real estate development projects.

Our specialised construction business mainly encompasses the design, production and installation of curtain walls system, windows and associated metal works. We have provided building solutions to a variety of building structures, including residential and office buildings, museums, sport centres, airports, shopping centres, swimming pools and hotels. As at 31 December 2020, we provided specialised construction services mainly in Hong Kong.

In addition, through our property investment business, we hold and lease two commercial investment properties including office and retail space in Hong Kong, namely the China Minmetals Tower and LKF29, which are located in Tsim Sha Tsui and Central, respectively. Since 2019, we have been leasing the commercial and retail complexes that we developed in Changsha and Taian in the PRC, to attract lifestyle-focused target customers.

### OUR COMPETITIVE STRENGTHS

We believe we have the following competitive strengths:

#### **We have a well-recognised brand supported by our high-quality real estate development projects in China and property management services provided.**

We believe we enjoy strong brand recognition in the real estate development sector in China. We are the sole Hong Kong-listed real estate flagship of China Minmetals, one of China's largest state-owned enterprises under the direct supervision of SASAC. In 2018, we were awarded the "China Real Estate Central Enterprises Excellence Brand" by China Real Estate News and "China Influential Real Estate Enterprise" by Boao real Estate Forum. In 2020, we were awarded the "Responsible Property Enterprise Award" by China Real Estate Huabiao Sub-Committee, "2020 China Real Estate Excellence Management Team" by Guardian and "2020 China Urban Renewal Benchmark Enterprise" by China Real Estate News. Our individual real estate development projects have also received various awards, including the following:

- *Huizhou Hallstatt See in Pearl River Delta*: The project was awarded the "Top 10 China Cultural and Tourism Project 2019" at the "China Real Estate Brand Convention 2019 and Best of Chinese Real Estate Brand Value 2019".

- *Parc One*: The project was honoured as the “2020 China Real Estate Innovation Benchmark Project” at the 2020 China Real Estate Master Ranking Conference.

In addition, the commercial portion of Huizhou Hallstatt See in Pearl River Delta was also awarded the 4A tourist attraction rating by China National Tourism Administration in 2015. We have also been recognised in the property management sector in China. For example, we were awarded the “China Service Contribution Award” and “2019 5C Quality Alliance Award” by China Golden Key Alliance in 2019. In 2020, we were awarded the “2020 Golden Key International Alliance 6S Management Innovation Award” by the PRC Golden Key Alliance and “2020 Jianye District Property Industry AAA Class Credit Enterprise” by Nanjing Shi Jianye District Property Management Industry Association.

We believe that our “Minmetals Land” brand will continue to be of great value to us as we expand our real estate development business in China, and that we will be able to capitalise on our brand recognition to capture growth opportunities in the real estate development sector in China.

**We enjoy strong and continuing support from China Minmetals, our controlling shareholder and a leading state-owned conglomerate in China.**

As the sole Hong Kong-listed real estate flagship of China Minmetals, we enjoy strong and continuing support from China Minmetals. China Minmetals is the largest metals and mining conglomerate in the PRC and holds a leading position in the global metals and mining industry. Among the 51 structurally important state-owned enterprises supervised by the SASAC, it has been selected by SASAC to be one of the “ten key enterprises” for creating “world-class enterprises” as part of the 13th Five-Year Plan’s internationalisation strategy. In 2016, China Minmetals was selected by SASAC as the only state-owned capital investment and operating pilot company in the metals and mining industry. China Minmetals was ranked 92 overall and second in the metals industry among the US Fortune Global 500 enterprises in 2020.

In 2011, China Minmetals became one of the first centrally-administered state-owned enterprises approved by SASAC, to develop and invest in real estate as its main business. Over the years, China Minmetals has accumulated considerable resources for its real estate development division and has provided us with various types of support. For example, in June 2008, China Minmetals transferred its 100% interest in China Minmetals Tower to us. In December 2010, China Minmetals injected assets into us comprising a 100% interest in the Minmetals International project and the Scotland Town project and a 49% interest in the LOHAS International Community project. In late 2015, we undertook a strategic review of China Minmetals’ entire real estate development and construction division, and realigned our corporate strategy with China Minmetals’. Since March 2016, to establish a single business operation platform that eliminates internal competition, overlapping business operation and decentralised resource management, China Minmetals has been entrusting us with the management of all non-listed assets within its real estate development and construction division. In 2019, under the backdrop of comprehensive cooperation between China Minmetals and the Chengdu Municipal Government to implement new urban development modules, and leveraging on China Minmetals’ extensive industrial resources and urban construction track record, we have been working together with the Dayi County Government to build a new industrial city, a win-win cooperation which is highly synergetic in terms of resources allocation. In addition, we signed a cooperation agreement with Chengdu Municipal Government in 2019 for two urban development projects which include building an aviation power port in Pidu District and developing a 5G electronic information hub in Xindu District. In 2020, our contracted sales reached a record high which was mainly attributable to the contribution from the real estate development projects acquired from China Minmetals during the year where the contracted sales from these newly acquired projects have been consolidated into our contracted sales since September 2020. Through the integration of real estate projects, we have seen enhanced operational quality, expanded operational scale and optimised internal resource allocation in our real estate business, all of which are expected to drive for sustainable growth in the coming years.

We believe our association with and support from China Minmetals have also helped us in obtaining commercial bank financing at reasonable or favourable rates and in strengthening our competitive advantages in getting high-quality and low-cost land sites in prime locations in our target cities. China Minmetals aims at turning us into a leading and influential real estate development company as well as urban operator in China. We believe that, with strong and continuing support from China Minmetals, we are well-positioned to further strengthen our brand and achieve our goal as a leading real estate developer in China.

**We have land bank with high quality acquired at reasonable cost which is well suited to our real estate development needs.**

We have a successful track record of acquiring high-quality land at reasonable cost land sites that are suited to our real estate development needs. We continue to focus on development in Tier 1 and Tier 2 cities and will pay attention to those Tier 3 cities that have structural opportunities arising from spill over effect of Tier 1 cities. We also continue to broaden our perspectives to explore other means of expanding the land bank and continue to increase overseas business development. As at 31 December 2020, we had a land bank developable in GFA of approximately 8.5 million sq.m. across 40 real estate development projects in 16 cities located in the Pan Bohai Rim, Yangtze River Delta, and Central China, Chengdu-Chongqing region and Pearl River Delta in the PRC and Hong Kong. As at 31 December 2018 and 2019, we had a land bank developable in GFA of approximately 4.56 million sq.m. and 4.35 million sq.m. across 22 and 27 real estate projects in the PRC and Hong Kong, respectively.

We acquire our land sites for development through different channels, including participating in public bidding processes, acquiring other real estate development project companies and through cooperation with the local governments in the PRC, acquiring lands for urban development projects. For example, in 2020, we successfully acquired three parcels of land in Chengdu, Xiangtan and Guangzhou at reasonable prices. Based on the maximum plot ratio, the total developable GFA for these land parcels amounted to approximately 910,000 sq.m. We believe these new projects will greatly enhance our capacity for sustainable development and such acquisitions would further strengthen the Group's leading position in the market.

The PRC government controls new land supply, and land use rights for residential and commercial real estate developments are granted by government agencies through public tender, auction or listing-for-sale. The PRC government considers many factors in deciding to grant land use rights, including the price of the land and the experience of the potential buyer. We believe that our strong brand and association with and support from our controlling shareholder have helped us in strengthening our competitive advantages in identifying prime land sites, and that we have established a good reputation and strong relationships with local governments in cities we have targeted for our real estate development projects. We believe we have been able to maintain a reasonable land cost base. For the years ended 31 December 2018, 2019 and 2020, our land acquisition cost recognised in cost of sales in respect of properties completed and sold accounted for 30%, 43% and 42% of our revenue from the sale of properties, respectively. We believe that these factors, together with our track record of developing high-quality real estate development projects, will continue to help us in our efforts to acquire high-quality land for future projects at favourable costs.

**We have a diversified and complementary portfolio of product and service offerings, including real estate development, specialised construction, property investment and property management.**

Through our real estate development business, we offer a range of mid to high-end residential property products, including low-rise and high-rise condominium units, town houses, semi-detached houses and villa houses. In terms of geographical presence, our residential property projects are located in the Pan Bohai Rim, Yangtze River Delta, Central China, Chengdu-Chongqing region and Pearl River Delta in the PRC and Hong Kong. We also provide property management services to our completed real estate development projects.



In addition, we lease office and retail space in our two investment properties in Tsim Sha Tsui and Central, Hong Kong. In China, we own and lease two commercial and retail complexes that we built in Changsha and Taian. In addition to real estate development, property management and property investment, we also engage in the specialised construction business mainly in Hong Kong.

As a result of our diversified and complementary portfolio of product and service offerings, we believe we enjoy more stable revenue, reduced operational risk and more sustainable growth, and are therefore less susceptible to market fluctuations and downturns.

**We enjoy strong liquidity with multiple sources of financing and have a prudent financial management policy.**

We have access to multiple sources of financing to fund our business operations, including commercial banking loans, funds raised from capital markets and direct financial support from our parent company, China Minmetals. We believe we have established good relationships with banks in financing our developments, due both to our strong operational track record and our continuing association with and support from our controlling shareholder, China Minmetals. As at 31 December 2020, we have the following facilities in place:

- On 9 April 2015, we accepted the offer from a bank for the grant of a general banking facility in an aggregate amount of HK\$100 million which has no fixed terms and is subject to periodic review.
- On 20 March 2017, we entered into a 5.5-year secured loan of HK\$5.5 billion.
- On 26 October 2017, we accepted the offer from a bank for the grant of a general banking facility in an aggregate amount of HK\$150 million, which is subject to periodic review.
- On 19 October 2018, we entered into a one-year loan of HK\$3.5 billion, extendable for a further three years.
- On 1 March 2019, we accepted the offer from a bank for the grant of general banking facility in aggregate amount of HK\$70 million, which is subject to annual review.
- On 22 March 2019, we accepted the offer from a bank for a revolving loan in the principal amount of HK\$1.5 billion, which is subject to periodic review.
- On 20 January 2020, we entered into a 4-year loan of HK\$6.0 billion.
- On 19 June 2020, we accepted the offer from a bank for the grant of a treasury credit facility in aggregate amount of HK\$140 million.
- On 24 August 2020, we accepted the offer from a bank for a revolving loan in the principal amount of HK\$1.8 billion, which is subject to periodic review.
- On 17 September 2020, we accepted the offer from a bank for a 7-year loan of RMB796,390,000.
- On 24 September 2020, we accepted the offer from a bank for a 7-year loan of RMB882,570,000.
- On 31 October 2020, we accepted the offer from a bank for a 1-year revolving loan agreement amount of HK\$780 million.

In addition, on 26 April 2013, we issued guaranteed bonds with a principal amount of U.S.\$225,000,000 and U.S.\$125,000,000 bearing interest at the coupon rate of 5.50% and 6.50%, per annum respectively, which matured on 26 April 2018 and will mature on 26 April 2023, respectively. On 17 May 2018, we issued perpetual securities in the principal amount of U.S.\$200,000,000 bearing interest at the coupon rate of 7.0% per annum. On 18 September 2018, we issued guaranteed bonds with a principal amount of U.S.\$300,000,000 bearing interest at the coupon rate of 6.4% per annum, which will mature on 18 September 2021.

We believe that our ability to access multiple sources of financing provides us with flexibility to fund our operations and enhance our liquidity position. As at 31 December 2020, we had access to total credit facilities of HK\$24,141.6 million, out of which HK\$8,045.5 million were unused.

We closely monitor our cash flows and financial position to achieve a balanced capital structure. We manage and seek to improve our liquidity profile by taking advantage of capital efficient projects, implementing proactive cost controls and adopting conservative budgeting procedures. Benefiting from our prudent financial management policy, we have been able to maintain a strong cash position and a healthy debt profile. As at 31 December 2020, our unrestricted cash and bank deposits balance was HK\$8,239 million and our gearing ratio, defined as net debt divided by total equity, was 49.7%. Our unrestricted cash and bank deposits as a percentage of our total current borrowings were more than 180% at 31 December 2020.

#### **We have a highly stable and experienced management team.**

We have an experienced management team with a strong track record in the real estate development, property investment, specialised construction and property management industries. We believe our success is largely attributable to our experienced senior management team. Our senior management members, including Mr. He Jianbo, Mr. Liu Bo, Mr. Chen Xingwu and Mr. Yang Shangping, have an average of over 18 years of experience in the PRC real estate development, property investment, specialised construction and property management industries. We believe that we will continue to benefit from the experience and industry knowledge of our senior management in achieving our goal as a leading real estate developer and urban operator in China (全國領先的城市運營服務商).

### **OUR BUSINESS STRATEGIES**

We aim to become a leading real estate development company and urban operator in the PRC. We intend to achieve this goal through the following strategies:

#### **Further strengthen our “Minmetals Land” brand name.**

We intend to continue to promote our brand name and enhance our brand image by leveraging our association with China Minmetals, one of the largest SOEs in China and a Fortune Global 500 company. We believe we will benefit from China Minmetals’s well-recognised brand and its brand promotion as a result of the shared corporate brand of “Minmetals”. In addition, we plan to promote our brand name and enhance our brand image by focusing on providing high-quality and innovative products and services, and enhancing our customers’ overall satisfaction. To ensure the quality of our products, we have worked closely with reputable domestic and international architecture and design companies, such as Pei Cobb Freed & Partners, Benoy and P&T Architects and Engineers, and plan to continue to do so in the future. We have also engaged established construction companies, such as China Railway Construction Corporation, China Construction Fourth Engineering Division Corp and Chun Wo Construction and Engineering. We also aim to continue providing superior property management services through our “37°C Caring Service” to achieve better customers satisfaction. We intend to maintain our stringent quality control standards. We believe that our focus on the quality of our products and services will continue to differentiate us from our competitors and provide us with a competitive advantage over them.

We have been promoting our new brands and product lines by advertising “Minmetals Land” across a variety of media in the international market and by sponsoring various real estate related events and we intend to continue to promote our brand name in the future. We also swiftly launched the online sales platform “五礦好房” for sales and marketing activities. We believe that, through effective marketing and our continuing focus on the quality of our products and services, we will be able to achieve our goal of further strengthening the “Minmetals Land” brand name in the PRC and overseas.

**Continue to leverage our position as the sole Hong Kong-listed real estate flagship of China Minmetals.**

We plan to continue to leverage our association with and support from China Minmetals, our controlling shareholder. As the sole Hong Kong-listed real estate flagship of China Minmetals, one of the largest SOEs in China, we believe that we are in an advantageous position to access and negotiate commercial bank financings at reasonable or favourable rates for our project companies. We believe that our association with and support from China Minmetals have helped us in selecting prime land sites as well as developing strong relationships with local governments in cities we have targeted for our real estate development projects. China Minmetals intends to build an extensive business platform, including real estate and financial services, to enhance its overall profitability and provide further diversification and effective hedges against commodity and macroeconomic cycles. China Minmetals intends to capitalise on its integrated business platform and capabilities to enhance synergies among its business segments to support many complementary growth opportunities to its emerging diversified business segments in the form of information sharing, intelligence gathering, fiscal support and customer relationships. Thus, we expect that the continued support from our controlling shareholder, which we believe will help us maintain strong growth momentum and enhance our competitive position in the PRC real estate development market.

**Further optimise our land bank.**

To grow our real estate development business, we intend to continue to seek opportunities to acquire land at reasonable cost and further optimise our land bank through prudent project planning and selective acquisitions in order to maintain a land bank well-structured to meet customers’ demand and capture growth potential in the PRC real estate development sector. We intend to continue our strategic acquisition of high-quality land sites for further development either directly through land acquisitions or indirectly by forming joint ventures or consortiums or acquiring equity interests in other real estate development companies that hold desired land use rights as well as through cooperation with the local government in the PRC acquiring lands for urban development projects. Our acquisition of land will continue to be based on thorough research and analysis of a project’s expected costs and returns, as well as market trends in cities where the project is located. We intend to continue to focus our land acquisition efforts primarily in the Pan Bohai Rim, Yangtze River Delta, Central China, Chendu-Chongqing region and Pearl River Delta while seeking opportunities to expand to other regions in the PRC. We will also seize potential investment and project cooperation opportunities in Hong Kong and continue to carry out our overseas investment strategy. While continuing to focus on residential real estate development, we also intend to diversify our land bank by increasing the number of our commercial real estate development projects when opportunities arise.

**Continue to maintain a diversified and complimentary portfolio of products and services.**

We plan to continue to maintain a diversified and complimentary portfolio of products and services. We intend to continue to focus on offering a range of mid- to high-end residential property products in the Pan Bohai Rim, Yangtze River Delta, Central China, Chengdu-Chongqing region and Pearl River Delta in the PRC and Hong Kong while seeking opportunities to expand to other regions in the PRC as well as abroad. We plan to diversify our real estate development projects by increasing the number of our commercial real estate development projects when opportunities arise. We also intend to seek opportunities to expand our investment property portfolio for securing more cashflow through mid-to-long term leases with credible international and local tenants in the PRC as well as in Hong Kong. Revenue from the rental and management fee income from investment properties was HK\$70 million,

HK\$68 million and HK\$61 million, representing 0.7%, 0.6% and 0.8% of our total revenue, for the years ended 31 December 2018, 2019 and 2020, respectively. In addition, we have been managing our completed real estate development projects and intend to generally provide such services when other real estate development projects are completed by us. We also aim to position ourselves as an urban operator and enhance our overall competitiveness by following the “one core, two wings and three supports” principle, regarding real estate development as the core business, with asset management and industry-city business as synergistic development, and construction, property management and property finance service as the supporting services to such businesses. We believe that a diversified and complimentary portfolio contributes to our revenue stability, reduces our operational risk and enhances the sustainability of our growth.

#### **Further improve our operational efficiency and profitability.**

We intend to further improve our operational efficiency and profitability to achieve sustainable profit growth and further enhance our competitiveness. We intend to continue to standardise product designs and construction materials across different project sites. Moreover, we plan to continue to launch new product lines first in more mature markets in the regions where we operate before developing these products in other cities. We launched the “5M Intelligent Health Project System” to provide a safe, healthy and intelligent community for residents. It promoted the ideas and implemented the concepts of healthy life, smart system, delicate management, comfortable environment and green materials into its product lines. Projects under the 5M Intelligent Health Product System will mainly be focused on “Merit in healthy living, Mutual and intelligent system for households and community, Mindful of the need to provide caring services and protective security system, Merry and comfortable lifestyle and environment and to Master green construction”. We believe these strategies will improve our operational efficiency and profitability, accelerate project development cycles and increase our bargaining power in procuring materials and services. We also believe that our diversified business model which includes commercial property, industry city and property management services businesses will continue to supplement and enhance our real estate development operation in operating quality and profitability.

We plan to further strengthen our relationships with our business partners. We intend to continue to leverage our relationship with major raw material suppliers to obtain favourable purchase prices for construction materials. We also intend to strengthen our relationships with other service providers, such as construction companies and architecture and design firms to further improve our cost efficiency.

### **RECENT DEVELOPMENT**

#### **The COVID-19 Outbreak**

The COVID-19 pandemic that began at the end of 2019 has affected millions of individuals and caused a significant decline in the overall global and PRC economies. The grave impact has adversely affected the development of the PRC and Hong Kong property markets, which suffered a critical setback during the first half of 2020, especially in the first quarter, as both construction activities and sales activities were required to be suspended in order to contain the spread of the COVID-19 outbreak. Following the gradual resumption of work and production in the real estate sector across the PRC, combined with the backlog of pent up demand and new demand, sales indicators have rebounded significantly in mid-2020.

In addition, as remedial action, we swiftly launched the online sales platform “五礦好房” for continuing online marketing campaign and building a customer base for our projects during the nationwide lockdown in early 2020. With the hard work of our teams in various regions, not only did our annual sales survive intact amidst the COVID-19 pandemic, it also hit an encouraging record high. Our operation team accelerated the roll-out of development projects across the PRC operation soon after the COVID-19 pandemic was eased and work resumption took place in the second quarter of 2020, and had met the development schedule for all of its projects at the end of 2020.

It is difficult to predict how long the adverse impact of COVID-19 will persist and the extent to which the Group may be affected. We cannot assure you that our business, financial condition and results of operations will not be materially and adversely affected. See “*Risk Factors – Risks Relating to Conducting Business in the PRC – The national and regional economies in the PRC and our prospects may be adversely affected by natural disasters, acts of God, occurrence of epidemics, acts of war and other disasters, which in turn affect our prospects.*”

## OUR BUSINESS SEGMENTS

Our principal business segments are real estate development, specialised construction, property investment and property management. In our real estate development business, we develop and sell mid- to high-end residential properties in the Pan Bohai Rim, Yangtze River Delta, Central China, Chengdu-Chongqing region and Pearl River Delta in the PRC and Hong Kong. In our specialised construction business, we primarily design, produce and install curtain walls and associated metal works, with operations mainly in Hong Kong. In addition, through our property investment business, we hold and lease office and retail space in our two investment properties in Hong Kong, the China Minmetals Tower and LKF29, which are located in Tsim Sha Tsui and Central, respectively. We also hold and lease two commercial and retail complexes in Changsha and Taian in the PRC. In addition, we provide property management services to our completed real estate development projects.

The following table sets forth information on revenue contribution from our three primary business segments for the periods indicated.

	For the year ended 31 December					
	2018		2019		2020	
	HK\$	%	HK\$	%	HK\$	%
	(in millions, except percentages)					
Real estate development <sup>(1)</sup> . . . . .	9,918.7	90.7	10,329.1	91.7	7,071.6	92.3
Specialised construction <sup>(2)</sup> . . . . .	941.7	8.6	864.6	7.7	529.4	6.9
Property investment . . . . .	70.4	0.7	67.7	0.6	60.6	0.8
Total revenue . . . . .	<u>10,930.8</u>	<u>100.0</u>	<u>11,261.4</u>	<u>100.0</u>	<u>7,661.6</u>	<u>100.0</u>

### Notes:

- (1) The revenue contribution from our property management business was included.
- (2) The revenue generated by Condo Shanghai before the disposal in December 2020 was included.

## REAL ESTATE DEVELOPMENT

### Overview

We are engaged in the development and sale of mid- to high-end residential properties in the Pan Bohai Rim, Yangtze River Delta, Central China, Chengdu-Chongqing region and Pearl River Delta in the PRC and Hong Kong. As at 31 December 2020, we had 40 projects at various stages of development located in these regions. We classify real estate development projects for which we have obtained land use rights into the following three categories:

- **Completed properties.** A property is considered “completed” when a joint inspection report is signed by the relevant project company, contractors, design firms, surveying company and supervisory company and we have received the completion certificate from the relevant construction authority.
- **Properties under development.** A property is considered “under development” following the issuance of a construction permit but prior to the issuance of the completion certificate.

- **Properties held for future development.** A property is considered “held for future development” after we have obtained the relevant land use rights certificates, but prior to the issuance of a construction permit.

As some of our projects comprise multiple phases, a project may have phases that are completed, under development or held for future development. As at 31 December 2020, the Group had a land bank developable in GFA of approximately 8.5 million sq.m. across 40 real estate development projects in 16 cities located in mainland China, including Beijing, Yingkou, Langfang, Tianjin, Nanjing, Changsha, Xiangtan, Wuhan, Chengdu, Taian, Huizhou, Foshan, Guangzhou, Shenzhen and Hong Kong.

## Our Real Estate Development Projects

Our real estate development projects are located in 16 cities in the Pan Bohai rim, Yangtze River Delta, Central China, Chengdu-Chongqing region and Pearl River Delta in the PRC and Hong Kong. The following table sets forth the information of our 40 projects as at 31 December 2020:

	Attributable Interest to the Group	Site Area	Estimated GFA	GFA Completed	GFA Under Development	GFA Held for Future Development
	(%)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)
<b>Pan Bohai Rim</b>						
1. Beijing Fortune Garden . . . . .	51.0%	139,000	414,000	414,000	–	–
2. Yingkou Platinum Bay . . . . .	100.0%	396,000	377,000	327,000	50,000	–
3. Langfang Harrow Town. . . . .	50.0%	550,000	1,285,000	284,000	108,000	893,000
4. Tianjin Minmetals International . . . . .	100.0%	21,000	183,000	183,000	–	–
5. Tianjin Neo-Metropolis . . . . .	49.0%	1,115,000	2,778,000	218,000	1,015,000	1,545,000
<b>Yangtze River Delta</b>						
6. Nanjing Sello Royale . . . . .	100.0%	179,000	270,000	270,000	–	–
7. Nanjing Academic Royale . . . . .	100.0%	136,000	482,000	482,000	–	–
8. Nanjing Yan Shan Ju . . . . .	100.0%	91,000	203,000	203,000	–	–
9. Nanjing Enchanté Oasis. . . . .	100.0%	95,000	255,000	255,000	–	–
10. Nanjing Enchanté Cove . . . . .	100.0%	68,000	148,000	148,000	–	–
11. Nanjing Jiang Shan Da Jing . . . . .	39.8%	83,400	285,000	129,000	156,000	–
12. Nanjing Majestic Mansion (formerly known as Amber Court). . . . .	33.9%	43,000	233,000	–	233,000	–
13. Nanjing Enchanté Park . . . . .	100.0%	61,000	181,000	–	181,000	–
<b>Central China</b>						
14. Changsha LOHAS International Community . . . . .	100.0%	643,000	1,084,000	1,084,000	–	–
15. Changsha Scotland Town. . . . .	100.0%	333,000	442,000	442,000	–	–
16. Changsha Qin Royale . . . . .	100.0%	150,000	570,000	461,000	109,000	–
17. Changsha Nanhu Project . . . . .	100.0%	22,000	179,000	–	–	179,000
18. Changsha Jiasheng International Square . . . . .	51.0%	8,800	75,000	75,000	–	–
19. Changsha Jiasheng Aomei City . . . . .	51.0%	6,000	59,000	59,000	–	–
20. Changsha Jiasheng Huating . . . . .	51.0%	39,000	251,000	251,000	–	–
21. Changsha Realm of Landscape . . . . .	25.5%	87,000	311,000	–	243,000	68,000
22. Changsha Greenland Centre . . . . .	25.5%	23,000	259,000	259,000	–	–
23. Xiangtan Scenery Cove . . . . .	51.0%	428,000	1,104,000	529,000	117,000	458,000
24. Xiangtan Minmetals Zuncheng Project. . . . .	51.0%	69,000	179,000	179,000	–	–
25. Wuhan Enchanté Crest . . . . .	100.0%	61,000	180,400	180,400	–	–
26. Wuhan Scenery Cove . . . . .	100.0%	62,400	215,000	–	215,000	–
27. Taian Scenery Centre . . . . .	51.0%	51,000	148,000	17,000	60,000	71,000
28. Taian Scenery Cove . . . . .	51.0%	270,100	699,000	337,000	362,000	–
29. Xining Minmetals Chai Da Mu Plaza . . . . .	51.0%	152,000	464,000	464,000	–	–
<b>Chengdu-Chongqing region</b>						
30. Chengdu West Begonia . . . . .	100.0%	22,000	79,500	–	79,500	–
31. Chengdu Future-Eco City. . . . .	100.0%	170,000	420,000	–	87,000	333,000
<b>Pearl River Delta</b>						
32. Foshan Academic Royale . . . . .	100.0%	42,500	214,000	162,000	52,000	–
33. Huizhou Hallstatt See . . . . .	100.0%	918,000	1,549,000	370,000	562,000	617,000
34. Guangzhou Greenery Terrace . . . . .	100.0%	17,300	29,000	29,000	–	–
35. Guangzhou Regent Heights. . . . .	51.0%	20,500	72,000	–	72,000	–
36. Guangzhou Parc One . . . . .	51.0%	72,000	258,000	–	232,000	26,000
37. Guangzhou Langyun Garden . . . . .	10.0%	57,000	130,000	–	130,000	–
38. Shenzhen The Greenville . . . . .	51.0%	31,000	178,000	–	178,000	–
39. Guangzhou Baiyun Chatou Project . . . . .	45.9%	77,000	340,000	–	–	340,000
40. Hong Kong Montego Bay . . . . .	100.0%	10,500	65,000	–	65,000	–



The following table sets forth the breakdown of our land bank (including land pending land use rights certificates) by region and tier of city as at 31 December 2020:

### By Region

Type	Total GFA (in thousand sq.m.)	Percentage of total GFA (%)
Pan Bohai Delta . . . . .	3,164	37
Yangtze River Delta . . . . .	580	7
Central China . . . . .	2,483	29
Chengdu-Chongqing region. . . . .	459	6
Pearl River Delta <sup>(1)</sup> . . . . .	1,784	21
Total: . . . . .	8,470.0	100.0

Note:

(1) Pearl River Delta includes Hong Kong.

### By Tier of City

Type <sup>(1)</sup>	Total GFA (in thousand sq.m.)	Percentage of total GFA (%)
Tier 1 . . . . .	2,818	33
Tier 2 . . . . .	2,465	29
Tier 3 . . . . .	3,187	38
Total: . . . . .	8,470.0	100.0

Note:

(1) Tier-1 cities include Beijing, Tianjin, Guangzhou, Shenzhen and Hong Kong.

Tier-2 cities include Chengdu, Changsha, Wuhan, Nanjing and Foshan.

Tier-3 cities include Yingkou, Langfang, Huizhou, Taian and Xiangtan.

The following is a brief description of our main property projects as at 31 December 2020.

#### ***Yingkou Platinum Bay***

Yingkou Platinum Bay is a residential development project comprises villas and apartments. Located at Liaoning (Yingkou) Coastal Industrial Base, Yingkou City, Liaoning Province, the project occupies an aggregate site area of approximately 396,000 sq.m. and has an aggregate planned gross floor area of approximately 377,000 sq.m. The project is comprised of seven phases. The first six phases have been delivered to buyers. Phase VII is comprised of middle and high-rise units, which is currently under construction and presale was launched in late 2019. The project is expected to be completed in the second quarter of 2022.

#### ***Langfang Harrow Town***

Harrow Town is a residential development project comprises villas and high-rise units. Located in Jiangxintun Town, Xianghe County, Langfang City, Hebei Province, the project occupies an aggregate site area of approximately 550,000 sq.m. and has an aggregate planned gross floor area of approximately 1,285,000 sq.m. Phase I and high-rise units of Phase II of the project have been delivered to buyers. It is expected that the land plot No.3 of the project will be completed in the fourth quarter of 2022.

### ***Tianjin Neo-Metropolis***

Neo-Metropolis is a residential development project located in Yixingbuzhen, Bei Chen District, Tianjin. It occupies an aggregate site area of approximately 1,115,000 sq.m. and has an aggregate gross floor area of approximately 2,778,000 sq. m. The project is expected to be completed in the fourth quarter of 2030.

### ***Nanjing Enchanté Oasis***

Enchanté Oasis is a residential development project located within the core centre of Zijin Technology Entrepreneurial Special Zone at the junction of Shuanglong Avenue and Xuelindong Road, Jiangning District, Nanjing, Jiangsu Province and to the west of Shangqinhuai Wetland Park, the largest wetland park in China. It occupies an aggregate site area of approximately 95,000 sq.m. and has an aggregate planned gross floor area of approximately 255,000 sq.m. The project is comprised of two phases. Development of Phase I has commenced in the second quarter of 2017 where the multi-floor portion was delivered to buyers in the second quarter of 2019 and the high-rise portion was delivered to buyers by the end of 2019. Phase II commenced in the first quarter of 2018 where the multi-floor portion was delivered to buyers in the fourth quarter of 2019, the high-rise portion has been launched for sale in the second quarter of 2020 and delivered to buyers by the end of 2020.

### ***Nanjing Enchanté Cove***

Enchanté Cove is a residential development project located in the south-eastern corner of Fangshan, Jiangning District, Nanjing, Jiangsu Province within the Jiangning University Town at the junction of Fangqian Avenue and Wushi Road. It occupies an aggregate site area of approximately 68,000 sq.m. and has an aggregate planned gross floor area of approximately 148,000 sq.m. Development of the project that commenced in the second quarter of 2017 was delivered to buyers in the second quarter of 2019.

### ***Nanjing Jiang Shan Da Jing***

Jiang Shan Da Jing is a residential development project located at the junction of Guangming Road and Lixin Road, Pukou District, Nanjing, Jiangsu Province with close proximity to Metro Line No. 10 Yushan Road Station. The district is equipped with well-established facilities. It occupies an aggregate site area of approximately 83,400 square metres and has an aggregate planned gross floor area of approximately 285,000 square metres. The project commenced construction in December 2017 and started sales in the third quarter of 2019. The low-rise garden house portion was completed for delivery in the fourth quarter of 2019, and the rest of the project is expected to be completed in the fourth quarter of 2021.

### ***Nanjing Majestic Mansion (formerly known as Amber Court)***

Majestic Mansion, which is formerly known as Amber Court, is a residential and commercial development project located at the junction of Yanshan Road and Shuiximen Jie, Gulou District, the northern part of Hexi, Nanjing, Jiangsu Province where it enjoys an array of transportation, commercial and educational resources. It occupies an aggregate site area of approximately 43,000 square metres and has an aggregate planned gross floor area of approximately 233,000 square metres. The project commenced in the third quarter of 2018 and is expected to be completed and launch for sale in the fourth quarter of 2021.

### ***Nanjing Enchante Park***

Nanjing Enchante Park is a residential development project located in Nanjing Jiangning District, to the east of the Nanjing Jiangning high-tech park Zhengfang Main Road and south of Shimeng Road, which is in the Fangshan University zone with close proximity to the Fangshan Recreational Park. With a superior natural scenic surrounding environment, it will be developed into a quality residential

community for upgraders. It occupies an aggregate site area of approximately 61,000 square metres and has a maximum developable gross floor area of approximately 181,000 square metres. The project is expected to be completed in the fourth quarter of 2022.

#### ***Changsha LOHAS International Community***

LOHAS International Community is a large-scale residential development project with ancillary facilities such as clubhouse, shops, car-parking lots, schools and landscaped garden. Located at Gaoyun Road, Muyun Town, Changsha County, Hunan Province, the project occupies an aggregate site area of approximately 643,000 sq.m., including a private lake of 30,000 sq.m., and has an aggregate planned gross floor area of approximately 1,084,000 sq.m. The project was completed in 2018.

#### ***Changsha Qin Royale***

Qin Royale is a residential and commercial development project located at Fu Yuan West Road, Kaifu District, Changsha County, Hunan Province which is within a comfortable living Eco-City zone under planning, with close proximity to the Kaifu District Administration Centre. It occupies an aggregate site area of approximately 150,000 sq.m. and has an aggregate planned gross floor area of approximately 570,000 sq.m. Whilst the residential portion of the project will be developed into a quality residential community for first home buyers and upgraders, the commercial portion will be developed as an entertainment complex with a studio in the center of the development surrounded by office buildings, hotel, shopping malls, and food and beverage facilities. The project is comprised of four phases. Phase I comprises villas and selected high-rise units and it was completed and delivered to buyers whilst Phase II was delivered to buyers in the fourth quarter of 2019. The project is expected to be completed in the second quarter of 2022.

#### ***Changsha Nanhu Project (project not yet named)***

Nachu Project is a commercial development project located within the central business unit of Xiangjiang Riverbank area, south of Baisha Road, in between Xiangjiangzhong Road and Shuyuan road, Tianxin District, Changsha County, Hunan Province. It occupies an aggregate site area of approximately 22,000 sq.m. and has an aggregate planned gross floor area of approximately 179,000 sq.m. The project is expected to be completed in the fourth quarter of 2024.

#### ***Changsha Realm of Landscape***

Realm of Landscape is a residential development project located at No.79, Section 2, Xiangjiang North Road, Kaifu District, Changsha County, Hunan Province. It occupies an aggregate site area of approximately 87,000 sq.m. and has an aggregate planned gross floor area of approximately 311,000 sq.m. The project is expected to be completed in the fourth quarter of 2022.

#### ***Changsha Greenland Centre***

Greenland Centre is a residential development project located at No.319, Section 1, Furong Middle Road, Kaifu District, Changsha County, Hunan Province. It occupies an aggregate site area of approximately 23,000 sq.m. and has an aggregate planned gross floor area of approximately 259,000 sq.m. The project was completed in the fourth quarter of 2018.

#### ***Xiangtan Scenery Cove***

Scenery Cove is a residential development project located at No.28 Xuefu Road, Economic and Technological Development Zone, Xiangtan, Hunan Province. It occupies an aggregate site area of approximately 428,000 sq.m. and has an aggregate planned gross floor area of approximately 1,104,000 sq.m. Development of phase V of Lot G is expected to be completed in the fourth quarter of 2021.

### ***Wuhan Enchanté Crest***

Enchanté Crest is a residential development project located in Huangpi District, Wuhan, Hubei Province in the Panlongcheng Economic Development Zone situated at the junction of Songjiagang East Road and Huayun Road. It occupies an aggregate site area of approximately 61,000 sq.m. and has an aggregate planned gross floor area of approximately 180,400 sq.m. The project is designed as a high-end residential community comprises low-rise apartments for first home buyers and upgraders. The project was completed in the fourth quarter of 2020.

### ***Wuhan Scenery Cove***

Wuhan Scenery Cove is a residential development project located in between the south of Third Ring and Fourth Ring of Wuhan, Hubei Province with close proximity to Huangjiahu University Town and the 2019 Military World Game Stadium. The site is well equipped with transportation, social and lifestyle facilities, including the nearby Metro Line No. 8 Stadium Station. It occupies an aggregate site area of approximately 62,400 sq.m. and has an aggregate planned gross floor area of approximately 215,000 sq.m. The project commenced in the second quarter of 2018 and was pre-sold in the second quarter of 2019. It is expected to reach completion and delivery by the fourth quarter of 2021.

### ***Taian Scenery Centre***

Taian Scenery Centre is a commercial development project located at Changcheng Road, Angao New District, Taian, Shandong Province. It occupies an aggregate site area of approximately 51,000 sq.m. and has an aggregate planned gross floor area of approximately 148,000 sq.m. The project is expected to be completed in the third quarter of 2021.

### ***Taian Scenery Cove***

Taian Scenery Cove is a residential development project located at Changcheng Road, Angao New District, Taian, Shandong Province. It occupies an aggregate site area of approximately 270,100 sq.m. and has an aggregate planned gross floor area of approximately 699,000 sq.m. The project is expected to be completed in the fourth quarter of 2022.

### ***Chengdu West Begonia***

West Begonia is a residential development project located at Wenjiajie Road, Qingyan District, Chengdu, Sichuan Province. It occupies an aggregate site area of approximately 22,000 sq.m. and has an aggregate planned gross floor area of approximately 79,500 sq.m. The project is expected to be completed in the second quarter of 2022.

### ***Chengdu Future-Eco City***

Future-Eco City is a residential development project located at the Eastern new district of Diya County, Chengdu City, Sichuan Province. It occupies an aggregate site area of approximately 170,000 sq.m. and has an aggregate planned gross floor area of approximately 420,000 sq.m. Development of phase I of the project is expected to be completed in the fourth quarter of 2022.

### ***Foshan Academic Royale***

Foshan Academic Royale is a residential development project located at Lujingdong Road, Chancheng District, Foshan. Being situated in the Guangzhou-Foshan Urban Integration Development Region, the project is located at the junction of the Central Nanhai District and Chancheng District, within half an hour drive to Guangzhou and the core districts of Foshan. It occupies an aggregate site area of approximately 42,500 sq.m. and has an aggregate planned gross floor area of approximately 214,000 sq.m. The project is divided into two phases with mainly high-rise buildings. It will be developed into a high-quality high-rise residential area for first-home buyers and upgraders. Phase I commenced in the first quarter of 2017 and was presold in the third quarter of 2018. It is expected to be

completed and delivered to buyers in the fourth quarter of 2020. Phase II commenced in the second quarter of 2018 and pre-sale was launched in the fourth quarter of 2019. It is expected to be completed and delivered to buyers in the second quarter of 2021.

### ***Huizhou Hallstatt See***

Hallstatt See is a large-scale residential development project located at Mai Tian Ling, Boluo County, Huizhou City, Guangdong Province with close proximity to many amenities including golf course. Surrounded by hills and a 20 acre lake, the project occupies an aggregate site area of approximately 918,000 sq.m. and has an aggregate planned gross floor area of approximately 1,549,000 sq.m. The project received 4A tourist attraction rating by China National Tourism Administration in 2015, and was given an award for its innovative cultural and resort real estate model in the 10th Annual Real Estate Billboard event hosted by China Commercial Real Estate Commission. The project is comprised of seven phases. Development of Phase I and part of Phase II was completed and delivered to buyers. Construction of the of Phase II and Phase III was completed. The villa portion of Phase IV has launched presale in the fourth quarter of 2019. Pre-sale of the high-rise portion of Phase IV was launched in the third quarter of 2019 and it is expected to deliver to buyers in the fourth quarter of 2021.

### ***Guangzhou Greenery Terrace***

Greenery Terrace is a residential development project located at Xingnan Avenue, Nancun County, Panyu District, Guangzhou within the Huanan New Town Zone. Being one of the few low-density sites located in the Huanan New Zone, the close proximity to Metro Line No. 7 and the various developments and facilities in the Wanbo Commercial Area in the near future will add tremendous value to the project. It occupies an aggregate site area of approximately 17,300 sq.m. and has an aggregate planned gross floor area of approximately 29,000 sq.m. The project will be developed into a high-end low-density villa community. Development of the project that commenced in the third quarter of 2017 and presale was launched in the third quarter of 2018. It reached completion and commenced delivery to buyers in 2019.

### ***Guangzhou Regent Heights***

Regent Heights is a residential development project located at Maogang Road, Huangpu District, Guangzhou, Guangdong Province. The project strategically positioned at the pivotal intersection between Huangpu Yuzhu Port Economic Zone and Guangzhou International Financial City, the second central business district of Guangzhou. It is conveniently located with close proximity to the planned Metro Line No. 13 and equipped with quality educational, healthcare and transportation facilities. It occupies an aggregate site area of approximately 20,500 square metres and has an aggregate planned gross floor area of approximately 72,000 square metres. It will be developed into a mid-end quality high-rise community. The project commenced construction in the first quarter of 2020 and pre-sale was launched in the third quarter of 2020. The project is expected to be completed and delivered to buyers in the fourth quarter of 2022.

### ***Guangzhou Parc One***

Parc One is a residential development project located at Changling Road, Huangpu District, Guangzhou, Guangdong Province. It is 8 kilometres northeast to the Huangpu District municipal government office and 23 kilometres from Guangzhou International Financial City, the second central business district of Guangzhou. The project is conveniently located with close proximity to the planned Huangpu Tram Line No. 1. The district is equipped with quality educational, healthcare and transportation facilities. It occupies an aggregate site area of approximately 72,000 square metres and has an aggregate planned gross floor area of approximately 258,000 square metres. The project will be developed into a mid-end quality high-rise community. The project commenced construction in the third quarter of 2019 whilst pre-sale was launched in the third quarter of 2020 and is expected to be completed and delivered to buyers in the second quarter of 2023.

### ***Guangzhou Langyun Garden***

Langyun Garden is a residential development project located at Airport Expressway, Baiyun District, Guangzhou, Guangdong Province. The project location is 2.5 kilometres northwest to the Baiyun New Zone and 8 kilometres from the Guangzhou Railway station. It is equipped with a wide array of transportational network with easy access to the airport and the Guangzhou central district, and is situated with a well-established business atmosphere. It occupies an aggregate site area of approximately 57,000 square metres and has an aggregate planned gross floor area of approximately 130,000 square metres. It will be developed into a mid to high-end residential community that comprise villas and high-rise blocks. The project commenced construction in the third quarter of 2018 and launched pre-sale in the fourth quarter of 2019. It is expected to be completed and delivered to buyers in the fourth quarter of 2021.

### ***Shenzhen The Greenville***

The Greenville is a mixed-use development project located in Maluan Subdistrict, Pingshan District, Shenzhen, Guangdong Province, with close proximity to Pingshan Bus Station, Shenzhen Overseas Chinese Town East, as well as the Shenzhen Metro Line No.14 Shahu Station and Metro Line No. 16 Pingshanwei Station, which are both currently under construction. The site is surrounded by multiple residential complexes and fully equipped with various facilities. It will be developed into a quality high-rise community for upgraders. It occupies an aggregate site area of approximately 31,000 square metres and has a maximum developable gross floor area of approximately 178,000 square metres. The project is expected to be completed in the fourth quarter of 2022.

### ***Guangzhou Baiyun Chatou Project (project not yet named)***

Guangzhou Baiyun Chatou project is residential and commercial project located in the Complex on phass II of metro line no. 13, Baiyun District, Guangdong Province. It occupies an aggregate site area of approximately 77,000 square metres and has a maximum developable gross floor area of approximately 340,000 square metres. The project is expected to be completed in the fourth quarter of 2026.

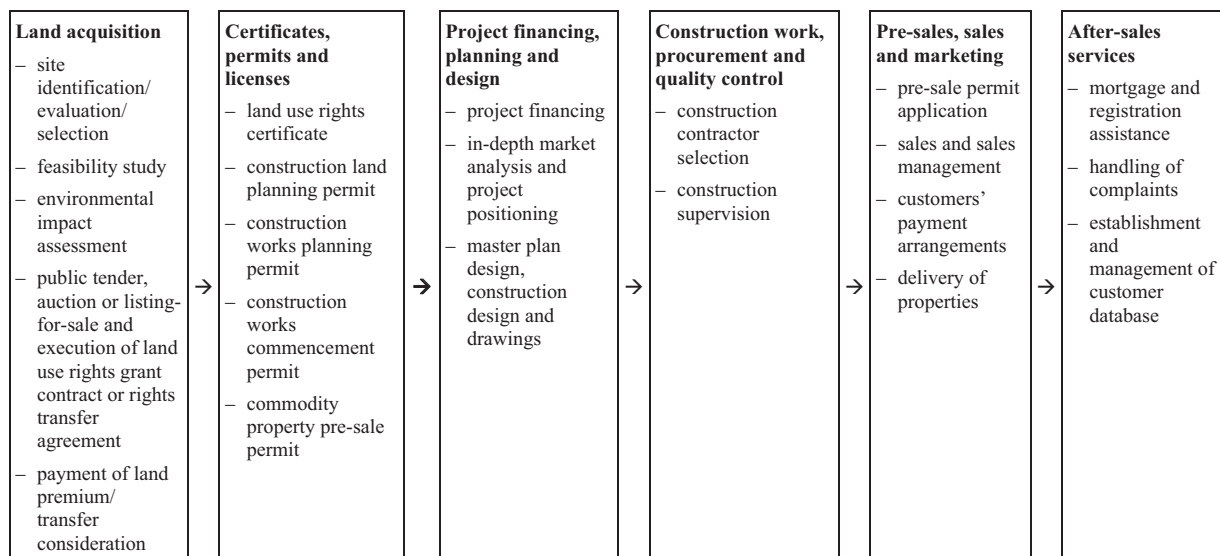
### ***Hong Kong Montego Bay***

Montego Bay is a residential development project located at the junction of Shung Shun Street and Yan Yue Wai, Yau Tong, Kowloon, Hong Kong. With idyllic and unobstructed view of the Victoria Harbour, the development offers stylish and relaxing living environment. It occupies an aggregate site area of approximately 10,500 sq.m. and has an aggregate planned gross floor area of approximately 65,000 sq.m. The project is comprised of 4 high-rise blocks with 688 units which are mostly small to medium-sized, to meet owner occupier and upgrade demand from single and expanding families. It also provides three and four-bedroom units for self-use and upgrade demand. Development of the project has commenced in the fourth quarter of 2017 with pre-sale scheduled to commence in 2020. The construction of the project is expected to be completed in the first quarter of 2023.

### **Real Estate Development Process**

We adopt a systematic approach to developing our properties, while catering to the specific preferences of individual target markets. The diagram below summarises the major stages typically involved in our real estate development projects.





### **Land Acquisition**

Land acquisition begins with the site selection process. We place a strong emphasis on the site selection process and consider it fundamental to a project's success. We conduct in-depth market analysis to understand market prices and other trends in a property market before commencing or launching a real estate development project. An experienced team is responsible for identifying sites for prospective development.

We typically consider a number of key factors when deciding whether to pursue a site at a particular time. Such factors include, but are not limited to:

- the size, demographic and population of the city in which the site is located;
- the degree to which the proposed development fits in with our product profile and growth strategies;
- location, surrounding environment and amenities, and proximity and accessibility to city centres or business districts;
- local property market conditions and industry competitors/players;
- local urban planning and specifications;
- the infrastructure available or planned by the local government;
- estimated cost, investment and financial return;
- local regulatory incentives or subsidies;
- special governmental requirements for the development; and
- applicable zoning regulations and preferential government policies.

Prior to July 2002, land use rights could be obtained through a land use grant contract executed between a real estate developer and local government authorities. Since 1 July 2002, land use rights for purposes of commercial use, tourism, entertainment and commodity housing development must be granted by the government through public tender, auction or listing-for-sale. Since our real estate

development projects are classified as commodity housing developments, land use rights for our projects must be granted in this manner. See “*PRC Regulations – Real Estate Development – Land for Real Estate Development*”. When deciding to whom the land use rights are granted, authorities consider not only the tender price, but also the credit history, qualifications and development proposal of the tendering party. When land use rights are granted by way of tender, an evaluation committee consisting of no fewer than five members (including a representative of the grantor and other experts) evaluates the tenders that have been submitted and selects the eventual grantee. When land use rights are granted by way of auction, a public auction is held by the relevant local land bureau and the land use rights are granted to the highest bidder. When land use rights are granted by way of listing-for-sale, the assignor issues a listing-for-sale announcement that specifies land grant conditions and invites bidders to list their applications at a specified land exchange within a specified period.

During the three years ended 31 December 2018, 2019 and 2020, we successfully acquired land through public tender, auction and listing-for-sale. We intend to continue to acquire land for new real estate developments through the above means.

### ***Certificates, Permits and Licenses***

Once we have paid the land premium and obtained the right to develop a parcel of land, we begin applying for the various permits and licenses that we need in order to begin construction and sale of our properties. If land use rights are acquired by way of grant, the land use rights grant contract will be a pre-condition to applications for the following certificates, permits and licenses:

- ***Land use rights certificate.*** The state-owned land use rights certificate (國有土地使用權證) is issued by a local real estate and land resources bureau with respect to the land use rights;
- ***Construction land planning permit.*** The construction land planning permit (建設用地規劃許可證) is issued by a local urban zoning and planning bureau or equivalent authority;
- ***Construction works planning permit.*** The construction works planning permit (建設工程規劃許可證) is issued by a local urban zoning and planning bureau or equivalent authority;
- ***Construction works commencement permit.*** The construction works commencement permit (建築工程施工許可證) is issued by a local construction committee or equivalent authority; and
- ***Commodity property pre-sale permit.*** The commodity property pre-sale permit (商品房預售許可證) is issued by a local housing and building administrative bureau or equivalent authority.

A real estate developer is allowed to commence construction of a real estate development only upon obtaining a construction works commencement permit which will only be issued after the land use rights certificate, construction land planning permit and construction works planning permit (together with the permit for commencement of construction work, collectively known as the “**four certificates**”) are obtained.

### ***Project Financing***

Our financing methods vary from project to project and are subject to limitations imposed by PRC regulations and monetary policies. Under applicable PRC regulations, commercial banks in the PRC are prohibited from advancing loans to fund the payment of land premiums, and as a result we have primarily used our internal funds to pay for land premiums. Our real estate development costs, including construction costs and additional financing for existing projects, are typically financed by internal funds and project loans from PRC banks.

The following summarises the main financing methods for our projects:

- **Internal funding from business operations.** Our internal funds primarily comprise proceeds from the sale and pre-sale of properties and rental income. We receive pre-sale proceeds when we enter into contracts to sell properties prior to their completion, which must be used for the construction of the projects which have been pre-sold. We typically receive an initial payment of 30% of the purchase price at the time of the execution of the pre-sale contract and receive the balance typically within a few months thereafter, by which time the customer is typically required under the contract to have obtained a bank mortgage.
- **Borrowings from banks and other parties.** We usually obtain project specific borrowings from commercial banks in the PRC. Such borrowings are typically secured by our properties under development and our land use rights. As at 31 December 2020, our outstanding PRC construction bank borrowings amounted to approximately HK\$677.6 million, all of which HK\$142.9 million were secured. As at 31 December 2020, our outstanding current and non-current borrowings amounted to HK\$19,571.1 million.
- **Funds raised from capital markets.** In addition, on 26 April 2013, we issued the Guaranteed bonds with a principal amount of U.S.\$225,000,000 and U.S.\$125,000,000 bearing interest at the coupon rate of 5.50% and 6.50%, per annum respectively, which matured and will mature on 26 April 2018 and 26 April 2023 respectively. On 17 May 2018, we issued perpetual securities in the principal amount of US\$200,000,000 bearing interest at the coupon rate of 7.0% per annum. On 18 September 2018, we issued senior Guaranteed bonds with a principal amount of U.S.\$300,000,000 bearing the interest rate at the coupon rate of 6.4% per annum, which will mature on 18 September 2021.
- **Fund contributions from the joint venture partners.** We obtained fund contributions from joint venture partners for our joint venture projects proportional to each party's equity holding. The fund contribution is usually deployed for the purpose of enlarging the share capital of the joint venture company, and the total capital contributions to be made to the joint venture company were usually arrived at after arm's length negotiation between the joint venture partner and ourselves after taking into account the costs of the project, including cost of land acquisition and estimated operating costs.

We plan to continue to fund our projects primarily by using a combination of sources, internally generated funds, bank borrowings and funds raised from the capital markets from time to time.

### ***Project Planning and Design***

Project planning and design is a critical step of the project development process. Our in-house planning and design team is responsible for the research and development of our real estate development projects. This team cooperates closely with our project managers and contracted designers and engineers on the overall planning of each development project.

We engage reputable and professional architectural and interior design firms to plan the architectural, landscape and interior designs of our projects in accordance with our specifications. We use a competitive bidding process in selecting architectural and interior design firms and make our selection based on their proposed designs, their reputation for reliability and quality as well as their bidding price.

Our in-house planning and design team is responsible for monitoring the progress and quality of the architectural design and interior design of our real estate developments. This team regularly monitors the progress and work quality of the engaged design firms to ensure that such firms meet our project quality and specification requirements. Our in-house planning and design team also works closely with our construction management department and sales and marketing team and generally considers their recommendations regarding product design and mix, project locations and market conditions.

### ***Project Construction***

We do not maintain an in-house construction team. Instead, our construction work is outsourced to third party construction companies and affiliated entities that are subsidiaries of China Minmetals. Third party construction companies are typically selected through a tender process. We consider various factors including quality and safety, reputation, track record in similar-size projects, technical and construction capabilities, proposed construction schedule and price.

The construction contracts we enter into with construction companies typically provide for the completion date of the construction projects, quality and safety requirements mandated by relevant PRC laws and regulations and our quality standards and other specifications. Prices for construction work are also provided for primarily based on estimated labour and material costs and are usually computed on a per sq.m. basis. In an effort to ensure the quality of services rendered by the contractors, our construction contracts generally provide for progressive payment arrangements according to construction phases throughout the construction process, and we typically withhold a portion of the contract sum for a pre-agreed period of time after the construction is completed to secure any claim we may have due to any potential construction defects.

Under PRC law, construction companies bear civil liability for personal injuries, accidents and deaths arising out of their construction work if such personal injuries, accidents and death are caused by the construction companies. The owner of the property under construction may also bear civil liability for personal injuries, accidents and death if such injuries, accidents and death are due to the fault of the owner. To date, we have not experienced any destruction of or damage to our real estate development; nor has any material personal injury incident occurred on any of our project sites. We are not responsible for any labour problems our contractors might have. As to our risk in relation to environmental, social and safety problems due to noncompliance with PRC laws by the contractors, we may be held responsible for such problems but our construction contracts provide that we may seek indemnification from the contractors for any resulting damages. To help ensure construction safety on our project sites and compliance with PRC laws and regulations, including environmental, social and safety regulations, we have provided a set of standards and specifications in our construction contracts for external construction companies to comply with during the construction process. While we engage independent supervisory companies to conduct quality and safety control checks on our projects, we maintain a team of in-house professionals to monitor various aspects of our projects, such as progress and quality.

### ***Procurement of Building Materials and Equipment***

Equipment and construction materials needed for our construction work are generally procured by our contractors except for specified materials, including elevators, main entrance doors, paint, roof tiles and air conditioning systems, which we procure through our procurement team. Where the construction materials are considered key items, we typically designate a few brands which the contractors are required to procure. We have established a screening and bidding process to select material suppliers based on a set of factors including product quality, production capacity, management, implementation capability, track record and after-sales services.

### ***Quality Control and Construction Safety***

We emphasise quality control to ensure that we provide high-quality products and services to our customers. We have adopted our quality control procedures to ensure that our properties and services comply with relevant rules and regulations relating to quality, safety and planning criteria and meet market standards. We adopt written selection and specification requirements for procurement of each type of material and equipment, including brand requirements, quality, technical standards, sample inspection and random quality inspection. We impose ingredient specifications for certain important construction materials, such as cement. In addition, construction materials must be sampled and tested before they are used in our projects.

We have formulated internal control standards and procedures to regulate all major processes and procedures in our construction works. We require contractors to adhere to our guidelines in respect of standards and procedures, comply with relevant PRC laws and regulations in carrying out their work, and report any deviations and instances of non-compliance. Our project engineers perform on-site supervision during our construction process and conduct progressive inspections at each construction phase. We assign evaluation teams to perform on-site evaluation reviews of our existing contractors periodically with respect to construction quality, safety control and compliance with the relevant PRC regulations and standards relating to building materials and workmanship. We also prepare detailed quality evaluation reports for each unit of our projects after construction completion.

In addition, we engage independent third-party supervisory companies to monitor, control and manage the construction progress of our projects, including quality, cost control, safety, quality control of construction materials and equipment, and to conduct on-site inspection. Our contracts with supervisory companies generally set out payment terms, fee calculation methods and dispute resolution provisions. The supervisory fees are generally determined either at a negotiated percentage of the total construction cost of the construction project, or according to the number of supervisory personnel persons deployed. We generally make progressive payments to our supervisory companies according to construction phases until they complete the relevant services.

Furthermore, we emphasize construction safety to ensure that our properties are in compliance with the applicable laws and regulations relating to safety. We require our employees to adhere to our safety measures and procedures as stipulated in our work and safety policy. We monitor and supervise our employees closely in the implementation of all such safety measures and procedures during execution of work. Responsible employees shall be penalized in accordance with the policy when accidents related to work safety arise. We also perform safety control checks on all building materials, equipment and construction regularly to ensure the achievement of high construction safety standard.

We believe that we have developed a strong track record of quality control and construction safety in developing our projects.

### ***Pre-Sales***

In line with market practice, we pre-sell properties prior to completing construction. Under applicable PRC laws and regulations, the following conditions must be met prior to commencing any pre-sale of any particular real estate development:

- the relevant land use rights certificate has been duly issued;
- the construction works planning permit and the construction works commencement permit have been duly issued;
- the funds contributed to the real estate development may not be less than 25% of the total amount required to be invested in the project;
- the progress and the expected completion date and delivery date of the construction work have been ascertained; and
- a pre-sale permit has been duly issued by the relevant construction bureau or real estate administration authority.

In addition, the real estate developer should ensure that proceeds from pre-sales are used for the construction of the relevant pre-sold real estate development project. Pre-sale activities are also subject to local regulations of the cities where the real estate development projects are located.

## ***Sales and Marketing***

We have a sales and marketing team responsible for executing our overall sales and marketing strategy and product promotion plans. Our sales and marketing team conducts market analyses, prepares promotional designs and project brochures, organises on-site promotions, arranges advertising campaigns, recommends pricing, sets sales-related policies and manages our customer relationships. We provide training programs and courses to our sales and marketing staff with different levels of experience.

We promote our products through various media including newspapers, the Internet, television, radio and outdoor billboards. We also conduct advertising campaigns by means of direct mail, phone text messages and project promotional materials. In addition, in 2020, we launched the online sales platform “五礦好房” for sales and marketing activities which effectively overcame the loss attributed to the freezing physical property sales activities. We occasionally participate in real estate exhibitions to enhance our brand awareness and promote our products. As part of our sales strategy, we conduct on-site promotion and display units to potential customers.

We occasionally work with external sales and marketing agencies. We select such agencies based on their qualifications, reputation, past performance and market share, project proposal and qualifications and experience of their professional staff. Once engaged, representatives of such agencies act as our agents for sales of specific projects. Fees payable to external sales agencies are usually negotiated on the basis of prevailing market rates and settled according to negotiated contract terms.

## ***Customer’s Payment Arrangements***

Purchasers of our residential properties, including those purchasing pre-sale properties, may arrange for mortgage loans with banks. The mortgage payment terms for properties sold or pre-sold are substantially the same. Purchasers typically make a down payment as required by applicable PRC regulations on the date of execution of the formal sale and purchase agreement. Currently first-time purchasers are required to make a down payment of at least of 30% of the purchase price; while purchasers who purchase additional properties are required to make a down payment of at least 50% of the purchase price. In each case, a mortgage loan with a maximum term of 30 years for the balance of the purchase price may be available to the purchasers. Purchasers are generally required to pay the balance of the purchase price within one month following the execution of the sale or pre-sale contract when they purchase properties using mortgage financing. If our purchasers choose not to finance their purchases with mortgage loan facilities, they are required to pay the purchase price in full at the time of the execution of the pre-sale or sales contract.

In accordance with industry practice, we provide guarantees to banks for the repayment of mortgage loans with respect to pre-sold properties. The guarantee is released upon the earlier of (i) the satisfaction of the mortgage loan by the purchaser of the property and (ii) the issuance of the property ownership certificate for the mortgaged property and the completion of the registration of the mortgage, which is generally available within six months to one year after the purchaser takes possession of the relevant property. In line with industry practice, we do not conduct independent credit checks on our purchasers but rely on the credit checks conducted by the mortgagee banks.

As at 31 December 2020, our outstanding guarantees given to banks for mortgage facilities granted to purchasers of our properties amounted to HK\$6,805 million. In the years ended 31 December 2018, 2019 and 2020, there were no material defaults under mortgage facilities secured by our guarantees, individually or in the aggregate. See “*Risk Factors – Risks Relating to Our Business – We may become liable if our customers default on mortgages we have guaranteed.*”



### ***Delivery of Properties***

We endeavour to deliver our products to our customers in a timely manner. We closely monitor the progress of construction of our real estate development projects and conduct pre-delivery property inspections to ensure the quality of our properties. The time frame for delivery is set out in sale and purchase agreements we enter into with our customers. In pre-sales transactions, delivery of a property generally takes place within one to three months after completion of the property, depending on the type of property, and we are required to make penalty payments to purchasers for any delay in delivery. Once a real estate development project or project phase has passed requisite government inspections and is ready for delivery, we notify our customers and hand over keys and possession of the properties.

### ***After-Sales Services***

Our after-sales services are customer-oriented. Our objective is to ensure continued customer satisfaction. We offer various types of after-sale services to our customers. For example, we generally assist the purchasers of our properties with mortgage financing applications, title registrations and obtaining property ownership certificates. We offer multiple communication channels for our customers to provide feedback and complaints about our products or services, including a customer service telephone hotline. We also study customer satisfaction through third-party research. We cooperate with our property management companies to handle customer complaints, and we seek to make timely adjustments to products and services to meet our customers' needs.

## **PROPERTY MANAGEMENT**

As at 31 December 2020, we provided property management services to our completed real estate development projects. Our property management business in China and Hong Kong adheres to the “37°C Caring Service” principle to provide attractive, caring and value-added services to the property residents with safe and comfortable living environment in our completed real estate development projects. Our property management teams are well equipped with professional qualifications and extensive experience in safety management, equipment operation and maintenance, environmental and building management. We have also established property management subsidiaries in China and Hong Kong to ensure professional and caring property management services are provided to buyers. In 2020, we further acquired a company that offers property management services from China Minmetals.

For the years ended 31 December 2018, 2019 and 2020, we received various awards in relation to our property management business, including the following:

<b><u>Name of the residential property managed by us</u></b>	<b><u>Award</u></b>
China Minmetals Tower . . . . .	“Five-Star Managed Property” by Kowloon West Regional Crime Prevention Office in 2018 and 2019
Hallstatt See . . . . .	“Service Demonstration Enterprise Award” by the China Golden Key Alliance in 2018  Being recognised as a “Green Community” by the Ministry of Ecology and Environment of Huizhou in 2019
Riveria Royale . . . . .	“Property Management Excellent Community Award” by Jianye District Housing Security and Housing Bureau in 2018  “Nanjing City Property Management Excellent Society Security Community” by Nanjing Housing Security and Housing Bureau in 2019  Being recognised as the “Well-being Community” by China Construction Press in 2019

Academic Royale . . . . .	“Property Management Excellent Community Award” by Jianye District Housing Security and Housing Bureau in 2018
Platinum Bay . . . . .	“Yingkou City Property Management Residential Community Demonstration Award” by Yingkou City Property Management Association in 2018 and 2020
Laguna Bay . . . . .	“Nanjing City Property Management Excellent Society Security Community” by Nanjing Housing Security and Housing Bureau in 2019
Yan Shan Ju . . . . .	“Nanjing City Property Management Demonstration Project” by Nanjing Housing Security and Housing Bureau in 2020
Minmetals Chai Da Mu Plaza . . . . .	“Green Property Service Project” by Xining Housing Security and Housing Administration Bureau in 2020 “Xining City Property Management Demonstration Project” by Xining Housing Security and Housing Administration Bureau in 2020
Scotland Town . . . . .	“Changsha City Property Management Benchmarking Demonstration Project” by Changsha Property Management Office in 2020
Changsha Scenery Cove . . . . .	“Advance Property Management Award” by Jingwanzi Street Working Committee in 2020
West Begonia . . . . .	“2020 China Real Estate High Quality Residence Model Project” by China Real Estate News in 2020

## SPECIALISED CONSTRUCTION

As at the date of this Offering Circular, we are engaged in the business of specialised construction via a wholly-owned subsidiary company, Minmetals Condo (Hong Kong) Engineering Company Limited (“**Condo Hong Kong**”) for the Hong Kong market. Through our specialised construction business, we provide our customers with integrated curtain wall system and metal roofing system solutions that are customised to meet the technical specifications and performance requirements of individual projects. Our services include design of structural systems, procurement of materials, production and assembly of curtain wall and metal roofing products, performance testing, and installation of products at construction sites and after-sales services. Our key products include curtain wall and roofing systems, aluminium windows, doors and internal cladding. We have provided building solutions to a variety of building structures, including residential and office buildings, museums, sport centres, airports, shopping centres, swimming pools and hotels, including the north satellite concourse of the Hong Kong International Airport and the new Tamar Hong Kong Government Headquarters.

Condo Hong Kong’s active participation in both private development and public sector over the years has earned itself positive market recognition within the construction sector, which has led to an increase in project bidding invitation. However, as curtain wall construction companies from other regions entering into the Hong Kong market, competition has intensified. In view of the shortage of skilled labour and a higher risk of increase in direct and indirect costs, Condo Hong Kong has adopted a relatively conservative bidding strategy and implemented tight risk management measures. In 2020, Condo Hong Kong secured new projects amounted to approximately HK\$700 million and had projects on hand amounted to approximately HK\$1,100 million at the end of the year of 2020.

In December 2020, we disposed the entire equity interest in Condo Shanghai to The 23rd Metallurgical Construction Group Co., Ltd. (a non-wholly owned subsidiary of China Minmetals). Prior to the disposal, Condo Shanghai was mainly responsible for our specialised construction business in the PRC.

For the years ended 31 December 2018, 2019 and 2020, revenue from our specialised construction including the revenue generated by Condo Shanghai prior to its disposal in December 2020, amounted to HK\$941.7 million, HK\$864.6 million and HK\$529.4 million, respectively, contributing to 8.6%, 7.7% and 6.9%, respectively, of our revenue for the same periods.

## PROPERTY INVESTMENT – RENTAL AND MANAGEMENT FEE INCOME FROM INVESTMENT PROPERTIES

Our investment property portfolio mainly comprises two commercial and office buildings for leasing in Hong Kong: (i) the 20-storey China Minmetals Tower in Tsim Sha Tsui, Hong Kong and (ii) the 25-storey LKF29 in Central, Hong Kong and (iii) two commercial and retail complexes in Changsha and Taian in the PRC. Our leases are generally for terms of two to three years. In selecting our tenants, we consider various factors, such as the reputation and history of candidate tenants. Rents are typically determined based on prevailing market rates and calculated on a per sq.m. basis.

We intend to retain these properties for long-term investment. In managing our investment property portfolio, we take into account estimated long-term growth potential, overall market conditions and our cash flows and financial condition.

For the years ended 31 December 2018, 2019 and 2020, respectively, our rental and management fee income from investment properties in Hong Kong amounted to HK\$70.4 million, HK\$67.7 million, and HK\$60.6 million, representing 0.7%, 0.6% and 0.8% respectively, of our revenue for the same periods.

The table below summarises certain information with respect to our commercial and office buildings in Hong Kong as at 31 December 2020.

<u>Investment Properties</u>	<u>Type</u>	<u>Total GFA held for investment</u> (sq.m.)	<u>GFA of tenanted portion</u> (sq.m.)	<u>Occupancy rate</u>	<u>Range of rental period</u> (years)
China Minmetals Tower . . . . .	Commercial Office	10,790	8,664	80.3%	1-4 years
LKF29 Tower . . . . .	Commercial Office	5,036	4,003	83.6%	1-5 years
Total . . . . .		<u>15,826</u>	<u>12,667</u>		

As at 31 December 2020, the fair value of China Minmetals Tower was HK\$1,334 million and the fair value of LKF29 was HK\$927 million.

## COMPETITION

The property market in the PRC is fragmented and competitive. Competition is primarily based on factors such as location, types of properties offered, brand recognition, quality, facilities, government regulation and supporting infrastructure, services and pricing. Our existing and potential competitors include major domestic state-owned and private real estate developers in the PRC, and real estate developers from Hong Kong and elsewhere in Asia. Some of our competitors may have greater financial and other capital resources, marketing and other capabilities and name recognition than us. In addition, some local companies have extensive local knowledge and business relationships or a longer operational track record in the relevant local markets than us. Intensified competition between real estate developers may result in increased costs for land acquisition, oversupply of properties and a slowdown in the

approval process for new real estate developments by the relevant government authorities. See “*Risk Factors – Risks Relating to the PRC Real Estate Industry – Increasing competition in the PRC property market may adversely affect our profitability.*”

## **INTELLECTUAL PROPERTY RIGHTS**

We rely on a combination of trademark and contractual arrangements to establish and protect our brand name and other intellectual property rights. We did not experience any material infringement of our intellectual property rights during the three years ended 31 December 2018, 2019 and 2020, and we are not aware of any material unauthorised use of our brand name, logo or other forms of our brand image. Nor are we aware of any infringement by us of any third parties’ intellectual property rights.

## **INSURANCE**

We maintain asset insurance policies for our properties and assets. We do not insure against potential losses or damage with respect to our properties for sale before their delivery to customers. Nor do we maintain insurance coverage against liability from tortious acts or other personal injuries on our project sites. The construction companies are responsible for quality and safety control during the course of construction and are required to maintain accident insurance for their construction workers pursuant to PRC laws and regulations. We believe our insurance practice is consistent with the customary practice in the PRC real estate industry.

For our specialised construction projects, we generally carry contractor all risk and third-party liability insurance coverage, but do not maintain any defective product or business disruption insurance policies. We rely on umbrella insurance policies for the buildings in which our curtain wall products are installed, for instance, to cover matters such as workers’ compensation claims, and we only maintain separate workers’ compensation policies in a limited number of instances where we are legally or contractually required to do so.

With respect to our investment properties in Hong Kong, we maintain insurance coverage against destruction of or damage to these two properties.

## **ENVIRONMENTAL MATTERS**

We are subject to PRC national, provincial and local environmental laws and regulations in the PRC. These include, without limitation, the Environmental Protection Law, the Prevention and Control of Noise Pollution Law, the Environmental Impact Assessment Law and the Administrative Regulations on Environmental Protection for Development Projects. Pursuant to these laws and regulations, each real estate development is required to undergo environmental assessment. A real estate developer must prepare an environmental impact assessment report for submission to the relevant PRC environmental authorities and obtain approval from such authorities before commencing construction.

During the construction stage, the environmental control facilities must be completed in accordance with the design and relevant codes of practice. We also must ensure that our construction contractors comply with applicable environmental laws and regulations during the construction stage. During the course of construction of development projects, the environment is typically impacted by an increased amount of dust around the site, increased construction waste and increased noise pollution. In each of these cases, our construction contractors, as part of the responsibilities under their contracts, are responsible for taking actions to clear waste, to keep dust levels low, to control noise pollution and to comply with all relevant environmental laws and regulations.

Upon completion of each project, the relevant environmental authorities will inspect the site and test the environmental control facilities to ensure compliance with all applicable environmental standards and prepare a report to confirm such compliance. The resulting report is presented together with other

specified documents to the relevant construction administration authorities for their approval and record. Approval from the environmental authorities of such report is required before we can deliver the property to our customers.

We believe that we are in compliance in all material respects with applicable national, provincial and municipal environmental laws and regulations, and have not received any fines or penalties associated with breaching of any of them.

## HEALTH AND SAFETY MATTERS

In respect of social responsibility, in particular, labour health, safety, insurance and accidents, relevant laws and regulations mainly include the PRC Labour Law, PRC Labour Contract Law, Interim Regulation on Collection and Payment of Social Insurance Premiums, Regulations on Work-Related Injury Insurance, Safety Production Law, Regulations on the Reporting, Investigation and Disposition of Work Safety Accidents, Administrative Regulations on the Work Safety of Construction Projects and Regulations on the Management of the Housing Provident Fund. The aforementioned laws and regulations set forth relevant provisions on working hours, work safety, rest and vacation, wages, health and safety, social insurance and welfare for employees. We have purchased insurance for our employees according to PRC laws and regulations and we are planning to increase insurance coverage for our employees to include commercial accident insurance. We believe that as at the date of this Offering Circular, there had been no material violation of currently applicable PRC labour and safety regulations nor had there been any material employee safety issues involving us.

## EMPLOYEES

As at the date of this Offering Circular, we have 1,189 full-time employees. The following table provides a breakdown of our employees by function as at the same date.

<b>Division</b>	<b>Number of Employees</b>
Market and Sales . . . . .	112
Professional Technicians . . . . .	432
Management Staff . . . . .	416
Investment Planning . . . . .	35
Property Management . . . . .	111
Others . . . . .	83
Total . . . . .	1,189

Our employees are engaged under employment contracts and do not negotiate their terms of employment through any labour union or by way of collective bargaining agreements. We benchmark employee remuneration packages against our peers, and each package is based on the employee's qualifications, position and seniority. We believe the salaries and benefits that our employees receive are competitive in comparison with market rates. The remuneration package of our employees includes salary, incentive bonus, share-based compensation and welfare. We conduct annual appraisals for our employees and apply the appraisal results in our annual salary reviews, promotion assessments and annual bonus determinations. Commissions are paid only to sales staff.

We are subject to social insurance contribution plans organised by the PRC local governments. In accordance with the relevant national and local labour and social welfare laws and regulations, we are required to pay on behalf of our employees a monthly social insurance premium covering pension insurance, medical insurance, unemployment insurance, working injury insurance, maternity insurance and a housing reserve fund. In Hong Kong, we make employer contributions in accordance with rules related to mandatory provident funds.

We believe our relationship with our employees is good. We have not experienced significant labour disputes which have affected or are likely to have an adverse effect on our business operations.

## **LEGAL PROCEEDINGS**

From time to time, we are involved in legal disputes arising in the ordinary course of business, primarily including but not limited to disputes with suppliers. We were not, as at the date of this Offering Circular, engaged in any litigation, arbitration or claim of material importance, and we are not aware of any pending litigation, arbitration or claim of material importance pending or threatened by or against us that would have a material adverse effect on our results of operations or financial condition.



## DIRECTORS AND SENIOR MANAGEMENT

### BOARD OF DIRECTORS

Our board of the directors of (the “**Board**”) assumes the responsibility for leadership and control of our Company and is collectively responsible for directing and supervising the Company’s affairs. The Board consists of four executive directors, one non-executive director and three independent non-executive directors as at the date of this Offering Circular.

<u>Name</u>	<u>Age</u>	<u>Position/Title</u>
He Jianbo . . . . .	51	Chairman of the Board and Executive Director
Liu Bo . . . . .	56	Managing Director and Executive Director
Chen Xingwu . . . . .	52	Deputy Managing Director and Executive Director
Yang Shangping . . . . .	47	Deputy Managing Director and Executive Director
He Xiaoli . . . . .	53	Non-executive Director
Selwyn Mar . . . . .	85	Independent Non-executive Director
Lam Chung Lun, Billy . . . . .	73	Independent Non-executive Director
Law Fan Chiu Fun, Fanny . . . . .	68	Independent Non-executive Director

*Mr. He Jianbo* currently serves as the chairman of the Board and an executive director of our Company. Mr. He was appointed as an executive director and the managing director of the Company in December 2007. He was appointed as the deputy chairman of the Board in April 2013 and was re-designated as the chairman of the Board in January 2019. Mr. He is responsible for the overall strategic direction of the Group and organising the management for the strategic planning and business operations of our Company. Mr. He has extensive experience in real estate development, corporate management, strategic planning and investment. Prior to joining us, he had successively served as a director of the general administrative office, a director of the strategic planning division and a member of the strategic planning committee at China Minmetals since 1992. Mr. He graduated from Peking University with a bachelor’s degree in economics. He also obtained a master’s degree in international finance from Peking University and a master’s degree in business administration from Saint Mary’s University in Canada. Mr. He is a senior international business engineer (高級國際商務師) in the PRC, the vice president of the China Real Estate Chamber of Commerce and a member of the Political Consultative Conference of Dongcheng District of Beijing.

*Mr. Liu Bo* has been the general manager of our Company since January 2019 and also serves as an executive director and the managing director of our Company since March 2020. Prior to joining us, Mr. Liu had worked in China Metallurgical Group Corporation (the “**MCC Group**”) since 1988 and was the chief economist of MCC Group and Metallurgical Corporation of China Ltd. He had held senior management positions in various subsidiaries of MCC Group where his responsibility covered engineering design, and construction and technology development. He also possesses extensive experience in land development and urban development projects, including the Singapore Universal Studio EPC project. Mr. Liu has participated in the research and development of technologies for which he has obtained various patents and scientific research achievement awards in the PRC. Mr. Liu was granted a special government allowances by the State Council in 2011. Mr. Liu obtained a master’s degree in engineering from Xi’an University of Architecture and Technology and is a qualified professoriate senior engineer (教授級高級工程師) in the PRC. He is also the vice president of the Construction Project Management Committee and the Foundation and Underground Space Construction Committee of the China Construction Industry Association.

*Mr. Chen Xingwu* has served as a deputy general manager of our Company since June 2018 and an executive director and a deputy managing director of our Company since November 2018. Mr. Chen has extensive experience in strategic financing, investment and financial management. Mr. Chen joined China Minmetals in 1991 and had held positions in various departments and subsidiaries of China Minmetals where his responsibility covered international trading, financing of cross-border mergers and

acquisitions and corporate management. Mr. Chen obtained a bachelor's degree in economics from the University of International Business and Economics and is a qualified accountant and an international business engineer in the PRC.

**Mr. Yang Shangping** has served as an executive director and a deputy managing director of our Company since June 2017. Mr. Yang first joined our Company as the general manager of our real estate development operation in Nanjing in 2007. He is responsible for the strategic investment, sales and marketing and urban development of the Group. Mr. Yang has extensive experience in project management as well as sales and marketing and cost management. Prior to joining us, Mr. Yang worked in China Overseas Holdings Ltd. and Shanghai Vanke Co., Ltd. for over 10 years where he was engaged for project management. Mr. Yang obtained a bachelor's degree in civil structural engineering from Tongji University and a master's degree in business administration from Fudan University.

**Ms. He Xiaoli** has served as a non-executive director since November 2018 and has previously served as an executive director and a deputy managing director of our Company. Ms. He has extensive experience in corporate financing and investment, capital market operation and financial management. Prior to joining us, Ms. He worked at the finance department of the then China National Nonferrous Metals Industry Corporation as the head of its business division and deputy director of the accounting information division. Ms. He obtained a bachelor's degree in economics (major in accounting) from North China University of Technology and a master's degree in business administration from the University of South Australia. She is a qualified senior accountant in the PRC and a member of the Chinese Institute of Certified Public Accountants.

**Mr. Selwyn Mar** was appointed as an independent non-executive director of our Company in November 2002. He also holds directorship in three other listed companies in Hong Kong. In addition, he is a consultant of Nexia Charles Mar Fan Limited and a director of Marfan & Associates Limited. Mr. Mar has been actively involved in commercial and industrial undertakings in Hong Kong and the PRC in the past 43 years. Mr. Mar had previously served as the president of the Hong Kong Institute Certified Public Accountants, a member of the appeals panel of the Securities and Futures Commission and a member of the board of governors of Chinese International School. Mr. Mar graduated from the London School of Economics. He is a chartered accountant and an Honorary Fellow of Lingnan University.

**Mr. Lam Chung Lun, Billy** was appointed as an independent non-executive director of our Company in September 2015. He joined the Hong Kong Government as an administrative officer in 1970 and was engaged in public services covering housing, environmental protection, land administration, procurement, financial services, infrastructure and project development. He had served as the chief executive officer of the Airport Authority and the managing director of the Urban Renewal Authority. Mr. Lam graduated from the University of Hong Kong and obtained a Master of Science in Management degree from the Stanford Graduate School of Business. He is currently a member of the Lantau Development Advisory Committee, a director of Life Education Activity Programme, and a council member and an adjunct professor of the Hong Kong Polytechnic University. Mr. Lam, a Justice of Peace since 2004, was awarded the Golden Bauhinia Star Medal by the Hong Kong Government in 2008.

**Ms. Law Fan Chiu Fun, Fanny** was appointed as an independent non-executive director of our Company in April 2018. Prior to the retirement from her 30-year civil service in 2007, Ms. Law was the Commissioner of the Hong Kong Independent Commission Against Corruption and had worked in many fields, including medical and health, economic services, housing, land and planning, home affairs, social welfare, civil service, transport and education. Ms. Law graduated from the University of Hong Kong with a bachelor's degree in science. She received a master's degree in public administration from Harvard University and was named a Littauer Fellow. She also obtained a master's degree in education from the Chinese University of Hong Kong. Ms. Law is currently a member of the Executive Council of the Hong Kong Government and serves as an independent non-executive director of four other listed

companies in Hong Kong. She is also an external director of China Resources (Holdings) Co., Ltd. Ms. Law was awarded the Gold Bauhinia Star and the Grand Bauhinia Medal in 2003 and 2017, respectively, by the Hong Kong Government in recognition of her distinguished service to the community. She is also a Justice of Peace since 2008.

**SENIOR MANAGEMENT**

The table below sets forth certain information in respect of the senior management of our Company as at the date of this Offering Circular:

<u>Name</u>	<u>Age</u>	<u>Position/Title</u>
Ning Heqiu . . . . .	56	Deputy General Manager
Dai Pengyu . . . . .	39	Deputy General Manager
Law Yiu Wing, Patrick . . . . .	58	Chief Operating Officer (Hong Kong)
Tang Ying Kit, Edward . . . . .	47	Financial Controller

*Mr. Ning Heqiu* has served as the deputy general manager of our Company since March 2020. Mr. Ning has over 30 years of experience in the construction sector in the PRC since he joined The 23rd Metallurgical Construction Group Co., Ltd. of Minmetals (the “**23rd Metallurgical Group**”) in 1986. He is currently the president of the 23rd Metallurgical Group, the vice president of Hunan Construction Industry Association and a deputy director of China National Association for Non-ferrous Metals Industries Construction. Mr. Ning has extensive experience in construction business and corporate management, and has gained recognitions for his professional achievement in Hunan Province. Mr. Ning obtained a master’s degree in engineering from Wuhan University and is a qualified professoriate senior engineer in the PRC.

*Mr. Dai Pengyu* has served as a deputy general manager of our Company since March 2020 and the general manager in charge of our operation in southern China. First joining the Company in 2007, Mr. Dai has extensive experience in marketing and management of real estate development projects and has held senior management positions in various real estate development subsidiaries of our Company in central, eastern and southern China. Mr. Dai obtained a bachelor’s degree in business administration with a focus on management of real estate business from Xi’an University of Architecture and Technology.

*Mr. Law Yiu Wing, Patrick* is the chief operating officer for our operation in Hong Kong. Joining us in September 2006, Mr. Law has extensive experience in property development, strategic planning, financial management from his previous posts with various listed companies in Hong Kong. Mr. Law is responsible for the management of our investment properties in Hong Kong and is the general manager of Minmetals Condo (Hong Kong) Engineering Company Limited, one of our wholly-owned subsidiaries primarily engaged in specialised construction business in Hong Kong, and Massive Leader Limited, one of our wholly-owned subsidiaries primarily engaged in our Montego Bay Project in Hong Kong. Mr. Law obtained a Bachelor of Building degree from the University of New South Wales and a Master of Business Administration degree from the Australian Graduate School of Management. He is a member of the Australian Institute of Building, the Hong Kong Institute of Certified Public Accountants and CPA Australia.

*Mr. Tang Ying Kit, Edward* has served as our financial controller since April 2013. Mr. Tang has extensive experience in corporate finance, and financial and general management. Prior to joining us, Mr. Tang worked at listed companies and state-owned enterprises in Hong Kong. Mr. Tang obtained a Bachelor of Business Administration in Finance degree from Hong Kong University of Science and Technology. He is an associate member of the Hong Kong Institute of Certified Public Accountants, the Chartered Institute of Management Accountants, and a fellow member of the Association of Chartered Certified Accountants.

## **BOARD COMMITTEE**

We have established four board committees under the Board, namely, the audit committee, the remuneration committee, the nomination committee and the executive committee.

### ***Audit Committee***

Our audit committee consists of three members, namely Mr. Selwyn Mar, Mr. Lam Chung Lun, Billy and Ms. Law Fan Chiu Fun, Fanny. Mr. Selwyn Mar is the chairman of the audit committee.

The Audit Committee is principally responsible for reviewing (i) the effectiveness of the financial reporting procedures and risk management and internal control systems of our Company; (ii) the appointment of independent auditors and the efficiency and quality of their work; and (iii) all internal audit reports as well as management feedback to such reports.

### ***Remuneration Committee***

Our remuneration committee consists of four members, namely Ms. Law Fan Chiu Fun, Fanny, Mr. He Jianbo, Mr. Selwyn Mar and Mr. Lam Chung Lun, Billy. Ms. Law Fan Chiu Fun, Fanny is the chairwoman of the remuneration committee.

The remuneration committee is principally responsible for the review of the remuneration and incentive scheme for our directors and senior management, and the establishment and maintenance of a reasonable and competitive remuneration packages in order to attract and retain the directors and senior management. The remuneration committee was authorised by the Board to determine the remuneration for the executive directors and senior management and make recommendation to the Board on the remuneration of the non-executive directors.

### ***Nomination Committee***

Our nomination committee consists of four members, namely Mr. He Jianbo, Mr. Selwyn Mar, Mr. Lam Chung Lun, Billy and Law Fan Chiu Fun, Fanny. Mr. He Jianbo is the chairman of the nomination committee.

The nomination committee is principally responsible for formulating policy for nomination of our directors and leading the process of identifying and nominating candidates suitably qualified to become board members. It reviews the structure, size and composition of the Board and makes recommendation to the Board on re-appointment of the directors as well as succession plan for the chairman of the Board and the chief executive officer of our Company. The nomination committee also reviews the independence of the independent non-executive directors.

### ***Executive Committee***

Our executive committee consists of four members, namely Mr. He Jianbo, Mr. Liu Bo, Mr. Chen Xingwu and Mr. Yang Shangping. The chairman of the executive committee is Mr. He Jianbo. The executive committee is responsible for our daily operations and management.

## PRINCIPAL SHAREHOLDERS

As at 31 December 2020, according to the register of interests kept by us under Section 336 of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the “SFO”), the following persons had interests in the our shares as disclosed to our Company under Divisions 2 and 3 of Part XV of the SFO.

<u>Name of Principal Shareholder</u>	<u>Interest in Shares</u>		<u>Approximate Percentage of Total Issued Shares</u>	
	<u>Long Position</u>	<u>Short Position</u>	<u>Long Position</u>	<u>Short Position</u>
China Minmetals <sup>(1)</sup> . . . . .	2,071,095,506	–	61.88%	–
China Minmetals Corporation Limited (“CMCL”) <sup>(1)</sup> . . . . .	2,071,095,506	–	61.88%	–
China Minmetals Non-Ferrous Holding Company Limited (“CMNH”) <sup>(1)</sup> . . . . .	2,071,095,506	–	61.88%	–
China Minmetals Non-Ferrous Metals Company Limited (“CMN”) <sup>(1)</sup> . . . . .	2,071,095,506	–	61.88%	–
Album Enterprises Limited (“Album Enterprises”) <sup>(1)</sup> . . . . .	2,071,095,506	–	61.88%	–
China Minmetals H.K. (Holdings) Limited (“Minmetals HK”) <sup>(1)</sup> . . . . .	2,071,095,506	–	61.88%	–
June Glory International Limited (“June Glory”) <sup>(1)</sup> . . . . .	2,071,095,506	–	61.88%	–
Haitong Securities Co., Ltd. (“HSC”) <sup>(2)</sup> . . . . .	169,995,800	6,268,000	5.08%	0.19%
Haitong International Holdings Limited (“HIH”) <sup>(2)</sup> . . . . .	169,995,800	6,268,000	5.08%	0.19%
Haitong International Securities Group Limited (“HISG”) <sup>(2)</sup> . . . . .	169,995,800	6,268,000	5.08%	0.19%
Haitong International Securities Company Limited (“HISC”) <sup>(2)</sup> . . . . .	163,727,800	–	4.89%	–

*Notes:*

- (1) June Glory is a wholly-owned subsidiary of Minmetals HK, which in turn is owned as to approximately 39.04%, 38.95% and 22.01% by CMCL, Album Enterprises and Top Create Resources Limited, respectively. Album Enterprises and Top Create Resources Limited are wholly owned by CMN, which in turn is owned as to approximately 99.999% and 0.001% by CMNH and CMCL, respectively. CMNH is a wholly-owned subsidiary of CMCL. CMCL is owned as to approximately 88.4% by China Minmetals. Accordingly, each of China Minmetals, CMCL, CMNH, CMN, Album Enterprises and Minmetals HK was deemed as interested in the 2,071,095,506 Shares held by June Glory.
- (2) HISG, through its wholly-owned subsidiary Haitong International (BVI) Limited, is deemed to be interested in the Shares held by HISC and Haitong International Finance Solutions Limited, respectively. HISG is 64.4% owned by HIH, which in turn is wholly owned by HSC. Accordingly, each of HSC, HIH and HISG was deemed as interested in the long position of 169,995,800 Shares and short position of 6,268,000 Shares, respectively, as at 31 December 2020. As at 29 January 2021, HSC, HIH and HISG ceased to have a notifiable interest in the Shares.

Except as disclosed above, we are not aware of any person who, as at the date of this Offering Circular, had an interest or short position in our Company’s shares and underlying shares representing 5% or more of our issued share capital, which would be required to be disclosed to our Company under the provisions of Divisions 2 and 3 of part XV of the SFO or which was required to be recorded in the register maintained by our Company under Section 336 of the SFO.

## PRC REGULATIONS

This section summarises the main PRC laws and regulations which are relevant to the Group's business and operations. As this is a summary, it does not contain a detailed analysis of relevant laws and regulations.

### INCORPORATION OF A REAL ESTATE DEVELOPMENT ENTERPRISE

Pursuant to the Administration Law on Urban Property of the PRC (《中華人民共和國城市房地產管理法》)(the “**Urban Property Law**”) promulgated by the Standing Committee of the National People's Congress on 5 July 1994 and amended on 30 August 2007, 27 August 2009 and 26 August 2019 respectively, a real estate development enterprise is defined as an enterprise which engages in the development and sale of property for profit-making purposes. Under the Administration Regulations on Development of Urban Property (《城市房地產開發經營管理條例》)(the “**Development Regulations**”) promulgated by the State Council on 20 July 1998 and amended on 8 January 2011, 19 March 2018, 24 March 2019 and 29 November 2020 respectively, a real estate developer is required to meet the following requirements: (i) its minimum registered capital shall be RMB1 million; and (ii) it shall employ at least four full-time professional property/construction technicians and at least two full-time accounting officers, each of whom shall hold relevant qualification certificates. The Development Regulations also establish that the local government of a province, autonomous region or municipality directly under the central government may, based on local circumstances, impose more stringent requirements on the amount of registered capital of, and the qualifications of professionals retained by real estate developers.

Under the Development Regulations, a real estate developer should register with the local Administration for Industry and Commerce. The real estate developer must also file with the real estate development authority in the location of the registration authority, within 30 days upon receipt of its business license.

### FOREIGN-INVESTED PROPERTY ENTERPRISES

On 23 June 2020, MOFCOM and NDRC jointly issued the Special Administrative Measures (Negative List) for Foreign Investment Access (Edition 2020) (《外商投資准入特別管理措施(負面清單)(2020年版)》), effective from 23 July 2020, according to which, the real estate development industry is not industries prohibited from investment by foreign investors.

Under the Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法》) promulgated by the National People's Congress on 15 March 2019 and effective as of 1 January 2020, the State implements the management system of pre-establishment national treatment plus negative list for foreign investment, and grants national treatment to foreign investment outside the negative list. With effect from 1 January 2020, the Law of the People's Republic of China on Sino-foreign Equity Joint Ventures, the Law of the People's Republic of China on Sino-foreign Cooperative Joint Ventures and the Law of the People's Republic of China on Wholly Foreign-owned Enterprises shall be repealed simultaneously.

MOFCOM and the State Administration for Market Regulation (“**SAMR**”) jointly promulgated the Measures for the Reporting of Foreign Investment Information on 30 December 2019, which will take effect on 1 January 2020 and replace the Interim Administrative Measures for the Record-filing of the Incorporation and Change of Foreign-invested Enterprises (《外商投資資訊報告辦法》). Foreign investors or foreign-funded enterprises shall submit investment information to the competent commerce departments through the Enterprise Registration System and the National Enterprise Credit Information Publicity System.



## QUALIFICATIONS OF A REAL ESTATE DEVELOPMENT ENTERPRISE

### Classifications for the Qualifications of Real Estate Development Enterprises

Under the Development Regulations, the real estate development authorities shall examine applications for classification of a real estate development enterprise's qualification, taking assets, professional personnel and industrial achievements into consideration. A real estate development enterprise shall only engage in real estate development projects within the scope of its approved qualification.

Under the Provisions on Administration of Qualification of Real Estate Developers (《房地產開發企業資質管理規定》)(the “**Qualification Provisions**”) promulgated by MOHURD, effective as at 29 March 2000, and subsequently was revised on 4 May 2015, a real estate development enterprise shall apply for registration of its qualifications. An enterprise may not engage in the development and sale of property without a qualification classification certificate for real estate development. In accordance with the Qualification Provisions, qualifications of a real estate development enterprise are classified into four classes: class 1, class 2, class 3 and class 4. Different classes of qualification shall be examined and approved by corresponding authorities.

Class 1 qualification shall be subject to both preliminary examination by the construction authority at provincial level and final approval of the construction authority at national level. Procedures for approval of developers of class 2 or lower shall be formulated by the construction authority at provincial level. A developer that passes the qualification examination will be issued a qualification certificate of the relevant class by the qualification examination authority. For a newly established real estate development enterprise, after it reports its establishment to the real estate development authority, such authority shall issue a provisional qualification certificate to the eligible developer within 30 days. The provisional qualification certificate shall be effective for one year period from the issue date and may be extended by a period of no longer than two years depending on the actual business situation of the enterprise. A real estate development enterprise shall apply with the real estate development authority for qualification classification within one month prior to the expiry date of the provisional qualification certificate.

### The Business Scope of a Real Estate Development Enterprise

Under the Qualification Provisions, a developer under any qualification classification may only engage in the development and sale of the property within its approved scope of business. A class 1 real estate development enterprise may undertake real estate development projects throughout the country without any limitation on the scale of the project. A real estate development enterprise of class 2 or lower may undertake a project with a GFA of less than 250,000 sq.m. and the specific scope of business shall be specified by the construction authority at provincial level. The Qualification Provisions require that the qualification of a real estate development enterprise shall be inspected annually.

## REAL ESTATE DEVELOPMENT

### Land for Real Estate Development

Under the Provisional Regulations of the PRC on the Grant and Transfer of the Land-Use Rights of State-owned Urban Land (《中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例》)(the “**Grant and Transfer Regulations**”) promulgated by the State Council on 19 May 1990 and revised on 29 November 2020, which establish a system of grant and transfer of the right to use state-owned land. A land user shall pay the land premium to the State as consideration for the grant of the right to use a land site within a certain term, and the land user may transfer, lease, mortgage or otherwise commercially exploit the land use rights within the term of use. Under the Grant and Transfer Regulations and the Urban Property Law, the land administration authority at city or county level shall enter into a land use rights grant contract with the land user. The land user shall pay the land premium as provided by the grant contract. After full payment of the land premium, the land user shall register with the land

administration authority and obtain a land use rights certificate which evidences the acquisition of land use rights. The Development Regulations provide that the land use right for a land parcel intended for real estate development shall be obtained through grant except for land use rights which may be obtained through appropriation pursuant to PRC laws or the stipulations of the State Council.

The Rules Regarding the Grant of State-owned Land Use Rights by Way of Tender, Auction and Listing-for-sale (《招標拍賣掛牌出讓國有土地使用權規定》)(the “**Circular 11**”) issued by MLR provide that, as at 1 July 2002, land use rights for the purposes of commercial use, tourism, entertainment and commodity residential real estate development in China may be granted by the government only through public tender, auction or listing-for-sale.

To amend Circular 11, on 28 September 2007, MLR further promulgated the Rules Regarding the Grant of State-owned Construction Land Use Rights by Way of Tender, Auction and Listing-for-sale (《招標拍賣掛牌出讓國有建設用地使用權規定》) which became effective on 1 November 2007, requiring that land for industrial use, except land for mining, must also be granted by public tender, auction and invitation for bidding. Only after the grantee has paid the land premium in full under the land grant contract, can the grantee apply for the land registration and obtain the land use right certificates. Furthermore, land use rights certificates may not be issued in proportion to the land premium paid under the land grant contract.

In November 2009, the Ministry of Finance, MLR, PBOC, the PRC Ministry of Supervision and the PRC National Audit Office jointly promulgated the Circular on Further Enhancing the Revenue and Expenditure Control over Land Grants (《關於進一步加強土地出讓收支管理的通知》). The Circular raises the minimum down payment proportion for land premium to 50 per cent. and requires the land premium to be fully paid within one year after the signing of a land grant contract, subject to limited exceptions. Any developer defaulting in such payment may not participate in any new transactions of land grant.

On 8 March 2010, MLR promulgated the Circular on Strengthening Real Estate Land Supply and Supervision, (《關於加強房地產用地供應和監管有關問題的通知》), which reiterated and reinforced certain measures on land supply and land use, such as requiring the execution of the land grant contract within 10 business days on the completion of the land grant, and a down payment 50 per cent. of the total land premiums within one month after the execution of the land grant contract with the remaining balance payable in instalments within one year.

In September 2010, MLR and MOHURD jointly issued the Circular On Further Strengthening the Administration and Control of Real Estate Land and Construction (《關於進一步加強房地產用地和建設管理調控的通知》), which stipulates, among other things, that the planning and construction conditions and land use standards should be specified when a parcel of land is to be granted, and the restrictions on the area of one parcel of land granted for commodity properties should be strictly implemented. The development and construction of large low-density residential properties should be strictly restricted, and the floor area ratio for residential land is required to be more than one.

In December 2010, MLR further issued the Circular on Strict Implementation of Policies Regarding Regulation and Control of Real Estate Land and Promotion of the Healthy Development of Land Markets (《關於嚴格落實房地產用地調控政策促進土地市場健康發展有關問題的通知》) to tighten the examination of land bidders' qualification. Before starting examination, the authorities should conduct online inquiry about the credit records of real estate developers in land development and utilisation via the on-line database of MLR and the competent departments of land and resources of all provinces (autonomous regions and municipalities directly under the central government). Where bidders or their controlling shareholders act in violation of relevant laws, regulations and contracts such as obtaining land by forging official documents, illegally reselling land, illegally transferring land use rights, leaving land idle for more than one year, and developing and utilising land in violation of land use rights grant contracts, relevant bidders cannot pass the bidding qualification examination. The

competent departments of land and resources of relevant cities and counties should publish such acts in violation of relevant laws, regulations and contracts which they discovered during the examination. Relevant enterprises and their controlling shareholders cannot participate in land bidding activities before such acts are investigated, punished and rectified.

On 26 January 2011, the State Council issued the Circular on Further Regulating the Real Estate Market (《關於進一步做好房地產市場調控工作有關問題的通知》), which provides a more stringent supervision on housing land supply and stipulates that the PRC government will confiscate land use rights and impose an idle land fee of up to 20 per cent. of the land premium if a developer fails to obtain the construction permit and commence development for more than two years from the commencement date stipulated in the land grant contract.

On 26 February 2013, the General Office of the State Council issued the Circular on Continuing the Regulation of the Real Estate Market (《國務院辦公廳關於繼續做好房地產市場調控工作的通知》), which announces new tightening measures and sets forth several guidelines as follows:

- Property prices should be stabilised (including by requiring each major city in the PRC to establish a well-structured accountability system (based on home price stability) and releasing a target for price controls in relation to newly completed commodity properties);
- Speculative purchases of properties should be strictly limited. For those cities with home purchase restrictions (HPRs), local governments should strictly execute existing HPRs. For those cities without HPRs where prices increase too rapidly, provincial governments should implement HPRs;
- Lending policies designed to control lending for speculative/investment purchases should continue to be differentiated, while real estate tax pilot schemes should extend to additional cities;
- The supply of small to ordinary medium-sized commodity properties and land should continue;
- Construction of social housing for low-income individuals should be accelerated;
- Market regulations should be strengthened, including better management of the pre-sale system, with prices clearly delineated during the selling/marketing process; and
- The information system relating to home ownership should be enhanced, including improved monitoring and release of market information.

### **Termination of the Land Use Rights**

In accordance with the Land Administrative Law of the PRC (《中華人民共和國土地管理法》) promulgated by the Standing Committee of the National People's Congress on 25 June 1986 and as amended on 28 August 2004 and 26 August 2019, the land administrative authorities may forfeit the state-owned land use rights with the approval of the people's governments that originally grants the approvals or the relevant competent people's governments under any of the following circumstances:

- use of land for the sake of public interests (subject to proper compensation);
- use of land for adjustment in re-building old city districts in order to implement urban construction plans (subject to proper compensation);
- when the term for the land use rights expires, the land user has failed to apply for an extension or failed to obtain approval for an extension;

- cease to use the land for its intended purpose due to cancellation or removal of units; and
- roads, railways, airports and mining sites that have been approved to be abandoned.

Under the Grant and Transfer Regulations, the maximum term of the land use rights shall be determined, based on the purposes of land: (i) 70 years for residential purposes; (ii) 40 years for commercial, tourism and entertainment purposes; and (iii) 50 years for education, science, culture, public health, physical education, industrial, comprehensive utilisation or other purposes.

#### ***Commencement of Development of a Real Estate Project and Idle Land***

Under the Urban Property Law, those who have obtained the land use rights by assignment must develop the land in accordance with the usage and construction commencement requirement as prescribed by the land grant contract. According to the Measures on Disposing Idle Land (《閒置土地處置辦法》) promulgated by the MLR on 28 April 1999 and as amended on 1 July 2012, a parcel of land can be treated as idle land under any of the following circumstances:

- any state-owned construction land, of which the holder of the land use rights fails to commence the construction and development of the land within one year after the commencement date as prescribed in the contract for fee-based use of state-owned construction land or the decision on allocation of state-owned land for construction; or
- any state-owned construction land of which the construction and development have commenced but the area of land under construction and development is less than one third of the total area of land that should have been under construction and development or the amount invested is less than 25 per cent. of the total investment, and the construction and development of which has been suspended for more than one year.

Unless the delay in development of the land is caused by government actions as stipulated by the Measures on Disposing Idle Land, a parcel of land which has been deemed as idle land by competent authority of land and resources may be disposed of in the following ways:

- where the land has remained idle for more than one year, the competent authority of land and resources at the municipal or county level may, with the approval of the people's government at the same level, issue a Decision on Collecting Idle Land Fee to the holder of the land use rights and collect the idle land fee at the rate of 20 per cent. of the land assignment or allocation price, and such idle land fee shall not be included in the production cost by the holder of the land use rights; and
- where the land has remained idle for more than two years, the competent authority of land and resources at the municipal or county level may, with the approval of the people's government at the same level, issue a Decision on Forfeiting the Right to Use the State-owned Construction Land to the holder of the land use rights to forfeit the state-owned construction land use rights without compensation.

In January 2008, the Circular on Promoting the Saving and Intensification of Use of Land (《關於促進節約集約用地的通知》) issued by the State Council urges the full and effective use of existing construction land and the preservation of farming land and emphasises the enforcement of the current rules on idle land fee for any land left idle for over one year but less than two years, with such idle land fee charged at 20 per cent. of the land premium.

#### **Planning of a Real Estate Project**

According to the Measures for Control and Administration of the Grant and Transfer of the Right to Use Urban State-owned Land (《城市國有土地使用權出讓轉讓規劃管理辦法》) promulgated by MOHURD on 4 December 1992 and amended on 26 January 2011, after signing the land grant contract,

a real estate development enterprise shall apply for a project survey and a construction land planning permit from the city planning authority. After obtaining a construction land planning permit, a real estate development enterprise shall organise the necessary planning and design work in accordance with planning and design requirements and apply for a construction works planning permit from the city planning authority.

The Urban and Rural Planning Law (《城鄉規劃法》), promulgated by the Standing Committee of the National People's Congress in October 2007 effective as at January 2008 and amended on 24 April 2015 and 23 April 2019, stipulates that where any construction project is commenced without obtaining a construction works planning permit, or where construction works planning permit has been obtained but construction has proceeded not in accordance with such permit, the Urban and Rural Planning Department at the county level or above may issue an order to cease construction. In the case that the construction can be remedied to conform to the relevant planning rules, an order may be made to rectify the construction in a prescribed period of time and a fine in the amount of 5 per cent. to 10 per cent. of the total construction cost may be imposed. Where the construction fails to conform to relevant planning rules, an order for its demolition will be issued or, where demolition is not possible, the property and/or illegal income derived from the property will be confiscated and a fine up to 10 per cent. of the construction cost will be imposed.

### **Construction of a Real Estate Project**

According to the Measures for the Administration of Construction Permits for Construction Projects (《建築工程施工許可管理辦法》) promulgated by MOHURD on 15 October 1999, and as amended on 25 October 2014, 28 September 2018 and 30 March 2021, after obtaining the construction works planning permit, a real estate development enterprise shall apply for a construction works commencement permit from the construction authority at the county level or above. The Circular Regarding the Strengthening and Regulation of the Management of New Projects (《關於加強和規範新開工項目管理的通知》), promulgated by the General Office of the State Council on 17 November 2007, provides that before commencement of construction, all kinds of projects shall fulfil certain conditions, including, among other things, compliance with national industrial policy, development plan, land supply policy and market access standard, completion of all approval and filing procedures, compliance with zoning plan in terms of site and planning, completion of proper land use procedures and obtaining proper environmental assessment approvals and construction permit or report.

### **Completion of a Real Estate Project**

According to the Development Regulations and the Regulation on the Quality Management of Construction Projects (《建設工程質量管理條例》) promulgated by State Council on 30 January 2000 and as amended on 7 October 2017 and 23 April 2019, the Measures on Filing for Acceptance Examination Upon Completion of Buildings and Municipal Infrastructure (《房屋建築和市政基礎設施工程竣工驗收備案管理辦法》) promulgated by MOHURD in April 2000 and amended in October 2009, after the completion of construction of a project, the property must pass inspection and receive relevant approvals from local authorities including planning bureaus, fire safety authorities and environmental protection authorities and then shall apply with the real estate development authority at the county level or above for a record of acceptance examination.

## **TRANSFER AND SALE OF PROPERTY**

### **Transfer of Property**

Pursuant to the Urban Property Law and the Provisions on Administration of Transfer of Urban Property (《城市房地產轉讓管理規定》) promulgated by MOHURD on 7 August 1995 and as amended on 15 August 2001, a real estate owner may sell, bequeath or otherwise legally transfer property to another person or legal entity. When transferring the title to a building, the ownership of the building and the land use rights to the site on which the building is situated are transferred simultaneously. The



relevant parties shall enter into a property transfer contract in writing and register the transfer with the property administration authority having jurisdiction over the location of the property within 90 days of the execution of the transfer contract.

Where the land use rights were originally obtained by grant, the real property may only be transferred on the condition that: (i) the land premium has been paid in full as provided by the land grant contract and a land use rights certificate has been obtained; or (ii) development has been carried out according to the land grant contract and, in the case of a project in which buildings are being developed, development representing more than 25 per cent. of the total investment has been completed.

If the land use rights were originally obtained by allocation, transfer of the real property shall be subject to the approval of the competent government as required by the State Council. Upon obtaining such approval, the transferee shall complete the formalities for transfer of the land use rights, unless the relevant regulations require otherwise, and pay the transfer price according to the relevant regulations.

### **Pre-sale and Sale**

Pursuant to the Administrative Measures on the Sale of Commodity Buildings (《商品房銷售管理辦法》) promulgated by MOHURD on 4 April 2001 and implemented as at 1 June 2001, sale of commodity buildings includes both pre-completion sales (pre-sale) and post-completion sales.

According to the Development Regulations and the Administrative Measures on Pre-sale of Urban Commodity Buildings (《城市商品房預售管理辦法》) (the “**Pre-sale Measures**”) promulgated by MOHURD on 15 November 1994 and as amended on 15 August 2001 and 20 July 2004, the pre-sale of commodity buildings shall be subject to a licensing system, and a real estate development enterprise intending to sell a commodity building before its completion shall register with the real estate development authority at city or county level to obtain a pre-sale permit. A commodity building may be sold before completion only if: (i) the land premium has been paid in full and a land use rights certificate has been obtained; (ii) a construction works planning permit and construction works commencement permit have been obtained; (iii) the funds invested in the development of the commodity buildings shall amount to at least 25 per cent. of the total project investment and the progress of works and the completion and delivery dates have been ascertained; and (iv) the pre-sale has been registered and a pre-sale permit has been obtained. The Pre-sale Measures require that the income of a real estate development enterprise from the pre-sale of commodity buildings must be used for the construction of the relevant project.

On 13 April 2010, MOHURD issued the Circular on Further Enhancing the Supervision of the Real Estate market and Perfecting the Pre-sale System of Commodity Properties (《關於進一步加強房地產市場監管完善商品住房預售制度有關問題的通知》) to further emphasise that, without pre-sale approval, pre-sale of commodity properties is not permitted and real estate developers are not allowed to charge buyers any deposit, pre-payment or payment of similar nature. Within 10 days after obtaining the relevant pre-sale permits, real estate developers are required to make a public announcement on all information relating to the units available for pre-sale and the price of each unit. In addition, the circular urges local governments to enact regulations on sale of completed commodity properties in light of the local conditions, and encourages real estate developers to engage in the practice of selling completed commodity properties.

Under the regulatory Measures on the Sale of Commodity Buildings (《商品房銷售管理辦法》), commodity buildings may be sold only when the following preconditions have been satisfied: (i) the real estate development enterprise shall have a business license and a qualification certificate of a real estate development enterprise; (ii) the enterprise shall obtain a land use rights certificate or other approval documents for land use; (iii) the enterprise shall have the construction works planning permit and construction works commencement permit; (iv) the building shall have been completed, inspected and accepted as qualified; (v) the relocation of the original residents shall have been completed; (vi) the provision of essential facilities for supplying water, electricity, heating, gas, communication, and other



essential utilities and public facilities shall have been made available, or a date for their construction and delivery shall have been specified; and (vii) the property management plan shall have been completed.

### **Mortgages of Property**

Under the Civil Code of the People's Republic of China (《中華人民共和國民法典》) promulgated on 28 May 2020 and took effect on 1 January 2021 and the Administrative Measures on the Mortgages of Property in Urban Areas (《城市房地產抵押管理辦法》) promulgated by MOHURD in May 1997 and as amended on 15 August 2001 and 30 March 2021, when a mortgage is lawfully created on a building, a mortgage shall be simultaneously created on the land use rights of the land on which the building is situated. The mortgagor and the mortgagee shall sign a mortgage contract in writing. Within 30 days after a property mortgage contract is signed, the parties to the mortgage shall register the mortgage with the property administration authorities at the location where the property is situated. A property mortgage contract shall become effective on the date of registration of the mortgage. If a mortgage is created on property in respect of which a house ownership certificate has been obtained, the registration authority shall make an entry under the "third party rights" item on the original house ownership certificate and then issue the foresaid certificate and a certificate of third party rights to the mortgagee. If a mortgage is created on the pre-sold commodity building or building under construction, the registration authority shall record the details on the mortgage contract. If construction of a real property is completed during the term of a mortgage, the parties involved shall re-register the mortgage after the issuance of certificates evidencing the ownership of the property.

### **Property Financing**

PBOC issued the Circular on Further Strengthening the Management of Property Loans (《關於進一步加強房地產信貸業務管理的通知》) on 5 June 2003 to specify the requirements for banks to provide loans for the purposes of residential development, individual home mortgages and individual commodity buildings as follows: (a) loans from commercial banks to real estate enterprises may be granted only as real estate development loans and it is strictly prohibited to extend such loans as current capital loans for real estate development projects or other purposes. No lending shall be granted to enterprises which have not obtained the relevant land use right certificates, construction land permits, construction planning permit and construction work permits; (b) that commercial banks may not grant loans to real estate developers to finance land premium payments; and (d) that commercial banks may not grant loans in any form for a property development project without a land use rights certificate, construction land planning permit, construction works planning permit and construction works commencement permit.

On 24 May 2006, the State Council issued the Opinions on Adjusting the Housing Supply Structure and Stabilising Housing Prices (《關於調整住房供應結構穩定住房價格的意見》). The main provisions relating to property financing are as follows:

- commercial banks shall not provide loans to those real estate enterprises that fail to meet loan conditions, such as having a project capital of less than 35 per cent.;
- with respect to the real estate development enterprises that have large volumes of idle land and vacant commodity buildings, the commercial banks shall, in light of the principle of prudent operations, be stricter in controlling the renewal of loans or any form of revolving credit; and
- the commercial banks shall not accept any commodity building that has been idle for three or more years as collateral for loans.

According to the Circular on Standardising the Admittance and Administration of Foreign Capital in the Property Market (《關於規範房地產市場外資准入和管理的意見》) jointly promulgated by six PRC government agencies including MOHURD, MOFCOM, NDRC and SAFE on 11 July 2006 and

amended in 2015, foreign-invested real estate enterprises which failed to obtain a land use rights certificate, or have less than 35 per cent. of the capital for the project, will be prohibited from obtaining a loan in or outside China, and SAFE shall not approve their application for the conversion of foreign loans to Renminbi.

## **REGULATIONS RELATING TO OFFSHORE BOND ISSUANCE**

### **Financial Services Business**

Pursuant to the Circular of the Ministry of Finance on Matters Concerning Regulating the Investment and Financing Activities of Financial Institutions for Local Governments and State-owned Enterprises (財政部關於規範金融企業對地方政府和國有企業投融資行為有關問題的通知，財金[2018] 23號) promulgated on 28 March 2018 and which took effect on the same day, state-owned financial institutions should carefully evaluate the sources and ability of repayment by issuers that are local government financing vehicles, seeking to issue offshore bonds, before they provide financing support to such issuers, especially when the proceeds will be used for infrastructure construction. Where the repayment source made by an issuer involves government investment funds, the state-owned financial institution shall carry out due-diligence investigation and carefully verify the legality, authenticity and validity of such repayment source. In bond issuance documents such as bond offering circular, such enterprise shall not make any statement or disclosure that implicitly or explicitly indicates government endorsement by describing the local or national government's creditworthiness, such as financial information regarding revenue, expenditures and government debt, nor issue any misleading public statement that implies such issuer having a connection or an association with the government's creditworthiness. Furthermore, such issuer shall specify in the relevant bond offering circulars that the local government, as a shareholder, bears only limited liability to the extent of its equity contribution in the issuer, and the debt owed by such issuer shall be repaid by such issuer, in the case of a local state-owned enterprise, as an independent legal person.

### **Prevention of Foreign Debt Risks and Local Debt Risks**

The NDRC and the MOF promulgated the Circular of the National Development and Reform Commission and the Ministry of Finance on Improving Market Regulatory Regime and Taking Strict Precautions Against Foreign Debt Risks and Local Government Indebtedness Risks (the “**Joint Circular**”)(國家發展改革委財政部關於完善市場約束機制嚴格防範外債風險和地方債務風險的通知) on 11 May 2018 and the Joint Circular took effect on the same day. Pursuant to the Joint Circular, an enterprise that intends to issue medium and long-term debt in offshore markets shall have established a sound and stable corporate governance structure, management decision-making mechanism and financial management system. Such enterprise shall also establish a market-based investment return mechanism that creates sustainable, stable and feasible financial expected yield for investment projects financially supported by the funds from the foreign debt.

An enterprise that intends to issue medium and long-term debt in offshore markets is required to standardize its information disclosure. Such enterprise shall not make any statement or disclosure that implicitly or explicitly indicates government endorsement by describing the local or national government's creditworthiness, such as financial information regarding revenue and expenditures and government debt, nor issue any misleading public statement which implies such issuer having a connection or an association with the government's creditworthiness. Moreover, such enterprise shall specify in the relevant bond offering circulars that the local government, as a shareholder, bears only limited liability to the extent of its equity contribution in the issuer, and the debt owed by such enterprise shall be repaid by such enterprise, in the case of a local state-owned enterprise, as an independent legal person.

In particular, the Joint Circular provides that an enterprise (including financial institutions) that intends to issue medium and long-term debt in offshore markets shall have existing operations, implement market-based financing in compliance with laws and regulations, and fully demonstrate the necessity, feasibility, economy, and financial sustainability of offering debt in offshore markets, and

such enterprise shall form a debt and interest repayment scheme based on its own credit and indebtedness situations and implement repayment security measures. Furthermore, an enterprise shall not request or accept any offer by its local government or a government department to provide guarantee or assume debt repayment obligations for its debt issued in offshore markets.

## **ENVIRONMENTAL PROTECTION**

The Environmental Impact Assessment Law (《環境影響評價法》), promulgated by the Standing Committee of the National People's Congress on 28 October 2002 and as amended on 1 September 2016 and 29 December 2018, the Administration Rules on Environmental Protection of Construction Projects (《建設項目環境保護管理條例》), promulgated by the State Council on 29 November 1998 and as amended on 1 October 2017, pursuant to these laws and rules, depending on the impact of the project on the environment, a report on environmental impact or a statement on environmental impact must be submitted by a developer before the relevant authorities grant approval for the commencement of construction of the property development, or a registration form on environmental impact must be filed by a developer with the relevant authorities prior to the commencement of construction of the property development.

## **FOREIGN EXCHANGE CONTROLS**

Under the PRC Foreign Currency Administration Rules (《中華人民共和國外匯管理條例》) promulgated in 1996 and revised in 1997 and as amended in 2008, and various regulations issued by SAFE and other relevant PRC government authorities, Renminbi is convertible into other currencies for the purpose of current account items, such as trade-related receipts and payments and the payment of interest and dividends. The conversion of Renminbi into other currencies and remittance of the converted foreign currency outside China for the purpose of capital account items, such as direct equity investments, loans and repatriation of investment, generally requires the prior approval from SAFE or its local office. On 1 September 2006, MOHURD and SAFE jointly issued the Opinions on Regulating the Foreign Exchange Administration of the Real Estate Market (《關於規範房地產市場外匯管理有關問題的通知》) which is revised on 4 May 2015, providing regulations on real estate development enterprises mainly as follows:

- For real estate development enterprises, the current account for foreign exchange shall not maintain property purchase payments remitted by residents of Hong Kong, Macau and Taiwan and overseas Chinese expatriates; and
- For a real estate FIE, the state-owned land use rights certificate is yet to be obtained, or the capital fund of development project has not reached 35 per cent. of the total amount of the project investment, such Real Estate FIE is not permitted to borrow foreign loans from overseas; nor shall SAFE handle foreign debt registration or approve the foreign exchange settlement for foreign debt.

## **Record Filing and Registration**

On 14 September 2015, the NDRC promulgated the NDRC Notice. The NDRC Notice relates to the matters as listed below:

- remove the quota review and approval system for the issuance of foreign debts by enterprises, reform and innovate the ways that foreign debts are managed, and implement the administration of record-filing and the registration system. Realise the supervision and administration of the size of foreign debts borrowed on a macro level with the record-filing, registration, and information reporting of the issuance of foreign debts by enterprises;

- before the issuance of foreign debts, enterprises shall first apply to NDRC for the handling of the record-filing and registration procedures and shall report the information on the issuance to NDRC within ten working days of completion of each issuance;
- record-filing and registration materials to be submitted by an enterprise for the issuance of foreign debts shall include: application report for the issuance of foreign debts and issuance plan, including the currency, size, interest rate, and maturity of foreign debts, the purpose of the funds raised, back flow of funds, etc. The applicant shall be responsible for the authenticity, legality, and completeness of the application materials and information;
- NDRC shall decide whether to accept the application for record-filing and registration within five working days of receiving it and shall issue a Certificate for Record-filing and Registration of the Issuance of Foreign Debts by Enterprises within seven working days of accepting the application and within the limit of the total size of foreign debts; and
- the issuer of foreign debts shall handle the procedures related to the outflow and inflow of foreign debt funds with the Certificate for Record-filing and Registration according to the regulations. When the limit of the total size of foreign debts is exceeded, NDRC shall make a public announcement and no longer accept applications for record-filing and registration.

## TAXATION

*The following summary of certain tax consequences of the purchase, ownership and disposition of the Bonds is based upon applicable laws, regulations, rulings and decisions in effect as at the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Bonds and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Neither these statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any holder of the Bonds or any persons acquiring, selling or otherwise dealing in the Bonds or on any tax implications arising from the acquisition, sale or other dealings in respect of the Bonds. Persons considering the purchase of the Bonds should consult their own tax advisors concerning the possible tax consequences of buying, holding or selling any Bonds under the laws of their country of citizenship, residence or domicile.*

### BRITISH VIRGIN ISLANDS

There is no income or other tax of the British Virgin Islands imposed by withholding or otherwise on any payment to be made to or by the Issuer pursuant to the Bonds or by the Guarantor pursuant to the Guarantee.

The Bonds will not be subject to stamp duty in the British Virgin Islands.

### BERMUDA

Under current Bermuda legislation, there is no withholding tax, capital gains tax, income or profits tax, capital transfer tax, estate duty or inheritance tax payable in Bermuda by us or our shareholders or holders of the Bonds other than those shareholders or holders ordinarily resident in Bermuda.

The Bonds will not be subject to stamp duty in Bermuda.

### HONG KONG

#### Withholding Tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Bonds or in respect of any capital gains arising from the sale of the Bonds.

#### Profits Tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Under the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) (the “**IRO**”) as it is currently applied by the Inland Revenue Department, interest on the Bonds may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

- (a) interest on the Bonds is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;
- (b) interest on the Bonds is derived from Hong Kong and is received by or accrues to a person other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of the trade, profession or business;

- (c) interest on the Bonds is received by or accrues to a financial institution (as defined in the IRO) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or
- (d) interest on the Bonds is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

Sums derived from the sale, disposal or redemption of the Bonds will be subject to Hong Kong profits tax where received by or accrued to a person, other than a corporation, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Bonds are acquired and disposed of.

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and redemption of the Bonds will be subject to profits tax. Sums received by or accrued to a corporation, other than a financial institution, by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO) from the sale, disposal or other redemption of Notes will be subject to Hong Kong profits tax.

#### **Stamp Duty**

No Hong Kong stamp duty will be chargeable upon the issue or transfer of a Security.

#### **Estate duty**

No Hong Kong estate duty is payable in respect of the Bonds.

#### **PRC**

The following summary describes the principal PRC tax consequences of ownership of the Bonds by beneficial owners who, or which, are not residents of mainland China for the PRC tax purposes. These beneficial owners are referred to as non-PRC holders of the Bonds in this “PRC Taxation” section. In considering whether to invest in the Bonds, investors should consult their individual tax advisers with regard to the application of the PRC tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdiction.

Pursuant to the EIT Law, enterprise that are established under laws of foreign countries and regions (including Hong Kong, Macau and Taiwan) but whose “*de facto* management bodies” are within the territory of the PRC are deemed as PRC resident enterprises for the purpose of the EIT Law and must pay enterprise income tax at the rate of 25 per cent. in respect of their worldwide income. If relevant PRC tax authorities decide, in accordance with applicable tax rules and regulations, that the “*de facto* management body” of the Issuer is within the territory of the PRC, the Issuer may be held to be a PRC resident enterprise for the purpose of the EIT Law and be subject to enterprise income tax at the rate of 25 per cent. for its income sourced from both within and outside PRC.

As confirmed by the Issuer, as at the date of this Offering Circular, the Issuer has not been notified or informed by the PRC tax authorities that it is considered as a PRC resident enterprise for the purpose of the EIT Law. However, there is no assurance that the Issuer will not be treated as a PRC resident enterprise under the EIT Law and related implementation regulations in the future. If the Issuer is treated as a PRC resident enterprise, the interest the Issuer pays in respect of the Bonds may be subject to PRC withholding tax at a rate of 10% if paid to a non-PRC resident enterprise holder of the Bonds and 20% if paid to a non-PRC resident individual holder of the Bonds, and any gain a holder may realize from the transfer of the Bonds, may be treated as income derived from sources within the PRC



and may be subject to PRC withholding tax at a rate of up to 10% in the case of a non-PRC resident enterprise holder and 20% in the case of a non-PRC resident individual holder (in each case unless an applicable treaty provides otherwise). In the event that the Issuer is treated as a non-resident enterprise and it does not have an establishment or place of business within the PRC, it should be subject to PRC enterprise income tax for income derived from or accrued in the PRC, at the tax rate of 10%. If it has an establishment or place of business within the PRC while the income derived from or accruing in the PRC does not have a *de facto* relationship with that establishment or place of business, the tax rate of 10% shall also apply.

In addition, on 23 March 2016, the Ministry of Finance and the State Administration of Taxation issued the Circular of Full Implementation of Transferring Business Tax to Value Added Tax Reform (the “**Circular 36**”), which stipulates that VAT will be applicable where the entities or individuals provide financial services, such as providing the loans within the PRC. The services are treated as being sold within the PRC where either the service provider or the service recipient is located in the PRC. It is further clarified under Circular 36 that “loans” refer to the activity of lending capital for another’s use and receiving the interest income thereon. Based on the definition of “loans” under Circular 36, the issuance of Bonds is likely to be treated as the holders of the Bonds providing “loans” to the Issuer, which will therefore be regarded as financial services for VAT purposes. In the event the Issuer is deemed to be a PRC resident enterprise in the PRC by the PRC tax authorities, the holders of the Bonds may be regarded as providing financial services within the PRC and consequently, the amount of interest payable by the Issuer to any non-resident holders of the Bonds may be subject to withholding VAT at the rate of 6% plus related local surcharges. It is uncertain whether VAT is applicable to any transfer of the Bonds between entities or individuals outside the PRC, but VAT shall be applicable if either the seller or buyer of Bonds is located inside the PRC. However, individuals (including non-resident individuals) are exempt from VAT for transfer of financial products. If VAT is exempted, local surcharges shall also be exempted.

For the redemption or repurchase of Bonds by the Issuer (if it is deemed to be a PRC resident enterprise in the PRC by the PRC tax authorities), the holders of the Bonds may be subject to PRC income taxes and PRC VAT plus the related surcharges (non-PRC resident individuals may be exempted from VAT (as well local surcharges) if the redemption is deemed as transfer of financial products or if the interest amount received by such non-PRC resident individuals is below certain threshold of imposing VAT) depending on whether relevant payment would be regarded as including interest or capital gains (tax treaties may provide preferential treatments if certain criteria are satisfied).

Since Circular 36 together with other laws and regulations pertaining to VAT reform are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties.

Subject to certain exceptions, the Issuer and the Guarantor have agreed to pay additional amounts to holders of the Bonds so that holders of the Bonds would receive the full amount of the scheduled payment, as further set out in the Terms and Conditions. The requirement to pay additional amounts as a result of any such PRC withholding tax will increase the cost of servicing the debt and could have an adverse effect on the Issuer or Guarantor’s financial condition.

No PRC stamp tax will be chargeable upon the issue or transfer (for so long as the register of holders of the Bonds is maintained outside the PRC, relevant contracts are signed outside the PRC and their governing law is not PRC law) of a Bond.

Under the Provisional Regulations of the PRC on Real Estate Tax, promulgated by the State Council in September 1986 and amended in January 2011, real estate tax applicable to domestic enterprises is 1.2 % if it is calculated on the basis of the residual value of a building and 12% if it is calculated on the basis of the value of a rental lease.

Under the PRC Provisional Regulations on Deed Tax of 2019, a deed tax is chargeable to transferees of land use rights and/or ownership in real properties within the territory of China. The deed tax rate is from 3% to 5% subject to determination by local governments at the provincial level in light of local conditions.

Under the Interim Regulations of the People's Republic of China on Municipal Maintenance and Construction Tax, enacted by the State Council on 8 February 1985 and amended in January 2011, any taxpayer, whether an entity or individual, of consumption tax, value-added tax or business tax shall be required to pay municipal maintenance tax. The tax rate shall be 7% for a taxpayer whose domicile is in an urban area, 5% for a taxpayer whose domicile is in a county and a town, and 1% for a taxpayer whose domicile is not in any urban area or county or town.

Under the Interim Provisions on Imposition of Education Surcharge enacted by the State Council on 28 April 1986 and revised on 7 June 1990 and 20 August 2005 and 8 January 2011, a taxpayer, whether an entity or individual, of consumption tax, VAT or business tax shall pay an education surcharge, unless such obliged taxpayer is instead required to pay a rural area education surcharge as provided by the Notice of the State Council on Raising Funds for Schools in Rural Areas.

## SUBSCRIPTION AND SALE

The Issuer and we have entered into a subscription agreement with the Joint Lead Managers dated 15 July 2021 (the “**Subscription Agreement**”), pursuant to which and subject to certain conditions contained therein, the Joint Lead Managers have, severally, but not jointly, agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the aggregate principal amount of the Bonds indicated in the following table.

	<b>Principal amount of the Bonds to be subscribed<sup>(1)</sup></b>
	<b>(U.S.\$)</b>
BOCI Asia Limited . . . . .	30,000,000
DBS Bank Ltd. . . . .	30,000,000
Haitong International Securities Company Limited . . . . .	30,000,000
Bank of Communications Co., Ltd. Hong Kong Branch . . . . .	30,000,000
CMB Wing Lung Bank Limited. . . . .	30,000,000
The Hongkong and Shanghai Banking Corporation Limited. . . . .	30,000,000
AMTD Global Markets Limited . . . . .	8,000,000
Bank of China (Hong Kong) Limited . . . . .	8,000,000
BNP Paribas . . . . .	8,000,000
China Chengtong (Hong Kong) Asset Management Company Limited. . . . .	8,000,000
China Minsheng Banking Corp., Ltd., Hong Kong Branch. . . . .	8,000,000
CLSA Limited . . . . .	8,000,000
CMBC Securities Company Limited. . . . .	8,000,000
Guotai Junan Securities (Hong Kong) Limited. . . . .	8,000,000
Industrial and Commercial Bank of China (Asia) Limited . . . . .	8,000,000
Industrial Bank Co., Ltd. Hong Kong Branch . . . . .	8,000,000
Mizuho Securities Asia Limited . . . . .	8,000,000
Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch . . . . .	8,000,000
Silk Road International Capital Limited . . . . .	8,000,000
SPDB International Capital Limited . . . . .	8,000,000
The Bank of East Asia, Limited. . . . .	8,000,000
Total . . . . .	300,000,000

*Note:*

(1) On a several but not joint basis.

The Subscription Agreement provides that the Issuer and we will indemnify the Joint Lead Managers against certain liabilities in connection with the offer and sale of the Bonds. The Subscription Agreement provides that the obligations of the Joint Lead Managers are subject to certain conditions precedents, and entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

The Joint Lead Managers and certain of their subsidiaries or affiliates have performed certain investment banking and advisory services for, and entered into certain commercial banking transactions with, the Issuer and us and/or our respective subsidiaries, from time to time, for which they have received customary fees and expenses. The Joint Lead Managers and their subsidiaries or affiliates may, from time to time, engage in transactions with and perform services for the Issuer and us and/or our subsidiaries in the ordinary course of business.

In connection with the offering of the Bonds, the Joint Lead Managers and/or their affiliate(s) may act as an investor for its own account and may take up Bonds in the offering and in that capacity may retain, purchase or sell for its own account such Bonds and any of our securities or related investments and may offer or sell such securities or other investments otherwise than in connection with the offering. Accordingly, references herein to the Bonds being offered should be read as including any offering of the Bonds to the Joint Lead Managers and/or their affiliates acting in such capacity. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with

any legal or regulatory obligation to do so. Furthermore, only a limited number of investors may subscribe for a significant portion of the Bonds. Such investors may be entities affiliated with the Group.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and any of the Joint Lead Managers, or any affiliate is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Joint Lead Manager, or such affiliate on behalf of the Issuer in such jurisdiction.

## **GENERAL**

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the Bonds is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Offering Circular or any offering material are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

No action has been or will be taken in any jurisdiction by the Issuer, the Guarantor or the Joint Lead Managers that would permit a public offering, or any other offering under circumstances not permitted by applicable law, of the Bonds, or possession or distribution of this Offering Circular, any amendment or supplement thereto issued in connection with the proposed resale of the Bonds or any other offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required. Accordingly, the Bonds may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material or advertisements in connection with the Bonds may be distributed or published, by the Issuer, the Guarantor or the Joint Lead Managers, in or from any country or jurisdiction, except in circumstances which will result in compliance with all applicable rules and regulations of any such country or jurisdiction and will not impose any obligations on the Issuer, the Guarantor or the Joint Lead Managers. If a jurisdiction requires that an offering of Bonds be made by a licenced broker or dealer and the Joint Lead Managers or any affiliate of the Joint Lead Managers is a licenced broker or dealer in that jurisdiction, such offering shall be deemed to be made by the Joint Lead Managers or such affiliate on behalf of the Issuer and the Guarantor in such jurisdiction.

## **UNITED STATES**

The Bonds and the Guarantee have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States.

The Bonds and the Guarantee are being offered and sold outside of the United States in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of the Bonds and the Guarantee, an offer or sale of Bonds or Guarantee within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

### **Prohibition of sales to UK Retail Investors**

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any New Notes to any retail investor in the UK. For the purposes of this provision, the expression “retail investor” means a person who is one (or more) of the following:

- (a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “EUWA”); or
- (b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

#### **UNITED KINGDOM**

Each of the Joint Lead Managers has represented, warranted and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the “FSMA”)) received by it in connection with the issue or sale of any Bonds in circumstances in which Section 21 (1) of the FSMA does not apply to the Issuer or us; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

#### **EUROPEAN UNION**

Each Joint Lead Manager (severally, and not jointly) has represented, warranted and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds to any retail investor in the EEA. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
  - (ii) a customer within the meaning of Directive 2016/97/EU (as amended, the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II;
- (b) the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Bonds.

#### **HONG KONG**

Each of the Joint Lead Managers has represented, warranted and agreed that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (a) to Professional Investors as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”) and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) or which do not constitute an offer to the public within the meaning of that Ordinance; and

- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to Professional Investors as defined in the SFO and any rules made thereunder.

## **THE PEOPLE'S REPUBLIC OF CHINA**

Each of the Joint Lead Managers has represented, warranted and agreed that the Bonds are not being offered or sold and may not be offered or sold, directly or indirectly, in the People's Republic of China (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the People's Republic of China.

## **SINGAPORE**

Each of the Joint Lead Managers has acknowledged that this Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each of the Joint Lead Managers has represented, warranted and agreed that it has not offered or sold any Bonds or caused such Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell such Bonds or cause such Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Bonds, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275 (1), or any person pursuant to Section 275 (1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239 (1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA, except:

- (i) to an institutional investor or to a relevant person defined in Section 275 (2) of the SFA, or to any person arising from an offer referred to in Section 275 (1A) or Section 276 (4) (i) (B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276 (7) of the SFA; or



- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Singapore SFA Product Classification: In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), the Issuer has determined the classification of the Bonds as prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

## **JAPAN**

The Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended) (the “**Financial Instruments and Exchange Act**”). Accordingly, each Joint Lead Manager has represented, warranted and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Bonds in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

## **BRITISH VIRGIN ISLANDS**

Each of the Joint Lead Managers has represented, warranted and undertaken that the Bonds will not be offered, sold or transferred to members of the public in the British Virgin Islands.

## **BERMUDA**

Each of the Joint Lead Managers has represented, warranted and undertaken that the Bonds will not be offered, sold or transferred in Bermuda or to or between any person, firm or company regarded as resident of Bermuda for exchange control purposes.

## GENERAL INFORMATION

- 1 **Clearing Systems:** The Bonds have been accepted for clearance through Euroclear and Clearstream. The Common Code is 235994470 and the ISIN is XS2359944704. The Legal Entity Identifier Code of the Issuer is 549300R9D8MDKV4NAV57.
- 2 **Listing of the Bonds:** Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds by way of debt issues to Professional Investors only. It is expected that dealing in, and listing of, the Bonds on the Hong Kong Stock Exchange will commence on 23 July 2021.
- 3 **Authorisations:** The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of its obligations under the Bonds. The issue of the Bonds was authorised by resolutions of the board of directors of the Issuer on 29 June 2021. China Minmetals has obtained the NDRC pre-issuance registration on 15 June 2021. The giving of the Guarantee of the Bonds was authorised by resolutions of the board of directors of the Guarantor on 29 June 2021. The entering into the Keepwell Deed was authorised by China Minmetals on 26 April 2021.
- 4 **No Material Adverse Change:** There has been no material adverse change in the financial or trading position or prospects of the Issuer, the Guarantor and the Group since 31 December 2020.
- 5 **Litigation:** None of the Issuer, the Guarantor or any other members of the Group is or has been engaged in or has pending or threatened, any governmental, legal or arbitration proceedings during the previous 12 months, which may have, or have had in the recent past, a significant effect on the business or financial position of the Issuer, the Guarantor or the Group.
- 6 **Available Documents:** For so long as any of the Bonds is outstanding, copies of the following documents will be available for inspection, at our registered office at 18/F, China Minmetals Tower, 79 Chatham Road South, Tsim Sha Tsui, Kowloon, Hong Kong, and the registered office of the Trustee upon written request and satisfactory proof of holding and with prior appointment during normal business hours:
  - (a) the Trust Deed;
  - (b) the Agency Agreement; and
  - (c) the Keepwell Deed.
- 7 **Financial Statements:** The Audited Financial Statements, which are included in this Offering Circular, have been audited by Deloitte, the independent auditor of the Guarantor in connection with the audit of its consolidated financial statements for the years ended 31 December 2018, 2019 and 2020. The Audit Financial Statements were prepared in accordance with HKFRSs issued by the HKICPA. On 27 May 2021, Deloitte retired as the independent auditor of the Guarantor and it was approved by the annual general meeting of the Guarantor to appoint Ernst & Young as its new independent auditor.

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# Independent Auditor's Report

## 獨立核數師報告

# Deloitte.

# 德勤

**TO THE SHAREHOLDERS OF MINMETALS LAND LIMITED**  
(incorporated in Bermuda with limited liability)

致五礦地產有限公司股東  
(於百慕達註冊成立之有限公司)

## OPINION

We have audited the consolidated financial statements of Minmetals Land Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 152 to 331, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") 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 Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. 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 HKICPA's 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.

## 意見

本核數師(以下簡稱「我們」)已審核列載於第152至331頁之五礦地產有限公司(「貴公司」)及其附屬公司(「貴集團」)的綜合財務報表，此綜合財務報表包括於二零二零年十二月三十一日的綜合財務狀況表與截至該日止年度的綜合損益表、綜合損益及其他全面收益表、綜合權益變動表及綜合現金流量表，以及綜合財務報表附註，包括主要會計政策概要。

我們認為，綜合財務報表根據香港會計師公會(「香港會計師公會」)頒佈的《香港財務報告準則》(「香港財務報告準則」)真實而中肯地反映貴集團於二零二零年十二月三十一日的綜合財務狀況及截至該日止年度的綜合財務表現及綜合現金流量，並根據香港《公司條例》的披露規定妥為編製。

## 意見的基礎

我們已根據香港會計師公會頒佈的《香港審計準則》(「香港審計準則」)進行審核。我們在該等準則下承擔的責任已在本報告「核數師就審核綜合財務報表承擔的責任」部分中作進一步闡述。根據香港會計師公會頒佈的《專業會計師道德守則》(「道德守則」)，我們獨立於貴集團，並已履行道德守則中的其他專業道德責任。我們相信，我們所獲得的審核憑證能充足及適當地為我們的審核意見提供基礎。

## Independent Auditor's Report

### 獨立核數師報告

#### 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.

#### Key audit matter

##### 關鍵審核事項

#### 關鍵審核事項

關鍵審核事項是根據我們的專業判斷，認為對本期綜合財務報表的審核最為重要的事項。這些事項是在我們審核整體綜合財務報表及出具意見時處理，我們不會對這些事項提供單獨的意見。

#### How our audit addressed the key audit matter

##### 我們的審核如何對關鍵審核事項進行處理

#### Valuation of investment properties

##### 投資物業估值

We identified the valuation of investment properties as a key audit matter because the valuation process is based on an estimation of future results, a set of assumptions and a determination of key inputs, which are judgemental. Any changes to these inputs may have a significant impact on the fair value. Management determined the fair value of the Group's investment properties at 31 December 2020 with the assistance of independent external valuers.

我們將投資物業估值識別為關鍵審核事項，原因是估值過程乃以未來業績之估計、一套假設及釐定之主要輸入數據為基礎，有關因素皆屬於判斷性質。該等輸入數據之任何變動均可能對公允值造成重大影響。管理層在獨立外部估值師之協助下，釐定 貴集團投資物業於二零二零年十二月三十一日之公允值。

Details of the investment properties and the related key estimation uncertainty are set out in Notes 15 and 4, respectively, to the consolidated financial statements.

有關投資物業及相關主要估計不明朗因素之詳情分別載於綜合財務報表附註15及4。

Our procedures in relation to management's valuation of investment properties included:

我們就管理層對投資物業估值履行之程序主要包括以下各項程序：

- Evaluating the competence, capabilities and objectivity of the external valuers engaged by management. 我們評估管理層所委聘的外部估值師之資格、能力及客觀性。
- Obtaining a copy of valuation report prepared by the external valuers and discussing with the external valuers to understand the basis of determination of valuation. 我們取得由外部估值師編製的估值報告，並與外部估值師溝通，了解釐定估值的基準。
- Challenging the external valuers the methodologies and judgements used in valuing the investment properties and obtaining the market evidence that the external valuers used to support the key inputs. 質疑外部估值師在估算投資物業時所採用的方法及判斷，並取得外部估值師用以支持主要輸入數據的市場憑證。

## KEY AUDIT MATTERS (CONTINUED)

## 關鍵審核事項(續)

### Key audit matter

#### 關鍵審核事項

### How our audit addressed the key audit matter

#### 我們的審核如何對關鍵審核事項進行處理

### Revenue from sales of properties

#### 銷售物業收入

We identified the revenue from sales of properties as a key audit matter due to the significance of the amount and volume of sales transactions recognised during the year.

我們將銷售物業收入識別為關鍵審核事項，原因是年內確認的銷售交易金額及數量重大。

Details of revenue from sales of properties are set out in Note 5 to the consolidated financial statements.

有關銷售物業收入詳情載於綜合財務報表附註5。

Our procedures in relation to revenue from sales of properties included:

我們就銷售物業收入履行之程序主要包括：

- Testing key internal controls over revenue recognition on a sample basis.

通過抽樣測試與收入確認相關的主要內部控制。

- Selecting property sales transactions on a sample basis and:

通過抽樣挑選物業銷售交易，並且：

- reading the signed sales and purchase agreements to understand the relevant terms of the timing of property delivery and title transfer.  
閱讀已簽署買賣協議，以了解物業交付及業權轉讓的時間的相關條款。

- obtaining evidence regarding the property delivery and title transfer.  
取得物業交付及業權轉讓的憑證。

- reconciling the monetary amounts of recorded transactions and related payments to the signed sales and purchase agreements.

將已記錄交易的貨幣金額及相關付款與已簽署買賣協議對賬。



## Independent Auditor's Report

### 獨立核數師報告

#### OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include 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.

#### RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE 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 HKFRSs issued by the HKICPA 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 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 either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

#### 其他資料

貴公司董事須對其他資料負責。其他資料包括年報內的資料，但不包括綜合財務報表及我們的核數師報告。

我們對綜合財務報表的意見並不涵蓋其他資料，我們亦不對該等其他資料發表任何形式的鑒證結論。

結合我們對綜合財務報表的審核，我們的責任是閱讀其他資料，在此過程中，考慮其他資料是否與綜合財務報表或我們在審核過程中所了解的情況存在重大抵觸或者似乎存在重大錯誤陳述的情況。基於我們已執行的工作，如果我們認為其他資料存在重大錯誤陳述，我們需要報告該事實。在這方面，我們沒有任何報告。

#### 董事及負責管治人員就綜合財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會頒佈的《香港財務報告準則》及香港《公司條例》的披露規定編製真實而中肯的綜合財務報表，並對其認為使綜合財務報表的編製不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

在編製綜合財務報表時，董事負責評估貴集團持續經營的能力，並在適用情況下披露與持續經營有關的事項，以及使用持續經營為會計基礎，除非董事有意將貴集團清盤或停止經營，或別無其他實際的替代方案。

負責管治人員須負責監督貴集團之財務報告過程。

## 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 solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, 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 HKSAs 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 HKSAs, we exercise professional judgement and maintain professional skepticism 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.

## 核數師就審核綜合財務報表承擔的責任

我們的目標，是根據《百慕達公司法》第90條對綜合財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並僅向閣下（作為整體）出具載有我們意見的核數師報告，除此之外，本報告別無其他目的。本核數師並不會就本報告之內容對任何其他人士負責或承擔任何責任。合理保證是高水平的保證，但不能保證按照《香港審計準則》進行的審核，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或滙總起來可能影響綜合財務報表使用者依賴綜合財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

在根據《香港審計準則》進行審核的過程中，我們運用了專業判斷，保持了專業懷疑態度。我們亦：

- 識別及評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審核程序以應對這些風險，以及獲取充足和適當的審核憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
- 了解與審核相關的內部控制，以設計適當的審核程序，但目的並非對貴集團內部控制的有效性發表意見。
- 評價董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。

## 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 those charged with governance 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 those charged with governance 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.

## 核數師就審核綜合財務報表承擔的責任(續)

- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審核憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對貴集團的持續經營能力產生重大疑慮。如果我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。假若有關的披露不足，則修訂我們的意見。我們的結論是基於核數師報告日止所取得的審核憑證。然而，未來事項或情況可能導致貴集團不能持續經營。
- 評價綜合財務報表的整體列報方式、結構和內容，包括披露，以及綜合財務報表是否中肯反映交易和事項。
- 就貴集團內實體或業務活動的財務資料獲取充足、適當的審核憑證，以便對綜合財務報表發表意見。我們負責貴集團審核工作的指導、監督和執行。我們須為我們的審核意見承擔全部責任。

除其他事項外，我們與負責管治人員溝通了計劃的審核範圍、時間安排、重大審核發現等，包括我們在審核中識別出內部控制的任何重大缺陷。

我們還向負責管治人員提交聲明，說明我們已符合有關獨立性的相關專業道德要求，並與他們溝通有可能合理地被認為會影響我們獨立性的所有關係和其他事項，以及在適用的情況下，採取消除威脅的行動相關的防範措施。

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

From the matters communicated with those charged with governance, 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 the independent auditor's report is Li Man Kei.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong

25 March 2021

## 核數師就審核綜合財務報表承 擔的責任(續)

從與負責管治人員溝通的事項中，我們確定哪些事項對本期間的綜合財務報表的審核最為重要，因而構成關鍵審核事項。我們在核數師報告中描述這些事項，除非法律法規不允許公開披露這些事項，或在極端罕見的情況下，如果合理預期在我們報告中溝通某事項造成的負面後果超過產生的公眾利益，我們決定不應在報告中溝通該事項。

負責此審核項目及簽發本獨立核數師報告的審核項目合夥人為李民基。

**德勤•關黃陳方會計師行**  
*執業會計師*  
香港

二零二一年三月二十五日

# Consolidated Statement of Profit or Loss

## 綜合損益表

For the year ended 31 December 2020 截至二零二零年十二月三十一日止年度

		NOTES 附註	2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
<b>Revenue</b>	<b>收入</b>	5	<b>7,661,646</b>	11,261,431
Cost of sales	銷售成本		<b>(6,431,192)</b>	(8,588,071)
<b>Gross profit</b>	<b>毛利</b>		<b>1,230,454</b>	2,673,360
Other income, other gains and losses	其他收入、其他收益及虧損	7	<b>495,945</b>	103,616
Fair value changes on investment properties	投資物業公允值變動	15	<b>(50,586)</b>	107,550
Selling and marketing expenses	銷售及營銷費用		<b>(255,866)</b>	(242,035)
Administrative and other expenses	行政及其他開支		<b>(752,540)</b>	(567,088)
Impairment losses (recognised)/reversed under expected credit loss model, net of reversal	預期信貸虧損模型項下(減值虧損)/減值回撥，扣除撥回	10	<b>(14,534)</b>	3,832
Finance income	財務收入	9	<b>222,799</b>	221,744
Finance costs	財務成本	9	<b>(69,471)</b>	(26,739)
Share of results of associates	分佔聯營公司業績	16	<b>4,469</b>	(3,761)
Share of results of joint ventures	分佔合營公司業績	17	<b>(2,260)</b>	(10,380)
<b>Profit before tax</b>	<b>除稅前溢利</b>		<b>808,410</b>	2,260,099
Income tax expense	所得稅開支	11	<b>(371,070)</b>	(907,516)
<b>Profit for the year</b>	<b>本年度溢利</b>	6	<b>437,340</b>	1,352,583
<b>Profit for the year attributable to:</b>	<b>本年度溢利歸屬於：</b>			
Equity holders of the Company	本公司股權持有人		<b>112,370</b>	942,689
Holders of perpetual capital instruments	永久資本工具持有人		<b>220,578</b>	219,089
Non-controlling interests	非控股股東權益		<b>104,392</b>	190,805
			<b>437,340</b>	1,352,583
<b>Earnings per share for profit attributable to equity holders of the Company, in HK cents</b>	<b>本公司股權持有人應佔溢利之每股盈利，港仙</b>			
Basic	基本	12	<b>3.36</b>	28.17
Diluted	攤薄	12	<b>3.36</b>	28.17

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

## 綜合損益及其他全面收益表

For the year ended 31 December 2020 截至二零二零年十二月三十一日止年度

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Profit for the year	本年度溢利	<b>437,340</b>	1,352,583
<b>Other comprehensive income/ (expense):</b>	<b>除稅後其他全面收入／(支出)：</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>	<i>其後可能重新分類至損益之項目：</i>		
Currency translation differences	匯兌差額	<b>1,525,577</b>	(485,635)
Fair value loss on hedging instruments in cash flow hedges	現金流對沖的對沖工具之公允值虧損	<b>(53,904)</b>	(36,033)
Share of other comprehensive income/ (expense) of associates	分佔聯營公司其他全面收入／(支出)	<b>185,207</b>	(25,155)
Share of other comprehensive income/ (expense) of joint ventures	分佔合營公司其他全面收入／(支出)	<b>6,212</b>	(1,947)
		<b>1,663,092</b>	(548,770)
<i>Item that will not be reclassified subsequently to profit or loss:</i>	<i>其後不會重新分類至損益之項目：</i>		
Fair value (loss)/gain on financial assets at fair value through other comprehensive income	透過其他全面收益按公允值計量之財務資產重估所產生之(虧損)／收益	<b>(576,174)</b>	587,698
		<b>1,086,918</b>	38,928
Other comprehensive income for the year	本年度其他全面收入	<b>1,086,918</b>	38,928
<b>Total comprehensive income for the year</b>	<b>本年度除稅後全面收入總額</b>	<b>1,524,258</b>	1,391,511
<b>Total comprehensive income for the year attributable to:</b>	<b>本年度除稅後全面收入總額歸屬於：</b>		
Equity holders of the Company	本公司股權持有人	<b>659,981</b>	1,092,306
Holders of perpetual capital instruments	永久資本工具持有人	<b>364,480</b>	168,525
Non-controlling interests	非控股股東權益	<b>499,797</b>	130,680
		<b>1,524,258</b>	1,391,511

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# Consolidated Statement of Financial Position

## 綜合財務狀況表

As at 31 December 2020 於二零二零年十二月三十一日

		NOTES 附註	2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
<b>ASSETS</b>	<b>資產</b>			
<b>Non-current assets</b>	<b>非流動資產</b>			
Property, plant and equipment	物業、廠房及設備	14	259,280	262,791
Investment properties	投資物業	15	2,507,388	2,366,668
Interests in associates	於聯營公司之權益	16	3,472,096	1,123,361
Interests in joint ventures	於合營公司之權益	17	196,074	84,701
Financial assets at fair value through other comprehensive income	透過其他全面收益按公 允值計量之財務資產	22	822,778	1,398,952
Deferred tax assets	遞延稅項資產	30	442,890	639,144
			<b>7,700,506</b>	5,875,617
<b>Current assets</b>	<b>流動資產</b>			
Inventories	存貨	18	34,293,789	24,723,350
Prepayments, trade and other receivables	預付款項、貿易及其他 應收款項	19	17,665,954	13,934,151
Contract assets	合約資產	20	203,146	500,439
Contract costs	合約成本	21	91,741	15,237
Other financial assets	其他財務資產	23	—	19,771
Cash and bank deposits, restricted	受限制現金及銀行存款	24	194,085	42,702
Cash and bank deposits, unrestricted	不受限制現金及 銀行存款	25	8,238,516	3,850,098
			<b>60,687,231</b>	43,085,748
<b>Total assets</b>	<b>資產總額</b>		<b>68,387,737</b>	48,961,365
<b>EQUITY</b>	<b>權益</b>			
Share capital	股本	26	334,691	334,691
Reserves	儲備	27	9,264,260	8,859,154
<b>Equity attributable to equity holders of the Company</b>	<b>本公司股權持有人應佔之 權益</b>		<b>9,598,951</b>	9,193,845
<b>Perpetual capital instruments</b>	<b>永久資本工具</b>	28	<b>3,947,539</b>	3,803,647
<b>Non-controlling interests</b>	<b>非控股股東權益</b>		<b>8,863,517</b>	3,269,226
<b>Total equity</b>	<b>權益總額</b>		<b>22,410,007</b>	16,266,718

		NOTES 附註	2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
<b>LIABILITIES</b>	<b>負債</b>			
<b>Non-current liabilities</b>	<b>非流動負債</b>			
Borrowings	借款	29	15,015,877	9,491,281
Other payables	其他應付款項	32	438,287	—
Deferred tax liabilities	遞延稅項負債	30	366,366	134,818
Lease liabilities	租賃負債	31	47,674	71,742
Other financial liabilities	其他財務負債	23	59,846	25,713
			<b>15,928,050</b>	9,723,554
<b>Current liabilities</b>	<b>流動負債</b>			
Borrowings	借款	29	4,555,246	7,262,623
Trade and other payables	貿易及其他應付款項	32	12,065,785	10,906,885
Contract liabilities	合約負債	33	12,787,885	4,553,520
Deferred revenue	遞延收入	34	307,815	4,064
Lease liabilities	租賃負債	31	30,069	16,598
Taxation payable	應付稅項		302,880	227,403
			<b>30,049,680</b>	22,971,093
<b>Total liabilities</b>	<b>負債總額</b>		<b>45,977,730</b>	32,694,647
<b>Total equity and liabilities</b>	<b>權益及負債總額</b>		<b>68,387,737</b>	48,961,365
<b>Net current assets</b>	<b>流動資產淨值</b>		<b>30,637,551</b>	20,114,655
<b>Total assets less current liabilities</b>	<b>資產總額減流動負債</b>		<b>38,338,057</b>	25,990,272

The consolidated financial statements on pages 152 to 331 were approved and authorised for issue by the Board of directors on 25 March 2021 and are signed on its behalf by:

第152至331頁的綜合財務報表已於二零二一年三月二十五日獲董事會批准並授權刊發，並由下列人士代表簽署：

**He Jianbo 何劍波**  
DIRECTOR 董事

**Chen Xingwu 陳興武**  
DIRECTOR 董事

# Consolidated Statement of Changes in Equity

## 綜合權益變動表

For the year ended 31 December 2020 截至二零二零年十二月三十一日止年度

		Attributable to equity holders of the Company 本公司股權持有人應佔			Perpetual capital instruments 永久 資本工具	Non- controlling interests 非控股 股東權益	Total equity 權益總額
		Share capital 股本 HK\$'000 千港元	Reserves 儲備 HK\$'000 千港元 (Note 27) (附註27)	Total 總額 HK\$'000 千港元	HK\$'000 千港元 (Note 28) (附註28)	HK\$'000 千港元	HK\$'000 千港元
As at 1 January 2019	於二零一九年一月一日	334,691	8,033,017	8,367,708	3,854,289	2,588,454	14,810,451
Profit for the year	年內溢利	—	942,689	942,689	219,089	190,805	1,352,583
Other comprehensive income/(expense) for the year	年內其他全面收入/(支出)	—	149,617	149,617	(50,564)	(60,125)	38,928
Total comprehensive income for the year, net of tax	本年度除稅後全面收入總額	—	1,092,306	1,092,306	168,525	130,680	1,391,511
Contributions from non-controlling shareholders of subsidiaries	附屬公司之非控股股東之注資	—	—	—	—	551,676	551,676
Gain on partial disposal of equity interest in a subsidiary	出售於一家附屬公司部份權益之收益	—	1,584	1,584	—	(1,584)	—
Distributions paid to holders of perpetual capital instruments	向永久資本工具持有人支付之股息	—	—	—	(219,167)	—	(219,167)
Dividends paid to shareholders of the Company	向本公司股東支付之股息	—	(267,753)	(267,753)	—	—	(267,753)
		—	(266,169)	(266,169)	(219,167)	550,092	64,756
As at 31 December 2019	於二零一九年十二月三十一日	334,691	8,859,154	9,193,845	3,803,647	3,269,226	16,266,718
Profit for the year	年內溢利	—	112,370	112,370	220,578	104,392	437,340
Other comprehensive income for the year	年內其他全面收入	—	547,611	547,611	143,902	395,405	1,086,918
Total comprehensive income for the year, net of tax	本年度除稅後全面收入總額	—	659,981	659,981	364,480	499,797	1,524,258
Contributions from non-controlling shareholders of subsidiaries	附屬公司之非控股股東之注資	—	—	—	—	3,552,113	3,552,113
Gain on partial disposals of equity interests in subsidiaries	出售於附屬公司部份權益之收益	—	12,878	12,878	—	(12,878)	—
Disposals of subsidiaries (Note 39)	出售附屬公司(附註39)	—	—	—	—	(163,347)	(163,347)
Non-controlling interests arising from business combinations (Note 38)	業務合併產生之非控股股東權益(附註38)	—	—	—	—	1,721,623	1,721,623
Distributions paid to holders of perpetual capital instruments	向永久資本工具持有人支付之股息	—	—	—	(220,588)	—	(220,588)
Dividends paid to shareholders of the Company	向本公司股東支付之股息	—	(267,753)	(267,753)	—	—	(267,753)
Dividends paid to a non-controlling shareholder of a subsidiary	向一家附屬公司之一名非控股股東支付之股息	—	—	—	—	(1,754)	(1,754)
Capital reduction paid to a non-controlling shareholder of a subsidiary	向一家附屬公司一名非控股股東支付之資本削減	—	—	—	—	(1,263)	(1,263)
		—	(254,875)	(254,875)	(220,588)	5,094,494	4,619,031
As at 31 December 2020	於二零二零年十二月三十一日	334,691	9,264,260	9,598,951	3,947,539	8,863,517	22,410,007

# Consolidated Statement of Cash Flows

## 綜合現金流量表

For the year ended 31 December 2020 截至二零二零年十二月三十一日止年度

			2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
	NOTES 附註			
<b>Operating activities</b>	<b>經營活動</b>			
Cash (used in)/generated from operations	經營業務(所用)/所產生現金	36(a)	(1,235,017)	172,175
Income tax paid	已付所得稅		(506,536)	(1,135,910)
Income tax refund	所得稅退回		168,186	—
Interest paid	已付利息		(738,907)	(796,405)
<b>Net cash used in operating activities</b>	<b>經營活動所用現金淨額</b>		<b>(2,312,274)</b>	(1,760,140)
<b>Investing activities</b>	<b>投資活動</b>			
Purchase of property, plant and equipment	購買物業、廠房及設備		(43,833)	(13,408)
Proceeds on disposals of property, plant and equipment	出售物業、廠房及設備所得款項		949	462
Additions of investment properties	添置投資物業		(52,072)	—
Net cash inflow on acquisitions of a subsidiary and assets	收購一家附屬公司及資產現金流入淨額	38	1,311,731	—
Net cash outflow on disposals of subsidiaries	出售附屬公司現金流出淨額	39	(487,334)	—
Acquisition of an associate	收購一家聯營公司		(833,408)	—
Investment in a joint venture	於一家合營公司之投資		(2,139)	—
(Advances to)/repayment from associates	(墊付予)/還款自聯營公司		(919,751)	761,180
Repayment from/(loan to) an associate	還款自/(貸款予)一家聯營公司		724,811	(781,425)
(Advances to)/repayment from joint ventures	(墊付予)/還款自合營公司		(20,710)	276,254
Loans to joint ventures	貸款予合營公司		(61,786)	—
Repayments from loans to a non-controlling shareholder of a subsidiary	還款自一家附屬公司之一名非控股股東貸款		436,668	98,480
Interest received	已收利息		177,547	221,744
<b>Net cash generated from investing activities</b>	<b>投資活動所得現金淨額</b>		<b>230,673</b>	563,287

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## Consolidated Statement of Cash Flows

### 綜合現金流量表

For the year ended 31 December 2020 截至二零二零年十二月三十一日止年度

	NOTES 附註	2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
<b>Financing activities</b>	<b>融資活動</b>		
New borrowings	新增借款	<b>10,056,997</b>	4,015,711
Repayments of borrowings	償還借款	<b>(8,036,587)</b>	(2,282,691)
Advances from/(repayment to) fellow subsidiaries	墊資自/(還款予) 同系附屬公司	<b>82,710</b>	(561,955)
Advances from/(repayment to) associates	墊資自/(還款予) 聯營公司	<b>1,282,690</b>	(4,818)
Advances from non-controlling shareholders of subsidiaries	非控股股東之墊資	<b>1,355,306</b>	214,052
Dividends paid to the shareholders of the Company	派付予本公司股東之 股息	<b>(267,753)</b>	(267,753)
Dividends paid to a non-controlling shareholder of a subsidiary	派付予一家附屬公司 之一名非控股股東 之股息	<b>(1,754)</b>	—
Capital reduction to a non-controlling shareholder of a subsidiary	一家附屬公司之一名 非控股股東之資本 削減	<b>(1,263)</b>	—
Distributions paid to holders of perpetual capital instruments	派付予永久資本工具 持有人之股息	<b>(220,588)</b>	(219,167)
Repayments of lease liabilities	償還租賃負債	<b>(18,559)</b>	(5,880)
Contributions from non-controlling shareholders of subsidiaries	非控股股東之注資	<b>2,238,820</b>	551,676
<b>Net cash generated from financing activities</b>	<b>融資活動所得現金淨額</b>	<b>6,470,019</b>	1,439,175
Increase in cash and cash equivalents	增加現金及現金等價物	<b>4,388,418</b>	242,322
Cash and cash equivalents at beginning of the year	年初之現金及現金等 價物	<b>3,850,098</b>	3,607,776
Cash and cash equivalents at end of the year	年終之現金及現金等 價物	<b>8,238,516</b>	3,850,098

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# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2020 截至二零二零年十二月三十一日止年度

### 1. GENERAL INFORMATION

Minmetals Land Limited (the “Company”) and its subsidiaries (collectively, the “Group”) are principally engaged in real estate development, specialised construction, property investment and securities investment. The People’s Republic of China is the major market for the Group’s businesses.

The Company is a limited liability company incorporated in Bermuda. The Company is listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its immediate holding company is June Glory International Limited (incorporated in the British Virgin Islands) and its ultimate holding company is China Minmetals Corporation (“China Minmetals”) (incorporated in Mainland China).

The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information section to the annual report.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$” or “HK dollar(s)”), unless otherwise stated, which is also the functional currency of the Company.

### 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

#### New and Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

### 1. 一般資料

五礦地產有限公司(「本公司」)及其附屬公司(統稱「本集團」)之主要業務為房地產發展、專業建築、物業投資及證券投資。中華人民共和國為本集團業務之主要市場。

本公司為一家在百慕達註冊成立之有限公司。本公司在香港聯合交易所有限公司(「聯交所」)上市。其直接控股公司為June Glory International Limited，一家在英屬處女群島成立的公司，而其最終控股公司為中國五礦集團有限公司(「中國五礦」)，一家在中國內地成立的公司。

本公司的註冊辦事處及主要營業地點披露於年報的「公司資料」章節。

除非另有註明，此綜合財務報表以港元(「港元」)列值，與本公司之功能貨幣相同。

### 2. 新訂及經修訂的香港財務報告準則(「香港財務報告準則」)的應用

於本年度強制生效之新訂及經修訂香港財務報告準則

於本年度，本集團已首次採用「香港財務報告準則中對概念框架提述之修訂」及採用由香港會計師公會(「香港會計師公會」)所頒佈以下的經修訂香港財務報告準則，並強制生效於二零二零年一月一日或之後開始之年度所編製的綜合財務報表：

香港會計準則第1號及香港會計準則第8號之修訂	重要性之定義
香港財務報告準則第3號之修訂	業務定義
香港財務報告準則第9號、香港會計準則第39號及香港財務報告準則第7號之修訂	利率指標改革



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## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

### New and Amendments to HKFRSs that are mandatorily effective for the current year (Continued)

In addition, the Group has early applied the Amendment to HKFRS 16 *Covid-19-Related Rent Concessions*.

Except as described below, the application of the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

#### 2.1 Impacts of application on Amendments to HKAS 1 and HKAS 8 Definition of Material

The Group has applied the amendments for the first time in the current year. The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments had no impact on the consolidated financial statements.

## 2. 新訂及經修訂的香港財務報告準則（「香港財務報告準則」）的應用（續）

於本年度強制生效之新訂及經修訂香港財務報告準則（續）

此外，本集團已提早應用香港財務報告準則第16號之修訂「Covid-19相關租金減免」。

除下文所述外，採納「香港財務報告準則中對概念框架提述之修訂」及本年度經修訂的香港財務報告準則不會對本集團於本年及過往年度的財務表現及狀況及／或此等綜合財務報表所載披露構成任何重大影響。

#### 2.1 採用香港會計準則第1號及香港會計準則第8號「重要性之定義」之修訂的影響

本集團於本年度首次應用該等修訂。該等修訂對重要性作出新的定義，其中規定：「如果省略、錯誤陳述或遮掩信息，可以合理地預期會影響到財務報表主要使用者根據提供財務信息的財務報表做出有關特定報告實體信息的決定，則該等信息是重要的。」該等修訂亦釐清在整體財務報表中，信息是否重要取決於其性質或程度（單獨或與其他信息結合使用）。

於本年度應用該等修訂對本集團綜合財務報表概無影響。

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

### New and Amendments to HKFRSs that are mandatorily effective for the current year (Continued)

#### 2.2 Impacts on application of Amendments to HKFRS 3 Definition of a Business

The Group has applied the amendments for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. The election on whether to apply the optional concentration test is available on transaction-by-transaction basis.

The application of the amendments had no impact on the consolidated financial statements in the current year as similar conclusion would have been reached without applying the optional concentration test.

## 2. 新訂及經修訂的香港財務報告準則（「香港財務報告準則」）的應用（續）

於本年度強制生效之新訂及經修訂香港財務報告準則（續）

#### 2.2 應用香港財務報告準則第3號「業務定義」之修訂的影響

本集團於本年度首次應用該等修訂。該等修訂釐清，儘管業務通常具有產出，但就一套綜合的活動及資產組合而言，產出非屬符合業務定義之必要條件。為符合業務定義，一套綜合的活動及資產組合至少必須包含投入及實質性過程，且兩者結合能顯著有助於創造產出之能力。

該等修訂移除評估市場參與者是否有取代缺少的投入或過程，並繼續提供產出之能力。該等修訂亦引進額外指引，以協助釐定是否已獲得實質性過程。

此外，該等修訂引入一項自選的集中度測試，允許對所收購之活動及資產組合是否符合業務作簡化的評估。在該自選的集中度測試下，若所收購總資產之絕大部分公允值集中於一項可辨認資產或一組類似的資產，則所收購之活動及資產組合並非業務。該測試下之總資產不包括現金及現金等額、遞延稅項資產以及由遞延稅項負債產生之商譽。選用該選擇性集中度測試與否則以每項交易為基準。

應用該等修訂對本集團本年度之綜合財務報表概無影響，因為不應用自選的集中度測試亦可達至類似結論。

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## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

### New and Amendments to HKFRSs that are mandatorily effective for the current year (Continued)

#### 2.3 Impacts on application of Amendments to HKFRS 9, HKAS 39 and HKFRS 7 Interest Rate Benchmark Reform

The Group has applied the amendments for the first time in the current year. The amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reform. The amendments are relevant to the Group given that it applies hedge accounting to its benchmark interest rate exposures.

The application of the amendments had no impact on the consolidated financial statements as the Group’s designated hedged items and assessment of hedge effectiveness are not affected by the interest rate benchmark reform.

## 2. 新訂及經修訂的香港財務報告準則（「香港財務報告準則」）的應用（續）

於本年度強制生效之新訂及經修訂香港財務報告準則（續）

#### 2.3 應用香港財務報告準則第9號、香港會計準則第39號及香港財務報告準則第7號之修訂「利率指標改革」的影響

本集團於本年度首次應用該等修訂。該等修訂修改指定對沖會計法的要求，允許受當期利率指標影響的被對沖項目或對沖工具因持續的利率指標改革而修訂，於不確定期間受影響之對沖使用對沖會計法。因本集團對其指標利率風險應用對沖會計法，該等修訂與本集團相關。

應用該等修訂對綜合財務報表並無影響，因為本集團的指定對沖項目及評估對沖有效性不受利率指標改革影響。

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

### New and Amendments to HKFRSs that are mandatorily effective for the current year (Continued)

#### 2.4 Impacts on early application of Amendment to HKFRS 16 Covid-19-Related Rent Concessions

The Group has applied the amendment for the first time in the current year. The amendment introduces a new practical expedient for lessees to elect not to assess whether a Covid-19-related rent concession is a lease modification. The practical expedient only applies to rent concessions occurring as a direct consequence of the Covid-19 that meets all of the following conditions:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 *Leases* if the changes were not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

The application of the amendment had no impact to the opening retained earnings at 1 January 2020 or profit or loss for the current year.

## 2. 新訂及經修訂的香港財務報告準則（「香港財務報告準則」）的應用（續）

於本年度強制生效之新訂及經修訂香港財務報告準則（續）

#### 2.4 提早應用香港財務報告準則第16號之修訂「Covid-19相關租金減免」的影響

本集團於本年度首次應用該修訂。該修訂為承租人引進新的可行權宜方法使其可選擇不評估Covid-19相關租金減免是否為一項租賃修訂。該可行權宜方法僅適用於滿足以下所有條件由Covid-19直接產生的租金減免：

- 租賃付款變動導致的租賃的經修訂代價與緊接變動前的租賃代價基本相同或低於該代價；
- 租賃付款的減少僅影響原定於二零二一年六月三十日或之前到期的付款；及
- 租賃的其他條款及條件並無實質性變動。

應用可行權宜方法將租賃減免導致的租賃付款變動列賬的承租人將以同一方式將應用香港財務報告準則第16號「租賃」的變動入賬（倘變動並非租賃修訂）。租賃付款的寬免或豁免被入賬列作可變租賃付款。相關租賃負債獲調整以反映寬免或豁免的金額，並於該事件發生的期內在損益中確認相應調整。

應用該修訂對二零二零年一月一日的期初保留盈利或本年度損益並無影響。

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## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

### New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related amendments <sup>1</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>2</sup>
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2 <sup>4</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>1</sup>
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use <sup>2</sup>
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract <sup>2</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2021.

## 2. 新訂及經修訂的香港財務報告準則（「香港財務報告準則」）的應用（續）

### 已頒佈但尚未生效之新訂及經修訂香港財務報告準則

本集團並無提早應用以下已頒佈但尚未生效之新訂及經修訂香港財務報告準則：

香港財務報告準則第17號	保險合約及相關修訂 <sup>1</sup>
香港財務報告準則第3號之修訂	概念框架之提述 <sup>2</sup>
香港財務報告準則第9號、香港會計準則第39號、香港財務報告準則第7號、香港財務報告準則第4號及香港財務報告準則第16號之修訂	利率指標改革 — 第2階段 <sup>4</sup>
香港財務報告準則第10號及香港會計準則第28號之修訂	投資者與其聯營公司或合營公司間之資產出售或注資 <sup>3</sup>
香港會計準則第1號之修訂	有關流動或非流動負債分類及香港詮釋第5號（二零二零）相關之修訂 <sup>1</sup>
香港會計準則第16號之修訂	物業、廠房及設備 — 擬定使用前之所得款項 <sup>2</sup>
香港會計準則第37號之修訂	有償合約 — 履行合約成本 <sup>2</sup>
香港財務報告準則之修訂	香港財務報告準則二零一八年至二零二零年之年度改進 <sup>2</sup>

<sup>1</sup> 於二零二三年一月一日或之後開始的年度期間生效。

<sup>2</sup> 於二零二二年一月一日或之後開始的年度期間生效。

<sup>3</sup> 於待定日期或之後開始的年度期間生效。

<sup>4</sup> 於二零二一年一月一日或之後開始的年度期間生效。

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

### New and amendments to HKFRSs in issue but not yet effective (Continued)

Except for the amendments to HKFRSs mentioned below, the directors of the Company (the “Directors”) anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

#### Amendments to HKFRS 3 Reference to the Conceptual Framework

The amendments:

- update a reference in HKFRS 3 *Business Combinations* so that it refers to the *Conceptual Framework for Financial Reporting 2018* issued in June 2018 (the “Conceptual Framework”) instead of *Framework for the Preparation and Presentation of Financial Statements* (replaced by the *Conceptual Framework for Financial Reporting 2010* issued in October 2010);
- add a requirement that, for transactions and other events within the scope of HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or HK(IFRIC)-Int 21 *Levies*, an acquirer applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination; and
- add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

## 2. 新訂及經修訂的香港財務報告準則（「香港財務報告準則」）的應用（續）

### 已頒佈但尚未生效之新訂及經修訂香港財務報告準則（續）

除以下香港財務報告準則之修訂外，本公司董事（「董事」）預料，於可預見未來，應用所有其他新訂及經修訂香港財務報告準則將不會對綜合財務報表造成重大影響。

#### 香港財務報告準則第3號之修訂「概念框架之提述」

修訂內容：

- 更新了香港財務報告準則第3號「業務合併」中的參考，並引用二零一八年六月發佈之「二零一八年財務報告概念框架」（「概念框架」），取代「財務報表的編製及呈報框架」（由二零一零年十月發佈之「二零一零年財務報告概念框架」取代）；
- 添加一項要求，即對於香港會計準則第37號「撥備、或然負債及或然資產」或香港（國際財務報告詮釋委員會）— 詮釋21「徵費」範圍內的交易及其他事件，收購方應應用香港會計準則第37號或香港（國際財務報告詮釋委員會）— 詮釋21取代用概念框架來確定其在業務合併中承擔的負債；及
- 添加明確的聲明，收購方不確認為在業務合併中收購的或然資產。

預期應用該等修訂不會對本集團的財務狀況及表現造成重大影響。



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## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

### New and amendments to HKFRSs in issue but not yet effective (Continued)

#### *Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Interest Rate Benchmark Reform — Phase 2*

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 *Interest Rate Benchmark Reform — Phase 2* relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements and disclosure requirements applying HKFRS 7 *Financial Instruments: Disclosures* to accompany the amendments regarding modifications and hedge accounting.

## 2. 新訂及經修訂的香港財務報告準則（「香港財務報告準則」）的應用（續）

已頒佈但尚未生效之新訂及經修訂香港財務報告準則（續）

*香港財務報告準則第9號、香港會計準則第39號、香港財務報告準則第7號、香港財務報告準則第4號及香港財務報告準則第16號之修訂「利率指標改革—第二階段」*

香港財務報告準則第9號、香港會計準則第39號、香港財務報告準則第7號、香港財務報告準則第4號及香港財務報告準則第16號之修訂「利率指標改革—第二階段」涉及財務資產、財務負債及租賃負債的修改，運用香港財務報告準則第7號「財務工具：披露」有關修訂及對沖會計處理的披露下特定的對沖會計要求及披露要求。

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- **Modification of financial assets, financial liabilities and lease liabilities.** A practical expedient is introduced for modifications required by the reform (modifications required as a direct consequence of the interest rate benchmark reform and made on an economically equivalent basis). These modifications are accounted for by updating the effective interest rate. All other modifications are accounted for using the current HKFRSs requirements. A similar practical expedient is proposed for lessee accounting applying HKFRS 16;
- **Hedge accounting requirements.** Under the amendments, hedge accounting is not discontinued solely because of the interest rate benchmark reform. Hedging relationships (and related documentation) are required to be amended to reflect modifications to the hedged item, hedging instrument and hedged risk. Amended hedging relationships should meet all qualifying criteria to apply hedge accounting, including effectiveness requirements; and
- **財務資產、財務負債及租賃負債的修改。**為改革所需的修改引入了一種實用方法（由於利率指標改革而直接做出的修改，並且是在經濟上等同的基礎上進行的）。此等修改是通過應用更新實際利率。所有其他修改均應用當前的香港財務報告準則進行會計處理。對於應用香港財務報告準則第16號的承租人會計建議了類似之實用方法；
- **對沖會計要求。**根據該等修訂，對沖會計並非僅因利率指標改革而終止。必須修改對沖關係（及相關文件）以反映對沖項目、對沖工具及對沖風險的修改。修改後之對沖關係應符合所有適用標準以應用對沖會計，包括有效性要求；及

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

### New and amendments to HKFRSs in issue but not yet effective (Continued)

#### Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Interest Rate Benchmark Reform — Phase 2 (Continued)

- **Disclosures.** The amendments require disclosures in order to allow users to understand the nature and extent of risks arising from the interest rate benchmark reform to which the Group is exposed to and how the entity manages those risks as well as the entity’s progress in transitioning from interbank offered rates to alternative benchmark rates, and how the entity is managing this transition.

As at 31 December 2020, the Group has several bank loans with Hong Kong Interbank Offered Rate (“HIBOR”) which may be subject to interest rate benchmark reform. The Group expects no significant modification on gains or losses should the interest rate benchmark for these loans change resulting from the reform on application of the amendments.

## 2. 新訂及經修訂的香港財務報告準則（「香港財務報告準則」）的應用（續）

### 已頒佈但尚未生效之新訂及經修訂香港財務報告準則（續）

#### 香港財務報告準則第9號、香港會計準則第39號、香港財務報告準則第7號、香港財務報告準則第4號及香港財務報告準則第16號之修訂「利率指標改革—第二階段」（續）

- **披露事項。**該等修訂需要披露，以使使用者能夠理解本集團所面臨利率指標改革所產生風險的性質和程度，以及該實體如何管理這些風險及該實體從銀行間同業拆放利率轉換為替代基準利率的過程，以及該實體如何管理此過渡。

於二零二零年十二月三十一日，本集團有數筆以香港銀行同業拆息（「香港銀行同業拆息」）為利率指標的銀行借款，可能會受到利率指標改革的影響。本集團預期，若該等借款的利率指標因應該等修訂的改革而改變，不會有重大收益或虧損之修改。

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## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

### New and amendments to HKFRSs in issue but not yet effective (Continued)

#### ***Amendments to HKFRS 10 and HKAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture***

The amendments to HKFRS 10 *Consolidated Financial Statements* and HKAS 28 *Investments in Associates and Joint Ventures* deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent’s profit or loss only to the extent of the unrelated investors’ interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent’s profit or loss only to the extent of the unrelated investors’ interests in the new associate or joint venture.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

## 2. 新訂及經修訂的香港財務報告準則（「香港財務報告準則」）的應用（續）

已頒佈但尚未生效之新訂及經修訂香港財務報告準則（續）

**香港財務報告準則第10號及香港會計準則第28號之修訂「投資者與其聯營公司或合營企業間之資產出售或注資」**

香港財務報告準則第10號「綜合財務報表」及香港會計準則第28號「對聯營公司及合營企業投資」之修訂旨在處理投資者與其聯營公司或合營企業間之資產出售或注資的情況。具體而言，該等修訂指出，與聯營公司或合營企業之交易中應用權益法核算，不包含業務之附屬公司失去控制權而產生的損益，僅在不相關投資者在該聯營公司或合資企業中的權益範圍內，才在母公司之損益中確認。同樣，將任何前附屬公司（已成為聯營公司或合營企業，應用權益法入賬）中保留的投資進行重新計量所產生之損益以公允值計量，僅在不相關投資者在聯營公司或合資企業中的權益的範圍內，才在前母公司之損益中確認。

預期應用該等修訂不會對本集團的財務狀況及表現造成重大影響。

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

### New and amendments to HKFRSs in issue but not yet effective (Continued)

#### Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:
  - (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and
  - (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and
- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 *Financial Instruments: Presentation*.

In addition, Hong Kong Interpretation 5 was revised as a consequence of the Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

Based on the outstanding liabilities of the Group as at 31 December 2020, the application of the amendments will not result in reclassification of the Group's liabilities.

## 2. 新訂及經修訂的香港財務報告準則（「香港財務報告準則」）的應用（續）

### 已頒佈但尚未生效之新訂及經修訂香港財務報告準則（續）

#### 香港會計準則第1號之修訂「有關流動或非流動負債分類」及香港詮釋第5號（二零二零）相關之修訂

該等修訂為延期結算權利評估提供了澄清和補充指導，從報告日期起至少十二個月內將負債分類為流動負債或非流動負債，其中：

- 指定將負債分類為流動負債或非流動負債應基於報告期末已存在的權利。具體而言，該等修訂澄清：
  - (i) 分類不應受到管理層意圖或期望在12個月內清償債務的影響；及
  - (ii) 如果權利以遵守公約為條件，如果在報告期末滿足條件，則該權利存在，即使貸款人直到日後才測試合規性；及
- 闡明如果負債之條款可以由交易方選擇，則可以通過轉讓實體自身之權益工具來結算，僅當該實體將選擇權單獨確認為適用於香港會計準則第32號「財務工具：呈報」下之權益工具時，這些條款才不會影響其分類為流動資產或非流動資產。

此外，由於香港會計準則第1號之修訂，引致香港詮釋第5號進行了修訂，以使相應的措詞保持一致且結論不變。

根據本集團於二零二零年十二月三十一日之未償還債務，應用該等修訂不會導致本集團之負債重新分類。

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## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

### New and amendments to HKFRSs in issue but not yet effective (Continued)

#### *Amendments to HKFRSs Annual Improvements to HKFRSs 2018-2020*

The annual improvements make amendments to the following standards.

##### *HKFRS 9 Financial Instruments*

The amendment clarifies that for the purpose of assessing whether modification of terms of original financial liability constitutes substantial modification under the “10 per cent” test, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other’s behalf.

##### *HKFRS 16 Leases*

The amendment to Illustrative Example 13 accompanying HKFRS 16 removes from the example the illustration of reimbursement relating to leasehold improvements by the lessor in order to remove any potential confusion.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

## 2. 新訂及經修訂的香港財務報告準則（「香港財務報告準則」）的應用（續）

已頒佈但尚未生效之新訂及經修訂香港財務報告準則（續）

*香港財務報告準則之修訂香港財務報告準則二零一八年至二零二零年之年度改進*

年度改進對以下準則進行了修訂。

##### *香港財務報告準則第9號「財務工具」*

該修訂澄清，為評估在「10%」標準下對原始財務負債條款的修改是否構成實質性修改，借款人僅包括在借款人與貸款人之間已支付或收取的費用，包括由借款人或貸款人代表對方支付或接收的費用。

##### *香港財務報告準則第16號「租賃」*

附隨香港財務報告準則第16號對示例第13號之修訂從示例中刪除了出租人為租賃物業裝修而作出補償說明，以消除任何潛在之混淆。

預期應用該等修訂不會對本集團之財務狀況及表現造成重大影響。

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

### 3. 綜合財務報表編製基準及主要會計政策概要

#### 3.1 綜合財務報表編製基準

綜合財務報表乃按照香港會計師公會頒佈的香港財務報告準則編製。就編製綜合財務報表而言，若該信息將合理地預期會影響主要使用者之政策，則該信息將被視為重要信息。此外，綜合財務報表亦包括聯交所證券上市規則（「上市規則」）及香港公司條例規定的適用披露。

綜合財務報表乃根據歷史成本法編製，惟若干物業及財務工具於各報告期終日誠如以下所載會計政策所闡釋作出公允值計量。

歷史成本通常按交換貨品及服務所付代價之公允值計算。

公允值為市場參與者於計量日在有序交易中出售資產所收取的價格或轉讓負債所支付的價格，不論該價格是否可直接觀察到或應用其他估值技巧估計。於估計資產或負債的公允值時，本集團所考慮資產或負債的特色為資產或負債於計量日定價時，市場參與者可考慮資產或負債的特色。於綜合財務報表內計量及／或披露的公允值按此基準釐定，惟屬於香港財務報告準則第2號「以股份為基礎之付款」內以股份為基礎之交易、香港財務報告準則第16號之租賃交易及與公允值類似但並非公允值之計量（如香港會計準則第2號「存貨」之可變現淨值或香港會計準則第36號「資產減值」之使用價值）除外。



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### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.1 Basis of preparation of consolidated financial statements (Continued)

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.

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition, the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as below:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

### 3. 綜合財務報表編製基準及主要會計政策概要(續)

#### 3.1 綜合財務報表編製基準(續)

非財務資產的公允值計量會參考市場參與者透過按最高及最佳用途使用資產或向另一名市場參與者(而其將按最高及最佳用途使用該資產)出售資產的方式產生經濟利益的能力。

按公允值交易之財務工具及投資物業,凡於其後期間應用以不可觀察數據計量公允值之估值方法,估值方法應予校正,以致於初始確認時估值方法之結果相等於交易價格。

此外,就財務報告而言,根據可觀察公允值計量的輸入參數及公允值計量的輸入參數對其整體的重要性程度,公允值計量分為第一、第二及第三級,於下文有所說明:

- 第一級輸入數據乃企業於計量日可得出之相同資產或負債於活躍市場中所報的未調整價格;
- 第二級輸入數據乃根據與資產或負債相關的可觀察資料,除第1級所含報價以外,直接或間接獲得;及
- 第三級輸入數據乃資產或負債的不可觀察輸入數據。

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.2 Significant accounting policies

##### **Consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses 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 listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of the subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributable to the equity holders of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributable to the equity holders of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

### 3. 綜合財務報表編製基準及主要會計政策概要(續)

#### 3.2 主要會計政策

##### **綜合賬目**

綜合財務報表包括本公司及本公司控制的實體(包括結構實體)及其附屬公司的財務報表。當本公司有權監管如下時，即存在控制權：

- 可對被投資方行使權力；
- 自參與被投資方業務所得的可變回報面對風險或擁有的權利；及
- 有能力使用其權力影響其回報。

倘有事實及情況顯示上述三項控制權要素有一項或以上出現變動，本集團會重新評估其是否對被投資方擁有控制權。

綜合附屬公司賬目於本集團取得對附屬公司控制權時開始，並於本集團失去對附屬公司控制權時終止。尤其是，於年內收購或出售附屬公司的收入及開支，會由本集團取得控制權之日直至本集團失去附屬公司控制權之日期間計入綜合損益表。

損益及其他全面收益的每一項歸屬於公司股權持有人及非控股股東權益所有。附屬公司之全面收益總額歸屬本公司股權持有人及非控股股東權益所有，即使此舉導致非控股股東權益結餘出現虧損。

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### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.2 Significant accounting policies (Continued)

##### *Consolidation (Continued)*

When necessary, adjustments are made to the financial statements of subsidiaries to ensure conformity 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.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to equity holders of the Company.

### 3. 綜合財務報表編製基準及主要會計政策概要(續)

#### 3.2 主要會計政策(續)

##### *綜合賬目(續)*

如有需要，會對附屬公司之財務報表作出調整，使其符合本集團之會計政策。

所有集團內公司之間交易相關之資產及負債、權益、收入、開支及現金流於綜合賬目時對銷。

於附屬公司的非控股股東權益與本集團於其中所佔的股權分開呈列，後者指於清盤時持有人可按比例獲得的相關附屬公司淨資產份額的現時所有權權益。

本集團於現有附屬公司之權益變動

倘本集團於附屬公司的權益變動不會導致本集團失去對附屬公司的控制權，則按權益交易列賬。本集團相關股權組成部分及非控股股東權益的賬面值會作調整，以反映其於附屬公司的相關權益，包括根據本集團及非控股股東權益的權益佔比在本集團與非控股股東權益之間重新分配相關儲備。

非控股股東權益調整金額與已付或已收代價公允值之間的任何差額直接於權益確認及歸屬予本公司股權持有人。

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.2 Significant accounting policies (Continued)

##### *Consolidation (Continued)*

Changes in the Group's interests in existing subsidiaries (Continued)

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interests and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the equity holders of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on the initial recognition for subsequent accounting under HKFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

### 3. 綜合財務報表編製基準及主要會計政策概要(續)

#### 3.2 主要會計政策(續)

##### *綜合賬目(續)*

本集團於現有附屬公司之權益變動(續)

當本集團失去一家附屬公司之控制權時，該附屬公司的資產及負債及非控股股東權益(如有)終止確認。盈虧於損益內確認，並按：(i)已收代價公允值及任何保留權益公允值總額與(ii)本公司股權持有人應佔之附屬公司之資產(包括商譽)及負債以及任何非控股股東權益之賬面值之差額計算。所有先前於其他全面收益確認之有關該附屬公司之款項，將按猶如本集團已直接出售該附屬公司之相關資產或負債入賬(即按適用香港財務報告準則之規定/許可條文重新分類至損益或轉撥至另一類權益)。於失去控制權當日於前附屬公司保留之任何投資之公允值將根據香港財務報告準則第9號，於其後入賬時被列作初步確認之公允值，或(如適用)於初步確認時於聯營公司或合營公司之投資成本。

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### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.2 Significant accounting policies (Continued)

##### *Business combinations or asset acquisitions*

###### Optional concentration test

Effective from 1 January 2020, the Group can elect to apply an optional concentration test, on a transaction by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

###### Asset acquisitions

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to inventories which are subsequently measured under fair value model, financial assets, and financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

###### Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

### 3. 綜合財務報表編製基準及主要會計政策概要(續)

#### 3.2 主要會計政策(續)

##### *業務合併或資產收購*

###### 選擇性集中度測試

自二零二零年一月一日起生效，本集團可選擇在逐筆交易的基礎上實施選擇性集中度測試，簡化所收購的一組活動及資產是否屬於業務的評估。如果所購總資產之公允值基本上都集中於單一可識別資產或一組相似的可識別資產中，則滿足集中度測試。評估總資產不包括現金及現金等價物、遞延稅項資產以及由遞延稅項負債的影響所致的商譽。若滿足集中度測試，則該組活動及資產不是一項業務，因此並無需進行進一步評估。

###### 資產收購

倘本集團收購一組並不構成業務的資產及負債，本集團識別及確認所收購的個別可識別資產及所承擔的負債，方法為首先將購買價格分配至存貨，其後按公允值模式、金融資產及金融負債以各自公允值計量，而購買價格餘額隨後按其於購買日的相對公允值分配至其他可識別資產及負債。該項交易並無產生商譽或議價購買收益。

###### 業務合併

收購業務乃應用收購法入賬。於業務合併中轉讓按公允值計量的對價，而計算方法為本集團所轉讓的資產、本集團對被收購方原持有人產生的負債及本集團為交換被收購方的控制權所發行的股權於收購日的公允值的總和。與收購有關的成本一般於產生時在損益中確認。

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.2 Significant accounting policies (Continued)

##### **Business combinations or asset acquisitions (Continued)**

Business combinations (Continued)

Except for certain recognition exemptions, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the *Framework for the Preparation and Presentation of Financial Statements* (replaced by the *Conceptual Framework for Financial Reporting* issued in October 2010).

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date;
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and

### 3. 綜合財務報表編製基準及主要會計政策概要(續)

#### 3.2 主要會計政策(續)

##### **業務合併或資產收購(續)**

業務合併(續)

除若干確認豁免外，所收購之可識別資產及所承擔之負債必須符合「編製及呈列財務報表之框架」(被二零一零年十月發佈的「財務報告概念框架」所取代)下資產及負債之定義。

於收購日，所收購可辨別資產及所承擔負債按其公允值確認，惟下文所述者除外：

- 遞延稅項資產或負債及與僱員福利安排有關之資產或負債，乃分別根據香港會計準則第12號「所得稅」及香港會計準則第19號「僱員福利」確認及計量；
- 與被收購方之以股份支付安排或與本集團之以股份支付安排取代被收購方之以股份支付安排相關之負債或權益工具乃於收購日根據香港財務報告準則第2號「以股份為基礎之付款」計量；
- 根據香港財務報告準則第5號「持作出售非流動資產及已終止業務」被分類為持作出售之資產(或出售組別)乃根據該準則計量；及



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### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.2 Significant accounting policies (Continued)

##### *Business combinations or asset acquisitions (Continued)*

##### Business combinations (Continued)

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair values.

### 3. 綜合財務報表編製基準及主要會計政策概要(續)

#### 3.2 主要會計政策(續)

##### *業務合併或資產收購(續)*

##### 業務合併(續)

- 租賃負債按剩餘租賃付款(定義見香港財務報告準則第16號)的現值確認及計量, 猶如收購的租賃於收購日均為新租賃, 惟(a)租賃期限於收購日12個月內結束的租賃; 或(b)相關資產屬低價值除外。使用權資產按與相關租賃負債相同的金額確認及計量, 並經調整以反映與市場條款相比租賃的有利或不利條款。

商譽確認為所轉讓的對價、於被收購方的任何非控股股東權益金額及收購方先前持有被收購方股權(如有)的公允值的總和超出所收購可辨別資產及所承擔負債於收購日的淨值的部分。倘(在重新評估過後)所收購可辨別資產及所承擔負債的淨值超出所轉讓的對價、於被收購方的任何非控股股東權益金額及收購方先前持有被收購方權益(如有)的公允值的總和, 則超出部分即時於損益內確認為議價收購收益。

屬現有擁有權權益及賦予其持有人權利於清盤時按比例分佔相關子公司淨資產之非控股股東權益可初步按非控股股東權益分佔被收購方可識別淨資產已確認金額之比例或按公允值計量。計量基準乃按逐項交易基準進行選擇。其他類型非控股股東權益按公允值計量。

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.2 Significant accounting policies (Continued)

##### ***Business combinations or asset acquisitions (Continued)***

##### *Business combinations (Continued)*

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under HKFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

### 3. 綜合財務報表編製基準及主要會計政策概要(續)

#### 3.2 主要會計政策(續)

##### ***業務合併或資產收購(續)***

##### *業務合併(續)*

倘本集團於業務合併中轉讓之對價包括或然對價安排，或然對價按其收購日公允值計量並視為於業務合併中所轉讓對價之一部分。或然對價之公允值變動(如符合計量期間調整資格)可追溯調整。計量期間調整為於「計量期間」(計量期間自收購日起計不得超過一年)就於收購日存在之事實及情況獲得額外資訊而引致之調整。

不符合計量期間調整資格之或然對價之隨後入賬，取決於或然對價之分類結果。劃分為權益之或然對價不會於後續報告日重新計量，而其後續結算於權益內入賬。劃分為資產或負債之或然對價於後續報告日重新計量為公允值，而相應之收益或虧損於損益內確認。

倘業務合併分階段完成，則本集團過往所持有被收購方之股權會重新計量至收購日(即本集團獲得控制權當日)之公允值，而所產生之收益或虧損(如有)會於損益或其他全面收益(如適用)確認。如本集團已直接出售先前持有之股權，先前已於其他全面收益確認並根據香港財務報告準則第9號計量的在收購日前於被收購方的權益所產生之金額，將須按相同基準入賬。

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### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.2 Significant accounting policies (Continued)

##### *Investments in associates and joint ventures*

An associate is an entity 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 joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. 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 results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances.

Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

### 3. 綜合財務報表編製基準及主要會計政策概要(續)

#### 3.2 主要會計政策(續)

##### *投資於聯營公司及合營公司*

聯營公司指本集團對其有重大影響力之實體。重大影響力乃指參與制定被投資方之財務及經營政策之權力，但並非控制或共同控制該等政策。

合營公司為合營安排，據此，對安排擁有共同控制權的訂約方對合營安排資產淨值擁有權利。共同控制為按合約協議分佔安排的控制權，其僅於涉及有關活動的決策需要共同控制方一致同意時方存在。

對聯營公司及合營公司的業績、資產及負債按權益法會計納入該等綜合財務報表。按權益法核算的聯營公司及合營公司的財務報表是用在相似情況下與集團類似交易及事項統一的會計政策來編製的。

根據權益會計法，於聯營公司或合營公司的投資初步於綜合財務狀況表按成本確認及其後予以調整，以確認本集團應佔聯營公司或合營公司的損益及其他全面收益。聯營公司／合營公司資產淨值變動(損益及其他全面收益除外)不予入賬，除非有關變動導致本集團持有的擁有權權益變動。當本集團應佔聯營公司或合營公司虧損超出本集團於聯營公司或合營公司的權益(包括實際上組成本集團於聯營公司或合營公司投資淨額一部分任何長期權益)，則本集團終止確認應佔額外虧損。額外虧損僅於本集團已產生法律或推定責任或代表聯營公司或合營公司付款時確認。

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.2 Significant accounting policies (Continued)

##### *Investments in associates and joint ventures (Continued)*

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

### 3. 綜合財務報表編製基準及主要會計政策概要(續)

#### 3.2 主要會計政策(續)

##### *投資於聯營公司及合營公司(續)*

自被投資方成為聯營公司或合營公司當日起，對聯營公司或合營公司之投資以權益法入賬。收購聯營公司或合營公司投資時，任何投資成本超逾本集團應佔收購日所確認聯營公司或合營公司可識別資產及被投資方負債公允淨值之任何差額均確認為商譽，而有關商譽乃計入投資之賬面值。任何本集團應佔可識別資產及負債之公允淨值超逾投資成本之差額，在重估後於收購投資期間內隨即在損益內確認。

本集團評估是否有客觀證據顯示聯營公司或合營公司之權益可能需要進行減值。如有任何客觀證據存在，投資(包括商譽)的全部賬面值將視作單一資產並按香港會計準則第36號透過將其可收回金額(即使用價值和公允值減出售成本之較高者)與賬面值作比較以進行減值測試。任何已確認之減值虧損(被未分配至任何資產，包括商譽)會成為投資賬面值的一部分。倘投資之可收回金額其後回升，減值虧損之任何撥回會按照香港會計準則第36號確認。

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### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.2 Significant accounting policies (Continued)

##### *Investments in associates and joint ventures (Continued)*

When the Group ceases to have significant influence over an associate or a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

### 3. 綜合財務報表編製基準及主要會計政策概要(續)

#### 3.2 主要會計政策(續)

##### *投資於聯營公司及合營公司(續)*

當本集團不再對聯營公司或合營公司有重大影響力時，將入賬列作出售其於該被投資方之全部權益，而所產生之收益或虧損則於損益確認。當本集團保留其於前聯營公司或合營公司權益，且保留的權益符合香港財務報告準則第9號界定的財務資產範疇時，本集團於當日按公允值計量保留權益，而該公允值視為其初次確認公允值。聯營公司或合營公司的賬面值、任何保留權益公允值及出售於聯營公司或合營公司相關權益之任何所得款項的差額計入出售聯營公司或合營公司損益結果。此外，本集團將先前於其他全面收益確認與該聯營公司或合營公司有關之所有金額按該聯營公司或合營公司直接出售有關資產或負債所規定之基準入賬。因此，倘該聯營公司或合營公司先前於其他全面收益確認之收益或虧損將重新分類至出售有關資產或負債之收益或虧損，當出售／部分出售相關聯營公司或合營公司時，本集團自權益之收益或虧損重新分類至損益(作為重新分類調整)。

當於聯營公司之投資成為於合營公司之投資，或於合營公司之投資成為於聯營公司之投資時，本集團繼續應用權益法。出現該等擁有權權益變動後不會重新計量公允值。



### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.2 Significant accounting policies (Continued)

##### *Investments in associates and joint ventures (Continued)*

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

##### **Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that make strategic decisions.

### 3. 綜合財務報表編製基準及主要會計政策概要(續)

#### 3.2 主要會計政策(續)

##### *投資於聯營公司及合營公司(續)*

倘本集團減少其於聯營公司或合營公司之擁有權權益但本集團繼續使用權益法，則本集團於出售有關資產或負債時會將該收益或虧損重新分類至損益之情況下，會將先前就該等擁有權權益減少而於其他全面收益確認之收益或虧損按比例重新分類至損益。

倘一集團實體與本集團一家聯營公司或合營公司進行交易，與該聯營公司或合營公司進行交易所產生的損益僅於該聯營公司或合營公司的權益與本集團無關的情況下，才會在本集團的綜合財務報表確認。

##### **分部報告**

經營分部之報告方式與向主要營運決策者提供之內部報告方式一致。作出策略決定之本公司執行董事為主要營運決策者，負責分配資源並評核經營分部之表現。



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### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.2 Significant accounting policies (Continued)

##### *Foreign currencies*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency").

Foreign currency transactions are translated into the functional currency of respective entities of the Group using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the Group's interests.

### 3. 綜合財務報表編製基準及主要會計政策概要(續)

#### 3.2 主要會計政策(續)

##### *外幣匯兌*

本集團各個實體之財務報表所列項目均以該實體營運所在主要經濟環境之貨幣(「功能貨幣」)計量。

外幣交易應用交易日之匯率換算為集團附屬公司之功能貨幣。於各報告期終日，以外幣計值之貨幣項目按現行匯率於有關日期重新換算。當公允值已釐定時，按公允值計算並以外幣計值之非貨幣項目按有關日期以現行匯率換算。按歷史成本計算並以外幣計值之非貨幣項目並不重新換算。

因結付貨幣項目及重新換算貨幣項目而產生的匯兌差異於產生期間於損益確認，惟以下各項除外：

- 當有關日後生產使用之在建資產之外幣借貸匯兌差額被視為外幣借貸之利息成本之調整時，匯兌差額計入該等資產之成本；及
- 應收或應付一項海外業務之貨幣項目匯兌差額，既無計劃結算，發生結算之可能性亦不大，因而構成海外業務投資淨額之一部份，並初步於其他全面收益確認及於出售或部分出售本集團權益時由權益重新分類至損益。

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.2 Significant accounting policies (Continued)

##### *Foreign currencies (Continued)*

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;
- income and expenses for each statement of profit or loss are translated at average exchange rates (unless exchange rates fluctuate significantly during the period, in which case income and expenses are translated at the dates of the transactions).

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint venture or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposal of associates or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

### 3. 綜合財務報表編製基準及主要會計政策概要(續)

#### 3.2 主要會計政策(續)

##### *外幣匯兌(續)*

功能貨幣與列賬貨幣不同之所有集團實體(當中概無嚴重通脹貨幣)之業績及財務狀況按下列方法換算為列賬貨幣：

- 所呈列各份財務狀況表之資產及負債按報告日之收市匯率換算；
- 各損益表內之收入及支出按平均匯率換算，除非此匯率於期內大幅波動；在此情況下，收入及支出按交易日之匯率換算。

於出售海外業務(即出售本集團於海外業務之全部權益，或出售涉及失去包含海外業務附屬公司之控制權或出售於合營公司或聯營公司(包含海外業務)之部份權益，當中的保留權益成為財務資產時)時，就本公司股益持有人應佔之業務於權益累計之所有匯兌差額重新分類至損益。

此外，有關出售附屬公司之部份權益，卻不會導致本公司喪失對附屬公司的控制權時，累計匯兌差額比例份額重新計入非控股股東權益且不於損益確認。其他之部分出售(即出售聯營公司或合營公司之部份權益，卻不會導致本公司喪失重大影響力或共同控制)，累計匯兌差額比例部分重新分類至損益。

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### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.2 Significant accounting policies (Continued)

##### *Foreign currencies (Continued)*

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

##### *Revenue from contracts with customers*

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

### 3. 綜合財務報表編製基準及主要會計政策概要(續)

#### 3.2 主要會計政策(續)

##### *外幣匯兌(續)*

收購海外業務所產生可識別資產之商譽及公允值調整視為該海外業務之資產及負債處理，並按各報告期終的當時匯率換算。所產生之匯兌差額於其他全面收益確認。

##### *客戶合約收入*

當(或於)滿足履約義務時，本集團確認收入，即於特定履約義務的相關貨品或服務的「控制權」轉讓予客戶時確認。

履約責任指一項可明確區分的貨品或服務(或一批貨品或服務)或一系列大致相同的明確貨品或服務。

倘符合以下其中一項準則，則控制權隨時間轉移，而收入則參照完成相關履約責任的進展情況而隨時間確認：

- 隨本集團履約，客戶同時取得並耗用本集團履約所提供的利益；
- 本集團之履約創建或強化一資產，該資產於創建或強化之時即由客戶控制；或
- 本集團的履約並未產生對本集團有替代用途的資產，且本集團對迄今已完成履約之款項具有可執行之權利。

否則，收入於客戶獲得貨品或服務控制權的時間點確認。

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.2 Significant accounting policies (Continued)

##### *Revenue from contracts with customers (Continued)*

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation  
*Input method*

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depicts the Group's performance in transferring control of goods or services.

### 3. 綜合財務報表編製基準及主要會計政策概要(續)

#### 3.2 主要會計政策(續)

##### *客戶合約收入(續)*

合約資產指本集團就向客戶換取本集團已轉讓的貨品或服務收取代價的權利(尚未成為無條件)。其根據香港財務報告準則第9號評估減值。相反，應收款項指本集團收取代價的無條件權利，即代價付款到期前僅需時間推移。

合約負債指本集團因已自客戶收取對價(或已可自客戶收取對價)，而須轉讓貨品或勞務予客戶之義務。

與同一合約有關的合約資產及合約負債以淨額列賬。

隨時間確認收入：衡量完成履約責任的進展情況

##### *投入法*

完成履行履約責任的進展情況乃根據投入法衡量，即根據本集團為履行履約責任的付出或投入相比履行有關履約責任的總預期投入而確認收入，最能說明本集團於轉讓貨品或服務控制權時的表現。

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### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.2 Significant accounting policies (Continued)

##### *Revenue from contracts with customers (Continued)*

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

For advance payments received from customers before the transfer of the associated goods or services in which the Group adjusts for the promised amount of consideration for a significant financing component, the Group applies a discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception.

### 3. 綜合財務報表編製基準及主要會計政策概要(續)

#### 3.2 主要會計政策(續)

##### *客戶合約收入(續)*

存在重大融資成分

於釐定交易價格時，倘向客戶就轉移貨品或服務(不論以明示或暗示方式)而協定之付款時間為客戶或本集團帶來重大融資利益，則本集團就金錢時間值之影響而調整已承諾之代價金額。於該等情況下，合約存在重大融資成分。不論於合約中以明示呈列或合約訂約方協定之支付條款暗示融資承諾，合約中均存在重大融資成分。

就相關貨品或服務之支付與轉移期間少於一年之合約而言，本集團就任何重大融資成分應用不調整交易價格之可行權宜方法。

在轉移相關貨品或服務前，本集團將對已收取客戶之預收款項進行調整，本集團將應用與客戶之間於合約開始時獨立融資交易中反映之折現率，就重大融資成分而調整已承諾之代價金額。

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.2 Significant accounting policies (Continued)

##### *Revenue from contracts with customers (Continued)*

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Contract costs

##### *Incremental costs of obtaining a contract*

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

The Group recognises such costs (sales commissions) as an asset if it expects to recover these costs. The asset so recognised is subsequently amortised 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 assets relate.

The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

### 3. 綜合財務報表編製基準及主要會計政策概要(續)

#### 3.2 主要會計政策(續)

##### *客戶合約收入(續)*

主事人與代理

倘向客戶提供貨品或服務涉及另一方，本集團會釐定其承諾性質是否為其本身提供指定貨品或服務的履約責任(即本集團為主事人)，抑或是安排另一方提供該等貨品或服務(即本集團為代理)。

倘本集團於指定貨品或服務轉交客戶前控制該貨品或服務，則本集團為主事人。

倘本集團之履約責任為安排另一方提供指定貨品或服務，則本集團為代理。在此情況下，本集團於另一方所提供指定貨品或服務轉交客戶前並無控制該貨品或服務。倘本集團以代理身分行事，會就其預期於安排其他方提供指定貨品或服務時有權收取之任何費用或佣金金額確認收入。

合約成本

##### *獲得合約之增量成本*

獲得合約之增量成本指本集團取得客戶合約所產生之成本，倘未獲得該合約，則不會產生有關成本。

倘預期可收回有關成本，則本集團確認該等成本(銷售佣金)為一項資產。所確認資產隨後按與向客戶轉移有關該資產之貨品或服務一致之系統基準攤銷至損益。

倘該等成本將在一年內悉數攤銷至損益，則本集團將應用可行權宜方法，支銷所有獲得合約之增量成本。



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### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.2 Significant accounting policies (Continued)

##### *Leases*

##### Definition of 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.

For contracts entered into or modified or arising from business combinations on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

##### The Group as a lessee

##### *Allocation of consideration to components of a contract*

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

##### *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

### 3. 綜合財務報表編製基準及主要會計政策概要(續)

#### 3.2 主要會計政策(續)

##### *租賃*

##### 租賃的定義

倘合約為換取代價轉讓已識別資產於一段時間內的控制使用權，則該合約為租賃或包含租賃。

對於首次應用日或之後或因業務合併而訂立或修訂或源於業務合併的合約，本集團根據香港財務報告準則第16號的定義，於開始日、修訂日或收購日(如適用)評估合約是否為一項租賃或包含一項租賃。除非合約條款及條件其後發生變更，否則不會對此類合約進行重新評估。

##### 本集團作為承租人

##### *分配代價至合約組成部分*

就含有租賃成分以及一項或多項額外租賃或非租賃成分的合約而言，本集團根據租賃成分的相對獨立價格及非租賃成分的獨立價格總額將合約代價分配至各租賃成分。

作為實際權宜之計，當本集團合理預測對綜合財務報表的影響與組合內個別租賃並無重大差異時，具有類似特徵的租賃乃按組合基準入賬。

##### *短期租賃及低價值資產租賃*

本集團將短期租賃確認豁免應用於租期自開始日期起為12個月或以下的租賃，且並不包括購買選擇權。其亦對低價值資產租賃應用確認豁免。短期租賃及低價值資產租賃之租賃付款於租期內按直線法或其他有系統的基準確認為開支。

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.2 Significant accounting policies (Continued)

##### *Leases (Continued)*

The Group as a lessee (Continued)

##### *Right-of-use assets*

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received; and
- any initial direct costs incurred by the Group.

Except for those that are classified as investment properties and measured under fair value model, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property or inventory in “property, plant and equipment”, the same line item within which the corresponding underlying assets would be presented if they were owned. Right-of-use assets that meet the definition of investment property and inventory are presented within “investment properties” and “inventories” respectively.

### 3. 綜合財務報表編製基準及主要會計政策概要(續)

#### 3.2 主要會計政策(續)

##### *租賃(續)*

本集團作為承租人(續)

##### *使用權資產*

使用權資產成本包括：

- 租賃負債的初始計量金額；
- 於開始日或之前所作的任何租賃付款，減去所得的任何租賃優惠；及
- 本集團招致的任何初始直接成本。

除分類為投資物業及根據公允價值模型計量者外，使用權資產按成本減任何累計折舊及減值虧損計量，並就任何重新計量租賃負債作出調整。

本集團可於租賃期末合理確定取得相關租賃資產擁有權的使用權資產自使用年期開始至結束折舊。否則，使用權資產則於估計使用年期及租賃期(以較短者為準)按直線法折舊。

本集團將不符合投資物業或存貨定義的使用權資產呈列為「物業、廠房及設備」，倘對應相關資產為自有，其亦呈列至上述同一項目內。符合投資物業及存貨定義的使用權資產分別列入「投資物業」及「存貨」。

For the year ended 31 December 2020 截至二零二零年十二月三十一日止年度

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.2 Significant accounting policies (Continued)

##### *Leases (Continued)*

The Group as a lessee (Continued)

##### *Lease liabilities*

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

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, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) when the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

### 3. 綜合財務報表編製基準及主要會計政策概要(續)

#### 3.2 主要會計政策(續)

##### *租賃(續)*

本集團作為承租人(續)

##### *租賃負債*

於租賃開始日，本集團按當日未付的租賃付款現值確認及計量租賃負債。在計算租賃付款的現值時，倘租賃中內涵的利率不易確定，則本集團使用租賃開始日的增量借款利率計算。

租賃付款包括：

- 固定付款(包括實質上之固定付款)減任何應收租賃獎勵；
- 取決於指數或利率的可變租賃付款，初始計量以開始日的指數或匯率釐定；
- 預計將根據剩餘價值擔保支付的金額；
- 合理確定本集團將行使的購買選擇權的行使價；及
- 倘租期反映本集團行使終止選擇權，則終止租賃而需支付的罰款。

於開始日後，租賃負債通過利息增加及租賃付款進行調整。

當租賃條款發生變化或行使購買選擇權的評估發生變化，本集團重新計算租賃負債(並對相關的使用權資產作出相應調整)，在此等情況下，通過使用重新評估日的經修訂折現率貼現經修訂租賃付款重新計量相關的租賃負債。

本集團於綜合財務狀況表將租賃負債呈列為獨立項目。

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.2 Significant accounting policies (Continued)

##### *Leases (Continued)*

The Group as a lessee (Continued)

##### *Lease modifications*

Except for Covid-19-related rent concessions in which the Group applied the practical expedient, the Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities and lease incentives from lessor by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

### 3. 綜合財務報表編製基準及主要會計政策概要(續)

#### 3.2 主要會計政策(續)

##### *租賃(續)*

本集團作為承租人(續)

##### *租賃修改*

除Covid-19相關租金減免中本集團應用可行權宜方法外，在下列情況下，本集團將租賃修改作為單獨租賃入賬：

- 該修改通過增加一項或多項相關資產的使用權利擴大租賃範圍；及
- 租賃代價增加的金額相當於範圍擴大對應的獨立價格，及按照特定合約的情況對獨立價格進行的任何適當調整。

就未作為單獨租賃入賬的租賃修改而言，本集團根據經修改租賃條款，通過使用修改生效日的經修訂貼現率貼現經修訂租賃付款並重新計量租賃負債。

本集團透過對相關使用權資產作出相應調整將租賃負債及來自出租人的租賃獎勵的重新計量入賬。倘一份經修訂合約包含租賃部份及一個或以上額外租賃或非租賃部份，本集團按租賃部份的相對獨立價格及非租賃部份的獨立價格總額基準將經修訂合約代價分配至各租賃部份。

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.2 Significant accounting policies (Continued) *Leases (Continued)*

Covid-19-related rent concessions

In relation to rent concessions that occurred as a direct consequence of the Covid-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 if the changes are not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

### 3. 綜合財務報表編製基準及主要會計政策概要(續)

#### 3.2 主要會計政策(續) *租賃(續)*

Covid-19相關租金減免

就Covid-19疫情直接導致的租金減免而言，本集團已選擇在滿足下列所有條件時應用可行權宜方法不評估有關變動是否為一項租賃修改：

- 租賃付款變動導致的租賃的經修訂代價與緊接變動前的租賃代價基本相同或低於該代價；
- 租賃付款的減少僅影響原定於二零二一年六月三十日或之前到期的付款；及
- 租賃的其他條款及條件並無實質性變動。

應用可行權宜方法將租金減免導致的租賃付款變動列賬的承租人將以同一方式將應用香港財務報告準則第16號的變動入賬(倘變動並非租賃修訂)。租賃付款的寬免或豁免被入賬列作可變租賃付款。相關租賃負債獲調整以反映寬免或豁免的金額，並於該事件發生的期間內在損益中確認相應調整。

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.2 Significant accounting policies (Continued)

##### *The Group as a lessor*

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

Rental income which are derived from the Group's ordinary course of business are presented as revenue.

Allocation of consideration to components of a contract  
When a contract includes both leases and non-lease components, the Group applies HKFRS 15 *Revenue from Contracts with Customers* ("HKFRS 15") to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

##### Sublease

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

### 3. 綜合財務報表編製基準及主要會計政策概要(續)

#### 3.2 主要會計政策(續)

##### 本集團作為出租人

租賃之分類及計量

本集團為出租人的租賃分類為融資或經營租賃。倘租賃條款將與相關資產所有權有關的絕大部分風險及回報轉移予承租人，合約則被分類為融資租賃。所有其他租賃均分類為經營租賃。

經營租賃租金收入以直線法按相關租賃期於損益內確認。就經營租賃進行磋商和作出安排所產生的初始直接成本，會加入租賃資產的賬面值，而有關成本以直線法按租賃期確認為開支，惟本集團的投資物業按公允值模型計量除外。

來自本集團日常業務過程的租金收入呈列為收益。

##### 分配代價至合約的部分

倘合約包括租賃及非租賃部分，則本集團應用香港財務報告準則第15號「來自客戶合約的收益」(「香港財務報告準則第15號」)將合約的代價分配予租賃及非租賃部分。非租賃部分根據其相對獨立售價與租賃部分分開。

##### 分租

當本集團為中介出租人時，目標集團會將主租賃與分租賃入賬列為兩項獨立合約。本集團參照主租賃所產生之使用權資產(而非相關資產)將分租賃分類為融資或經營租賃。



### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.2 Significant accounting policies (Continued)

##### *The Group as a lessor (Continued)*

##### *Lease modification*

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

##### *Sale and leaseback transactions*

The Group applies the requirements of HKFRS 15 to assess whether sale and leaseback transaction constitutes a sale by the Group.

##### *The Group as a seller-lessee*

For a transfer that satisfies the requirements as a sale, the Group as a seller-lessee measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset and recognises any gain or loss that relates to the rights transferred to the buyer-lessor only.

##### *Borrowing costs*

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. For properties under development for which revenue is recognised over time, the Group ceases to capitalise borrowing costs as soon as the properties are ready for the Group's intended sale.

### 3. 綜合財務報表編製基準及主要會計政策概要(續)

#### 3.2 主要會計政策(續)

##### *本集團作為出租人(續)*

##### *租賃修訂*

不屬於原條款及條件的租賃合約代價的變化作為租賃修訂入帳，包括透過免除或減少租金提供的租賃獎勵。

本集團由經營租賃修訂之生效日期起將修改入賬列為新租賃，當中會將任何就原租賃預付或累計之租賃付款視為新租賃之租賃付款的一部分。

##### *售後回租交易*

本集團應用香港財務報告準則第15號規定評估售後回租交易是否構成本集團的銷售。

##### *本集團作為賣方承租人*

就符合銷售規定的轉讓而言，本集團作為賣方承租人按該資產先前賬面值比例計量由回租產生的使用權資產並僅就轉讓予購買出租人的權利涉及的任何盈虧予以確認。

##### *借款成本*

可直接歸屬且需經較長時間進行購建活動方能達至預定可使用或出售狀態之合資格資產購建或生產之借款成本，計入該等資產之成本，直至達至其預定可使用或出售狀態為止。就收入隨時間確認的發展中物業而言，當該等物業可供本集團計劃出售時，本集團會立即停止將借款成本資本化。

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.2 Significant accounting policies (Continued)

##### *Borrowing costs (Continued)*

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

##### *Government grants*

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are included in the "other income, other gains and losses".

### 3. 綜合財務報表編製基準及主要會計政策概要(續)

#### 3.2 主要會計政策(續)

##### *借款成本(續)*

任何於相關資產準備用於其擬定用途或出售後仍未償還的特定借款會計入一般借款組別，以計算一般借款的資本化比率。在特定借款撥作合資格資產支出前之暫時投資所賺取之投資收入，須自合資格資本化之借款成本中扣除。

所有其他借款成本於其產生期間於損益確認。

##### *政府補助金*

政府補助金不會被確認，直至能夠合理確保本集團將會遵守附加於其上之條件以及確保可收到補助金時確認。

政府補助金乃就本集團確認有關成本為開支(預期補助金旨在補償之開支)期間按系統化之基準於損益中確認。須明確的是，政府補助金首要條件為本集團購買、建造或以其他方式取得非流動資產，政府補助金於綜合財務狀況表確認為遞延收入，並按有關資產可使用年期按系統化之基準轉撥至損益。

作為已產生開支或虧損之補償或向本集團提供即時財務資助(並無日後相關成本)而應收與收入有關的政府補助，乃於其成為應收款項之期間於損益中確認。此補助計入「其他收入、其他收益及虧損」項下。

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.2 Significant accounting policies (Continued)

##### *Property, plant and equipment*

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are expensed in the profit or loss during the period in which they are incurred.

Leasehold land classified as finance lease commences amortisation from the time when the land interest becomes available for its intended use. Amortisation on leasehold land classified as finance lease and depreciation on other assets is calculated using the straight-line method to allocate cost to the residual values over the estimated useful lives with annual rates as follows:

Leasehold land and buildings	2%-5%
Leasehold improvements	Over the remaining period of the lease
Machinery	5%-25%
Furniture, fixtures and equipment	15%-25%
Motor vehicles	20%-30%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Gain and loss on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the profit or loss.

### 3. 綜合財務報表編製基準及主要會計政策概要(續)

#### 3.2 主要會計政策(續)

##### *物業、廠房及設備*

物業、廠房及設備按歷史成本減累計折舊及減值虧損列賬。歷史成本包括收購該項目直接應佔之開支。

其後成本僅在與該項目相關之未來經濟利益很有可能流入本集團，且該項目之成本能可靠計量時，方計入資產之賬面值或確認為獨立資產(視適用情況而定)。已更換部分之賬面值會終止確認。所有其他維修及保養成本在產生期間內於損益列支。

劃分為融資租賃之租賃土地於土地權益可供擬定用途時起開始攤銷。劃分為融資租賃之租賃土地攤銷及其他資產折舊乃應用直線法以估計可使用年期按下列年率將成本分攤至其剩餘價值計算：

租賃土地及樓宇	2%-5%
租賃物業裝修	剩餘租賃期
機器	5%-25%
傢具、裝置及設備	15%-25%
車輛	20%-30%

估計可使用年期、餘值及折舊法於各報告期末檢討，任何估計變動的影響按未來適用基準列賬。

出售收益及虧損乃按賬面值與所得款項之比較而定，並於損益內確認。

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.2 Significant accounting policies (Continued)

##### *Investment properties*

Investment properties are properties held to earn rentals and/or for capital appreciation (including properties under construction for such purposes).

Investment properties also include leased properties which are being recognised as right-of-use assets upon application of HKFRS 16 and subleased by the Group under operating leases.

Investment properties are measured initially at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair value, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

If a property becomes an investment property because its use has been changed as evidenced by end of owner-occupation, any differences between the carrying amount and the fair value of that item (including the relevant leasehold land classified as right-of-use assets) at the date of transfer is recognised in other comprehensive income and accumulated in property revaluation reserve. On the subsequent sale or retirement of the property, the relevant revaluation reserve will be transferred directly to retained earnings.

### 3. 綜合財務報表編製基準及主要會計政策概要(續)

#### 3.2 主要會計政策(續)

##### *投資物業*

投資物業指持作賺取租金及／或資本升值之物業(包括就該用途的在建中物業)。

投資物業亦包括租賃物業，該等租賃物業於應用香港財務報告準則第16號時確認為使用權資產，並由本集團根據經營租賃分租。

投資物業最初按成本計量(包括任何直接應佔支出)。在首次確認後，投資物業按其公允值計量，就撇除任何預付或應計營運租賃收入而作出調整。

投資物業公允值變動產生的收益或虧損於其產生期間計入損益。

在建投資物業所產生之建造成本資本化為在建中投資物業賬面值之部分。

如有物業因用途改變(以業主終止佔用為證)而變成投資物業，則該項目賬面值與轉撥日公允價值間之差額(包括分類為使用權資產的相關租賃土地)於其他全面收益確認及於物業重估儲備中累計。其後物業出售或報廢時，相關重估儲備將直接轉移至保留盈利。

For the year ended 31 December 2020 截至二零二零年十二月三十一日止年度

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.2 Significant accounting policies (Continued)

##### *Investment properties (Continued)*

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. A leased property which is recognised as a right-of-use asset is derecognised if the Group as intermediate lessor classifies the sublease as a finance lease. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Transfer from inventories to investment properties carried at fair value

The Group transfers a property from inventories to investment properties when there is a change in use to hold the property to earn rentals or/and for capital appreciation rather than for sale in the ordinary course of business, which is evidenced by the inception of an operating lease to another party. Any difference between the fair value of the property at the date of transfer and its previous carrying amount is recognised in profit or loss.

##### *Impairment on property, plant and equipment, right-of-use assets and contract costs*

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and contract costs with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

### 3. 綜合財務報表編製基準及主要會計政策概要(續)

#### 3.2 主要會計政策(續)

##### *投資物業(續)*

投資物業於出售或永久作廢時且預期出售並無未來經濟收益時終止確認。倘本集團(作為中間出租人)將分租分類為融資租賃,則終止確認確認為使用權資產的租賃物業。終止確認物業產生的任何收益或虧損(按出售所得淨款及資產賬面值差額計算)於物業終止確認期間計入損益。

從存貨轉撥至以公允值列賬的投資物業

當持有物業的目的發生改變,以賺取租金或/及實現資本增值,而非於日常業務過程中出售(以向另一方提供經營租賃開始為證)時,本集團將存貨轉至投資物業。於轉撥日期之物業公允值與其先前賬面金額之間的任何差異於損益表確認。

##### *物業、廠房及設備、使用權資產及合約成本的減值*

於報告期末,本集團對使用年限釐定的物業、廠房及設備、使用權資產及合約成本之賬面值進行審閱,以釐定該等資產是否出現減值跡象。倘出現任何有關跡象,則對該等相關資產之可收回金額進行估算,以釐定減值虧損之程度(如有)。

物業、廠房及設備及使用權資產的可收回金額個別估計。倘若不大可能個別估計可收回金額,則本集團估計資產所屬現金產生單位的可收回金額。

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.2 Significant accounting policies (Continued)

##### *Impairment on property, plant and equipment, right-of-use assets and contract costs (Continued)*

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Before the Group recognises an impairment loss for assets capitalised as contract costs under HKFRS 15, the Group assesses and recognises any impairment loss on other assets related to the relevant contracts in accordance with applicable standards. Then, impairment loss, if any, for assets capitalised as contract costs is recognised to the extent the carrying amounts exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services that have not been recognised as expenses. The assets capitalised as contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

### 3. 綜合財務報表編製基準及主要會計政策概要(續)

#### 3.2 主要會計政策(續)

##### *物業、廠房及設備、使用權資產及合約成本的減值(續)*

於測試現金產生單位的減值時，倘可設立合理及一致的分配基準，則公司資產分配至相關現金產生單位，或分配至現金產生單位內可設立合理及一致分配基準的最小組別。可收回金額按公司資產所屬現金產生單位或現金產生單位組別釐定，並與相關現金產生單位或現金產生單位組別的賬面值相比較。

在本集團根據香港財務報告準則第15號將資本化為合約成本之資產確認減值虧損前，本集團按適用準則評估和確認任何與相關合約有關的其他資產減值虧損。屆時，倘賬面值超過本集團預期收取以換取相關貨品或服務的對價餘額減與直接關於提供該等貨品或服務的成本(已確認為開支)，則就作為合約成本的資本化資產而言之減值虧損(如有)得以確認。作為合約成本的資本化資產屆時就評估相關現金產生單位減值，而計入它們所屬的現金產生單位之賬面值。

可收回金額為公允值減去銷售成本及使用價值兩者中之較高者。於評估使用價值時，估計未來現金流量乃以稅前貼現率貼現至現值，該貼現率能反映當前市場所評估之貨幣時間值及資產(或現金產生單位)特定風險(就此而言，未來現金流量估計尚未作出調整)。



### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.2 Significant accounting policies (Continued)

##### *Impairment on property, plant and equipment, right-of-use assets and contract costs (Continued)*

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

### 3. 綜合財務報表編製基準及主要會計政策概要(續)

#### 3.2 主要會計政策(續)

##### *物業、廠房及設備、使用權資產及合約成本的減值(續)*

倘資產(或現金產生單位)之估計可收回金額低於其賬面值,則有關資產(或現金產生單位)之賬面值將減低至其可收回金額。就未能按合理一致的基準分配至現金產生單位的企業資產或部分企業資產,本集團會比較一個組別的現金產生單位賬面值(包括已分配至該組現金產生單位的企業資產或部分企業資產的賬面值)與該組現金產生單位的可收回金額。分配減值虧損時,首先分配減值虧損以減少商譽(倘適用)的賬面值,其後根據有關單位內各項資產或一組現金產生單位之賬面值按比例分配至其他資產。一項資產之賬面值不會減至其公允值減出售成本(倘可計量)、其使用價值(倘可釐定)與零之最高者以下。原本會分配至資產之減值虧損金額會按比例分配至該單位內其他資產或一組現金產生單位。減值虧損即時於損益中確認。

倘減值虧損其後撥回,則資產賬面值(或現金產生單位或一組現金產生單位)增至其可收回數額之經修訂估算,惟所增加之賬面值不得高於在往年並未確認資產(或現金產生單位或一組現金產生單位)減值虧損時釐定之賬面值。減值虧損撥回即時於損益中確認。

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.2 Significant accounting policies (Continued)

##### *Inventories*

Inventories are stated at the lower of cost and net realisable value. Inventories represent properties under development and completed properties held for sale.

Properties under development which are intended to be sold upon completion of development and properties for sale are classified as current assets. Except for the leasehold land element which is measured at cost model in accordance with the accounting policies of right-of-use assets upon the application of HKFRS 16, properties under development/properties for sale are carried at the lower of cost and net realisable value. Cost is determined on a specific identification basis including allocation of the related development expenditure incurred and where appropriate, borrowing costs capitalised. Net realisable value represents the estimated selling price for the properties less estimated cost to completion and costs necessary to make the sales.

Properties under development for sale are transferred to properties for sale upon completion.

##### *Financial instruments*

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

### 3. 綜合財務報表編製基準及主要會計政策概要(續)

#### 3.2 主要會計政策(續)

##### *存貨*

存貨以成本及可變現淨值的較低者呈列。存貨指發展中物業及持作銷售之已落成物業。

擬於發展完成後出售的發展中物業及待售物業被分類為流動資產。除租賃土地部分於應用香港財務報告準則第16號後按照使用權資產之會計政策計量外，發展中物業／待售物業以成本及可變現淨值兩者之較低者入賬。成本按特定識別基準釐定，包括分配所產生之有關開發成本及(倘適用)資本化借貸成本。可變現淨值指物業估計售價減完成銷售之估計成本及作出銷售之必要成本。

發展中待售物業於落成後轉撥至持作出售物業。

##### *財務工具*

倘集團實體成為該工具合約條文之訂約方，應確認財務資產及財務負債。所有以常規方式購入或出售財務資產乃按交易日期基準確認及終止確認。以常規方式購入或出售指須於市場規定或慣例所訂時限內交付資產的財務資產購入或出售。

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.2 Significant accounting policies (Continued)

##### *Financial instruments (Continued)*

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

##### Financial assets

##### *Classification and subsequent measurement of financial assets*

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

### 3. 綜合財務報表編製基準及主要會計政策概要(續)

#### 3.2 主要會計政策(續)

##### *財務工具(續)*

財務資產及財務負債初步按公允價值計量，源於客戶合約的貿易應收款項按香港財務報告準則第15號初步計量。收購或發行財務資產及財務負債(透過損益按公允價值列賬的財務資產及財務負債除外)直接應佔之交易成本於初始確認時從財務資產或財務負債之公允價值加入或扣除(如適用)。收購透過損益按公允價值列賬的財務資產或財務負債直接應佔的交易成本即時於損益確認。

實際利率法為計算財務資產或財務負債的攤銷成本及按有關期間攤分利息收入及利息開支之方法。實際利率是按財務資產或財務負債之預計年期或較短期間(如適用)，將估計未來現金收入及付款(包括支付或收取構成實際利率組成部份的所有費用及點數、交易成本及其他溢價或折價)準確折讓至初步確認時的賬面淨值之比率。

##### 財務資產

##### *財務資產的分類及期後計量*

滿足以下條件其後按攤銷成本計量的財務資產：

- 以收取合約現金流量為目的而持有資產之經營模式下持有之財務資產；及
- 合約條款於指定日期產生之現金流量純粹為支付本金及未償還本金之利息。

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.2 Significant accounting policies (Continued)

##### **Financial instruments (Continued)**

Financial assets (Continued)

*Classification and subsequent measurement of financial assets (Continued)*

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income:

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

### 3. 綜合財務報表編製基準及主要會計政策概要(續)

#### 3.2 主要會計政策(續)

##### **財務工具(續)**

財務資產(續)

*財務資產的分類及期後計量(續)*

滿足以下條件其後透過其他全面收益按公允值計量的財務資產：

- 同時以收取合約現金流量及出售為目的而持有資產之經營模式下持有之財務資產；及
- 合約條款於指定日期產生之現金流量純粹為支付本金及未償還本金之利息。

所有其他財務資產其後按公允值計入損益計量，惟在初始確認財務資產之日，倘該股本投資並非持作買賣，亦非收購方在香港財務報告準則第3號「業務合併」所適用的業務合併中確認的或然代價，本集團可不可撤銷地選擇於其他綜合收益呈列股本投資公允值的其後變動。

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.2 Significant accounting policies (Continued)

##### *Financial instruments (Continued)*

Financial assets (Continued)

*Classification and subsequent measurement of financial assets (Continued)*

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or fair value through other comprehensive income as measured at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch.

### 3. 綜合財務報表編製基準及主要會計政策概要(續)

#### 3.2 主要會計政策(續)

##### *財務工具(續)*

*財務資產(續)*

*財務資產的分類及期後計量(續)*

倘符合下列條件，則財務資產乃視作為持作買賣：

- 其主要取得目的為於短期內出售；或
- 於初步確認時，其為本集團共同管理之可識別財務工具組合的一部分，並具有短期套利的近期實際模式；或
- 其屬於並非指定及作為有效對沖工具的衍生工具。

此外，倘如此可消除或大幅減少會計錯配，則本集團可不可撤銷地指定符合按攤銷成本或透過其他全面收益按公允值計量之財務資產按公允值計入損益計量。

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.2 Significant accounting policies (Continued)

##### *Financial instruments (Continued)*

Financial assets (Continued)

*Classification and subsequent measurement of financial assets (Continued)*

- (i) Amortised cost and interest income  
Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

- (ii) Equity instruments designated as at fair value through other comprehensive income  
Investments in equity instruments at fair value through other comprehensive income are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income, other gains and losses" line item in profit or loss.

### 3. 綜合財務報表編製基準及主要會計政策概要(續)

#### 3.2 主要會計政策(續)

##### *財務工具(續)*

*財務資產(續)*

*財務資產的分類及期後計量(續)*

- (i) 攤銷成本及利息收入  
其後按攤銷計量的財務資產乃使用實際利率法予以確認利息收入。利息收入乃對一項財務資產賬面總值應用實際利率予以計算，惟其後出現信用減值的財務資產除外。就其後出現信用減值的財務資產而言，自下一報告期起，利息收入乃對財務資產攤銷成本應用實際利率予以確認。倘出現信用減值之財務工具的信用風險好轉，使財務資產不再出現信用減值，於釐定資產不再出現信用減值後，自報告期開始起利息收入乃對財務資產賬面總值應用實際利率予以確認。

- (ii) 指定為透過其他全面收益按公允值計量之權益工具  
指定為透過其他全面收益按公允值計量之權益工具的投資其後按公允值計量，其公允值變動產生的收益及虧損於其他綜合收益確認及於投資重估儲備累積；無須作減值評估。累計損益將不會重新分類至出售股本投資之損益，並將轉撥至留存盈利。

當本集團確認收取股息的權利時，該等權益工具投資的股息於損益中確認，除非股息明確表示為收回部分投資成本。股息計入損益中「其他收入、其他收益及虧損」的項目中。



### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.2 Significant accounting policies (Continued)

##### *Financial instruments (Continued)*

Financial assets (Continued)

*Impairment of financial assets and other items subject to impairment assessment under HKFRS 9*

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and other receivables), and other items (lease receivables, contract assets and financial guarantee contracts) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The ECL on these assets are assessed individually for debtors with impaired credit or related parties and collectively for the rest using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

### 3. 綜合財務報表編製基準及主要會計政策概要(續)

#### 3.2 主要會計政策(續)

##### *財務工具(續)*

財務資產(續)

*財務資產減值及香港財務報告準則第9號項下須進行減值評估的其他項目*

本集團就財務資產(包括貿易及其他應收款項)及其他項目(應收租賃款項、合約資產及財務擔保合約)(須根據香港財務報告準則第9號作出減值)進行預期信貸虧損(「預期信貸虧損」)模型項下的減值評估。預期信貸虧損金額於各報告日期更新,以反映信貸風險自初始確認以來的變動。

全期預期信貸虧損指於相關工具於預計壽命內所有可能的違約事件而導致的預期信貸虧損。相反,12個月預期信貸虧損(「12個月預期信貸虧損」)則指預期於報告日期後12個月內可能發生的違約事件而導致的部分全期預期信貸虧損。評估乃根據本集團過往信貸虧損經驗,並根據債務人特定因素、綜合經濟狀況以及對於報告日期之當時狀況及未來狀況預測的評估作調整。

本集團一直就貿易應收款項、合約資產及應收租賃款項確認全期預期信貸虧損。該等資產的預期信貸虧損對於信貸出現減值之應收款項或關聯方進行個別評估及對於剩餘其他資產使用具有適當分組的撥備矩陣而進行集體評估。

就所有其他工具而言,本集團計量虧損撥備等於12個月預期信貸虧損,除非當信貸風險自初始確認以來顯著上升,則於該情況下本集團確認全期預期信貸虧損。評估是否應確認年期預期信貸虧損乃根據自初始確認以來發生違約的可能性或風險顯著上升而定。

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.2 Significant accounting policies (Continued)

##### **Financial instruments (Continued)**

Financial assets (Continued)

*Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)*

- (i) Significant increase in credit risk
- In assessing whether the credit risk has increased significantly since initial recognition, 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. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

### 3. 綜合財務報表編製基準及主要會計政策概要(續)

#### 3.2 主要會計政策(續)

##### **財務工具(續)**

財務資產(續)

*財務資產減值及香港財務報告準則第9號項下須進行減值評估的其他項目(續)*

- (i) 信貸風險顯著增加
- 於評估信貸風險是否自初始確認以來已顯著增加時，本集團比較財務工具於報告日出現違約的風險與該財務工具於初始確認日出現違約的風險。進行此評估時，本集團會考慮合理及有理據的定量及定性資料，包括過往經驗及毋須付出不必要成本或努力即可獲得的前瞻性資料。

特別是，在評估信貸風險是否顯著增加時，會考慮下列資料：

- 財務工具的外部(如有)或內部信貸評級的實際或預期顯著惡化；
- 外部市場信貸風險指標顯著惡化，例如信貸息差及債務人的信貸違約掉期價格顯著增加；
- 業務、財務或經濟狀況出現或預期出現不利變動，預期將導致債務人履行其債務責任的能力顯著下降；
- 債務人經營業績出現實際或預期出現顯著惡化；
- 債務人監管、經濟或技術環境出現實際或預期出現重大不利變動，導致債務人履行其債務責任的能力大幅下降。

For the year ended 31 December 2020 截至二零二零年十二月三十一日止年度

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.2 Significant accounting policies (Continued)

##### *Financial instruments (Continued)*

Financial assets (Continued)

*Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)*

- (i) Significant increase in credit risk (Continued)
- Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

- (ii) Definition of default
- For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

### 3. 綜合財務報表編製基準及主要會計政策概要(續)

#### 3.2 主要會計政策(續)

##### *財務工具(續)*

*財務資產(續)*

*財務資產減值及香港財務報告準則第9號項下須進行減值評估的其他項目(續)*

- (i) 信貸風險顯著增加(續)
- 儘管如此，倘一項債務工具於報告日期確定為信貸風險較低，則本集團假設該債務工具的信貸風險自初始確認以來並無顯著增加。倘一項債務工具i) 違約風險較低；ii) 借款人近期具充分償付合約現金流量負債的能力；及iii) 長遠而言經濟及業務狀況的不利變動可能但未必會降低借款人償付合約現金流量負債的能力，則該項債務工具可確定為信貸風險較低。

就財務擔保合約而言，本集團成為不可撤銷承擔條文之訂約方的日期被視為財務工具之初始確認日期並用作日後評估減值。於評估財務擔保合約之信貸風險是否自初始確認以來已顯著上升時，本集團考慮風險轉變導致特定債務人於該合約違約的情況。

本集團定期監控用以識別信用風險有否顯著增加的標準之效益，且修訂標準(如適當)來確保標準能在金額逾期前識別信用風險顯著增加。

- (ii) 違約定義
- 就內部信貸風險管理而言，本集團認為，違約事件在內部制訂或得自外界來源的資料顯示債務人不大可能悉數向債權人(包括本集團)還款(未計及本集團所持任何抵押品)時發生。

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.2 Significant accounting policies (Continued)

##### *Financial instruments (Continued)*

Financial assets (Continued)

*Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)*

- (iii) Credit-impaired financial assets  
A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:
- (a) significant financial difficulty of the issuer or the borrower;
  - (b) a breach of contract, such as a default or past due event;
  - (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
  - (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
  - (e) the disappearance of an active market for that financial asset because of financial difficulties.
- (iv) Write-off policy  
The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

### 3. 綜合財務報表編製基準及主要會計政策概要(續)

#### 3.2 主要會計政策(續)

##### *財務工具(續)*

*財務資產(續)*

*財務資產減值及香港財務報告準則第9號項下須進行減值評估的其他項目(續)*

- (iii) 出現信用減值之財務資產  
財務資產在一項或以上事件(對該財務資產估計未來現金流量構成不利影響)發生時出現信用減值。財務資產出現信用減值的證據包括有關下列事件的可觀察數據：
- (a) 發行人或借款人的重大財困；
  - (b) 違反合約(如違約或逾期事件)；
  - (c) 借款人的貸款人因有關借款人財困的經濟或合約理由而向借款人批出貸款人不會另行考慮的優惠；
  - (d) 借款人將可能陷入破產或其他財務重組；或
  - (e) 該財務資產因財政困難而失去活躍市場。
- (iv) 撇銷政策  
資料顯示交易方處於嚴重財困及無實際收回可能時(例如交易方被清盤或已進入破產程序時)，本集團則撇銷財務資產。經考慮法律意見後(倘合適)，遭撇銷的財務資產可能仍須按本集團收回程序進行強制執行活動。撇銷構成終止確認事項。任何其後收回在損益中確認。

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.2 Significant accounting policies (Continued)

##### *Financial instruments (Continued)*

Financial assets (Continued)

*Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)*

- (v) Measurement and recognition of ECL
- The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16.

### 3. 綜合財務報表編製基準及主要會計政策概要(續)

#### 3.2 主要會計政策(續)

##### *財務工具(續)*

財務資產(續)

*財務資產減值及香港財務報告準則第9號項下須進行減值評估的其他項目(續)*

- (v) 預期信貸虧損的計量及確認
- 預期信貸虧損的計量乃違約概率、違約虧損率(即違約造成虧損的幅度)及違約風險的函數。違約概率及違約虧損率的評估基於歷史數據並結合前瞻性資料調整。預期信貸虧損的預估乃無偏概率加權平均金額，以各自發生違約的風險為權重確定。本集團經考慮過往信貸虧損經驗後使用撥備矩陣並應用實際權益法估計貿易應收款項的預期信貸虧損，並按毋需花費不必要成本或精力可取得的前瞻性資料調整。

一般而言，預期信貸虧損為根據合約應付本集團的所有合約現金流與本集團預期收取的現金流量之間的差額，並以初始確認時釐定的貼現率貼現。就應收租賃款項而言，釐定預期信貸虧損所用的現金流量與根據香港財務報告準則第16號計量應收租賃所用的現金流量一致。



### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.2 Significant accounting policies (Continued)

##### **Financial instruments (Continued)**

Financial assets (Continued)

*Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)*

(v) Measurement and recognition of ECL (Continued)

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the ECL is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For ECL on financial guarantee contracts for which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

Lifetime ECL for certain trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

### 3. 綜合財務報表編製基準及主要會計政策概要(續)

#### 3.2 主要會計政策(續)

##### **財務工具(續)**

財務資產(續)

*財務資產減值及香港財務報告準則第9號項下須進行減值評估的其他項目(續)*

(v) 預期信貸虧損的計量及確認(續)

就財務擔保合約而言，本集團僅須在債務人違約時根據其給予擔保之合約條款償付款項。因此，預期信貸虧損為本集團為債務人償還之款項的現值扣除預期從債務人或其他訂約方收取之款項。

就無法釐定實際利率的財務擔保合約的預期信貸虧損而言，本集團將採納一個能夠反映當前市場所評估之貨幣時間值及現金流特定風險的貼現率估計預期信貸虧損。在考慮現金流特定風險時，其風險將在貼現率調整反映而非透過調整該被折現的現金流量。

若干應收交易款項的全期預期信貸虧損經考慮過往逾期資料及前瞻性宏觀經濟資料等相關信貸資料按集體基準考慮。



For the year ended 31 December 2020 截至二零二零年十二月三十一日止年度

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.2 Significant accounting policies (Continued)

##### **Financial instruments (Continued)**

Financial assets (Continued)

*Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)*

(v) Measurement and recognition of ECL (Continued)

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with HKFRS 9; and the amount initially recognised less, where appropriate, cumulative amount of income recognised over the guarantee period.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by recognising the corresponding adjustment through a loss allowance account, with the exception of financial guarantee contracts where the Group recognises an impairment gain or loss by adjusting their carrying amount.

### 3. 綜合財務報表編製基準及主要會計政策概要(續)

#### 3.2 主要會計政策(續)

##### **財務工具(續)**

財務資產(續)

*財務資產減值及香港財務報告準則第9號項下須進行減值評估的其他項目(續)*

(v) 預期信貸虧損的計量及確認(續)

就集體評估而言，本集團訂立組別時考慮以下特徵：

- 逾期狀況；
- 債務人的性質、規模和行業；及
- 外部信貸評級(倘有)。

歸類工作經管理層定期檢討，以確保各組別成份繼續分擔類似信貸風險特性。

利息收入按財務資產的總賬面值計算，倘財務資產信貸減值，則利息收入按財務資產的攤銷成本計算。

就財務擔保合約而言，虧損撥備按根據香港財務報告準則第9號釐定的虧損撥備，與首次確認的金額減(如適用)於擔保期間確認的累計收入款項的較高者確認。

本集團通過調整所有財務工具的虧損撥備於損益確認其減值收益或虧損，惟財務擔保合約除外，本集團通過調整其賬面值確認減值損益。

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.2 Significant accounting policies (Continued)

##### *Financial instruments (Continued)*

Financial assets (Continued)

##### *Derecognition/modification of financial assets*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

A modification of a financial asset occurs if the contractual cash flows are renegotiated or otherwise modified.

When the contractual terms of a financial asset are modified, the Group assesses whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset, after reducing gross carrying amount that has been written off.

### 3. 綜合財務報表編製基準及主要會計政策概要(續)

#### 3.2 主要會計政策(續)

##### *財務工具(續)*

財務資產(續)

##### *終止確認/修訂財務資產*

僅於資產現金流量之合約權利屆滿時，或將財務資產擁有權絕大部分風險及回報轉讓予另一實體時，本集團方會終止確認財務資產。

於終止確認按攤銷本計量之財務資產時，資產賬面值與已收或應收代價之總和之差額，將於損益確認。

於終止確認時本集團於初始確認時選擇透過其他全面收益按公允價值計量的股本工具投資時，先前於投資重估儲備累計之累計溢利或虧損不會重新分類至損益，惟會轉撥至保留盈利。

倘合約現金流量重新磋商或以其他方式修訂，則產生金融資產的修改。

當金融資產的合約條款被修訂時，本集團會考慮所有相關因素及情況(包括定性因素)，評估經修訂的條款是否導致對原有條款有重大修訂。倘定性評估並無定論，則倘根據新條款的現金流量(包括任何已付費用扣除任何已收費用，並使用原實際利率貼現)的貼現值與原金融資產剩餘現金流量的貼現值經計及已撇銷的賬面總值後相差至少10%，則本集團認為該等條款有重大差異。

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.2 Significant accounting policies (Continued)

##### *Financial instruments (Continued)*

Financial assets (Continued)

##### *Derecognition/modification of financial assets (Continued)*

For non-substantial modifications of financial assets that do not result in derecognition, the carrying amount of the relevant financial assets will be calculated at the present value of the modified contractual cash flows discounted at the financial assets' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial assets and are amortised over the remaining term. Any adjustment to the carrying amount of the financial asset is recognised in profit or loss at the date of modification.

Financial liabilities and equity instruments

##### *Classification as debt or equity*

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

##### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Perpetual capital instruments, which include no contractual obligations for the Group to deliver cash or other financial assets or the Group has the sole discretion to defer payment of distribution and redemption of principal amount indefinitely are classified as equity instruments.

##### *Financial liabilities*

Financial liabilities including borrowings and trade and other payables are subsequently measured at amortised cost using effective interest method.

### 3. 綜合財務報表編製基準及主要會計政策概要(續)

#### 3.2 主要會計政策(續)

##### *財務工具(續)*

財務資產(續)

##### *終止確認/修訂財務資產(續)*

就不會導致金融資產取消確認的不重大修訂而言，相關金融資產的賬面值將會按金融資產的原有實際利率貼現的經修訂合約現金流量的現值計算。產生的交易成本或費用已調整至經修訂金融資產的賬面值，並於餘下年期予以攤銷。金融資產賬面值的任何調整於修訂日期在損益確認。

財務負債及權益工具

##### *債務或權益工具之分類*

由本集團發行之債務及權益工具，按合約之安排性質，以及財務負債及權益工具的定義分類為財務負債或權益工具。

##### *權益工具*

權益工具是一種合約，可以證明在本集團扣除所有負債之後所剩的資產權益。由本集團發行之權益工具以扣減直接發行成本後所收之款項確認。

永久資本工具，包括本集團並無交付現金或其他金融資產或本集團可全權酌情無限期遞延分配付款及贖回本金的合約義務，被分類為權益工具。

##### *財務負債*

財務負債(包括借貸及貿易及其他應付款項)其後使用實際利率法攤銷成本計量。

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.2 Significant accounting policies (Continued)

##### *Financial instruments (Continued)*

Financial liabilities and equity instruments (Continued)

##### *Financial guarantee contracts*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with HKFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

##### *Derecognition/substantial modification of financial liabilities*

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the contractual terms of a financial liability are modified, the Group assess whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent.

### 3. 綜合財務報表編製基準及主要會計政策概要(續)

#### 3.2 主要會計政策(續)

##### *財務工具(續)*

財務負債及權益工具(續)

##### *財務擔保合約*

財務擔保合約為發行人須因指定債務人未能根據債務工具之條款支付到期款項致使持有人蒙受損失時，向持有人償付指定款項之合約。財務擔保合約負債初步按其公允值計量，並其後按以下較高者計量：

- 根據香港財務報告準則第9號釐定的虧損撥備金額；及
- 初步確認的金額減(如適用)於擔保期內確認之累計攤銷。

##### *財務負債的終止確認/重大修訂*

本集團僅於本集團的責任已履行、註銷或已屆滿時方會取消確認財務負債。所終止確認財務負債的賬面值與已付及應付代價間之差額於損益確認。

當金融負債的合約條款被修訂時，本集團會考慮所有相關事實和情況(包括定性因素)，評估經修訂條款是否導致對原條款之重大修改。如定性評估並無結論，倘新條款項下現金流折現現值(包括任何已付費用扣除任何已收費用及使用原有實際利率折現)與原有財務負債的餘下現金流的折現現值有最少百分之十的差別，則本集團視為條款有重大差別。據此，有關條款修訂入賬為消除，任何所產生成本或費用確認為消除的收益或虧損的一部分。倘差異少於百分之十，消除或修訂視為非重大修訂。

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.2 Significant accounting policies (Continued)

##### *Financial instruments (Continued)*

Financial liabilities and equity instruments (Continued)  
*Derecognition/substantial modification of financial liabilities (Continued)*

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

##### Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

##### Hedge accounting

The Group designates certain derivatives as hedging instruments for cash flow hedges.

At the inception of the hedging relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk.

### 3. 綜合財務報表編製基準及主要會計政策概要(續)

#### 3.2 主要會計政策(續)

##### *財務工具(續)*

財務負債及權益工具(續)

*財務負債的終止確認/重大修訂(續)*

就不會導致終止確認的財務負債非重大修訂，相關財務負債的賬面值將按按財務負債原有實際利率貼現的經修訂合約現金流現值計算。所產生交易成本或費用調整至經修訂財務負債的賬面值及於餘下期間攤銷。任何財務負債賬面值的調整於修訂日期於損益確認。

##### 衍生財務工具

衍生產品於訂立衍生合約日初次按公允值入賬，期後於報告期間期末按公允值重新計量。除非衍生工具被指定為對沖工具且有效(其計入損益之時間取決於對沖關係之性質)，其有關之收益或虧損將即時計入損益內。

##### 對沖會計

本集團定立某些衍生產品為對沖工具用作現金流量對沖。

開始對沖交易時，本集團記錄對沖工具及被對沖項目之關係，並包括風險管理目標及其進行各項對沖交易之策略。此外，於對沖開始及進行情況下，本集團記錄用於對沖關係之對沖工具是否高度有效地抵銷與對沖風險有關的被對沖項目之現金流量改變。

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.2 Significant accounting policies (Continued)

##### *Financial instruments (Continued)*

Hedge accounting (Continued)

For the purpose of determining whether a forecast transaction (or a component thereof) is highly probable, the Group assumes that the interest rate benchmark on which the hedged cash flows (contractually or non-contractually specified) are based is not altered as a result of interest rate benchmark reform.

##### *Assessment of hedging relationship and effectiveness*

For hedge effectiveness assessment, the Group considers whether the hedging instrument is effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

### 3. 綜合財務報表編製基準及主要會計政策概要(續)

#### 3.2 主要會計政策(續)

##### *財務工具(續)*

對沖會計(續)

為確定是否極有可能存有預測交易(或其組成部份),本集團假設對沖現金流量(列明合約或非合約)所依據的利率指標並無因利率指標改革而變動。

##### *評估對沖關係及有效性*

就對沖有效性評估而言,本集團於對沖關係符合以下所有對沖有效性規定時,考慮對沖工具是否有效抵銷對沖項目歸因於對沖風險的現金流變動:

- 對沖項目與對沖工具間的經濟關係;
- 信貸風險的影響不會主導經濟關係引致的價值變動;及
- 對沖關係的對沖比率與實體實際對沖對沖項目的數量及實體實際使用以對沖對沖項目數量的對沖工具數量所引致者相同。

倘對沖關係不再符合有關對沖比率的對沖有效性規定,惟該指定對沖關係的風險管理目標維持不變,本集團將調整對沖關係的對沖比率(即重新平衡對沖),以使其重新符合合資格標準。



### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.2 Significant accounting policies (Continued)

##### *Financial instruments (Continued)*

Hedge accounting (Continued)

*Assessment of hedging relationship and effectiveness (Continued)*

In assessing the economic relationship between the hedged item and the hedging instrument, the Group assumes that the interest rate benchmark on which the hedged cash flows and/or the hedged risk (contractually or non-contractually specified) are based, or the interest rate benchmark on which the cash flows of the hedging instrument are based, is not altered as a result of interest rate benchmark reform.

##### *Cash flow hedges*

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

For the purpose of reclassifying the amount of gains and losses accumulated in the cash flow hedge reserve in order to determine whether the hedged future cash flows are expected to occur, the Group assumes the interest rate benchmark on which the hedged cash flows (contractually or non-contractually specified) are based is not altered as a result of interest rate benchmark reform.

Amounts previously recognised in other comprehensive income and accumulated in cash flow hedging reserve are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item.

### 3. 綜合財務報表編製基準及主要會計政策概要(續)

#### 3.2 主要會計政策(續)

##### *財務工具(續)*

*對沖會計(續)*

*評估對沖關係及有效性(續)*

評估受對沖項目及對沖工具之間的經濟關係時，本集團假設受對沖現金流量及／或受對沖風險(列明合約或非合約)所依據的利率指標，或對沖工具的現金流量所依據的利率指標，並無因利率指標改革而變動。

##### *現金流量對沖*

被定為符合現金流量對沖的衍生產品之有效部分的公允值變動被確認於其他全面收益內並累計於現金流量對沖儲備。非有效部分有關之盈虧即時於損益中確認。

為重新分類現金流量對沖儲備內累計的收益及虧損，以確定預期是否會出現受對沖未來現金流量，本集團假設受對沖現金流量(列明合約或非合約)所依據的利率指標並無因利率指標改革而變動。

當被對沖項目會對損益造成影響時，其列於其他全面收益及累計於現金流量對沖儲備之金額亦重新分類至損益，並於同一項下稱為已確認對沖項目。

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.2 Significant accounting policies (Continued)

##### *Financial instruments (Continued)*

Hedge accounting (Continued)

##### *Discontinuation of hedge accounting*

The Group discontinues hedge accounting prospectively only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. Discontinuing hedge accounting can either affect a hedging relationship in its entirety or only a part of it (in which case hedge accounting continues for the remainder of the hedging relationship).

For cash flow hedge, any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transactions is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

##### *Cash and cash equivalents*

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### 3. 綜合財務報表編製基準及主要會計政策概要(續)

#### 3.2 主要會計政策(續)

##### *財務工具(續)*

對沖會計(續)

##### *終止對沖會計*

僅當對沖關係(或部分對沖關係)(倘適用,於重新平衡後)不再符合資格標準時,本集團以未來適用法終止處理對沖會計。這包括對沖工具到期或出售、終止或獲行使的情況。終止對沖會計可能影響整個或僅一部份(在此情況下對沖會計對沖關係剩餘期間繼續進行對沖會計處理)的對沖關係。

就現金流量對沖,其時於其他全面收益確認及於權益累計的任何收益或虧損仍然歸屬予權益及當預測交易最終於損益賬內確認時予以確認。當預測交易預期不再發生,於權益累計的收益或虧損立即於損益賬內確認。

##### *現金及現金等價物*

現金及現金等價物包括手頭現金、銀行活期存款、可轉換為已知數額現金,且價值轉變的風險視為無關重要的其他短期高流通性投資。

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.2 Significant accounting policies (Continued)

##### *Current and deferred tax*

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

##### Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries, associates and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

##### Deferred tax

Deferred tax is recognised on temporary differences arising between the carrying amounts of assets and liabilities in the Group's consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

### 3. 綜合財務報表編製基準及主要會計政策概要(續)

#### 3.2 主要會計政策(續)

##### *即期及遞延稅項*

本期間之稅項支出包括即期和遞延稅項。稅項於損益確認，但與其他綜合收益中或直接在權益中確認之項目有關者則除外。在該情況下，稅項亦分別在其他全面收益或直接在權益中確認。

##### 即期稅項

即期所得稅支出根據本公司之附屬公司、聯營公司及合營公司經營及產生應課稅收入之國家於報告期終日已頒佈或實質上已頒佈之稅務法例計算。管理層就適用稅務法例解釋所規限之情況定期評估報稅表的狀況，並在適用情況下根據預期須向稅務機關支付之稅款設定撥備。

##### 遞延稅項

遞延稅項按本集團綜合財務報表內的資產及負債賬面值與計算應課稅溢利所用相關稅基的暫時差額確認。遞延稅項負債一般就所有應課稅暫時差額確認，倘可能未來出現應課稅溢利可用作扣減暫時差額，則會確認遞延稅項資產。倘暫時差額乃產生自一項不影響應課稅溢利或會計溢利的交易的資產及負債的初步確認(業務合併除外)，則該等遞延稅項資產及負債不會確認入賬。此外，倘暫時差額因初始確認商譽產生，則不會確認遞延負債。

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.2 Significant accounting policies (Continued)

##### *Current and deferred tax (Continued)*

Deferred tax (Continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting periods and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting periods, to recover or settle the carrying amount of its assets and liabilities.

### 3. 綜合財務報表編製基準及主要會計政策概要(續)

#### 3.2 主要會計政策(續)

##### *即期及遞延稅項(續)*

遞延稅項(續)

遞延稅項負債乃就與投資於附屬公司、聯營公司及合營公司有關的應課稅暫時差額而確認，但倘本集團能控制暫時差額的撥回時間，且有關差額可能不會於可見將來撥回的情況除外。就該等有投資及利息之可扣減暫時差額而產生之遞延稅項資產，只會在有足夠的應課稅溢利可能出現以致可以利用暫時差額的利益，且預期在可見未來撥回時確認。

遞延稅項資產的賬面值於報告期末作出檢查，並調減至不再可能有足夠應課稅溢利收回全部或部分資產。

遞延稅項資產及負債以報告期末已頒佈或實質上已頒佈的稅率(及稅法)為基礎，按預期清償該負債或變現該資產期間適用的稅率計量。

遞延稅項負債及資產的計量反映本集團預期於報告期末收回或結算資產及負債賬面值的方式產生的稅務影響。

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### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.2 Significant accounting policies (Continued)

##### *Current and deferred tax (Continued)*

##### *Deferred tax (Continued)*

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale, except for freehold land, which is always presumed to be recovered entirely through sale.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 *Income Taxes* requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

##### *Offsetting*

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

### 3. 綜合財務報表編製基準及主要會計政策概要(續)

#### 3.2 主要會計政策(續)

##### *即期及遞延稅項(續)*

##### *遞延稅項(續)*

就使用公允值模型計量之投資物業遞延稅項而言，除非假定被推翻，投資物業賬面值假定可透過出售收回。當有關投資物業為可折舊及以耗盡大體上所有包含在投資物業內的經濟得益為目的，而不是以出售方式的商業模式持有，有關假定則可被推翻，惟永久業權土地除外，有關土地一向被推定為可通過出售全數收回。

為就本集團確認使用權資產及相關租賃負債之租賃交易計量遞延稅項，本集團首先釐定稅項扣減是否歸屬於使用權資產或租賃負債。

就稅務扣減歸屬於租賃負債的租賃交易而言，本集團應用香港會計準則第12號「所得稅」，規定分開確認使用權資產及租賃負債。由於應用首次豁免，有關使用權資產及租賃負債之暫定差額於首次確認及於租期內不會確認。

##### *抵銷*

當有法定可執行權力將即期稅項資產與即期稅務負債抵銷，且涉及由同一稅務機關向同一應課稅實體徵收及本集團有意以淨額基準結算即期稅項資產及負債時，則可將遞延所得稅資產與負債互相抵銷。

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.2 Significant accounting policies (Continued)

##### **Employee benefits**

###### Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity or paternity leaves are not recognised until the time of leave.

###### Pension obligations

Group companies participate in various defined contribution pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds.

The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when employees have rendered service entitling them to the contributions and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

###### Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier when the Group can no longer withdraw the offer of those benefits and when it recognises any related restructuring costs. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

### 3. 綜合財務報表編製基準及主要會計政策概要(續)

#### 3.2 主要會計政策(續)

##### **僱員福利**

###### 僱員應享假期

僱員之年假權利在僱員應享有有關權利時確認。並會因應僱員截至報告期終日已提供服務而應享之年假之估計負債作出撥備。

僱員應享之病假及產假或陪妻分娩假，直至僱員休假時方會確認。

###### 退休金責任

本集團公司參與多項定額供款退休金計劃。此等計劃一般透過向保險公司或受託管理基金付款撥資。

本集團作出供款後，即無進一步付款責任。供款在到期時確認為僱員福利開支，僱員提供服務有權獲得供款且可以供款全數歸屬前退出計劃之僱員所放棄供款而減少。預付供款於出現現金退款或可減少未來付款之情況下確認為資產。

###### 終止福利

終止福利於僱員在正常退休日期前被終止，或當僱員接受自願遣散以換取此等福利時支付。本集團在明確承諾作出下列行為時確認終止福利。在報告期終日後超過12個月到期支付之福利貼現為現值。



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### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.2 Significant accounting policies (Continued)

##### *Contingent liabilities*

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the Group's financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

### 3. 綜合財務報表編製基準及主要會計政策概要(續)

#### 3.2 主要會計政策(續)

##### *或然負債*

或然負債指因過往事件可能引起之責任，其存在只能就一宗或多宗非本集團能完全控制之不確定事件發生與否確認。或然負債亦可能為因過往事件引致之現有責任，而由於不大可能流出經濟資源，或責任金額未能可靠計量而未有確認。

除非代表經濟利益的資源流出的機會微小，否則或然負債不會在本集團財務報表確認，但會在附註中披露。假若資源流出之可能性改變導致可能出現資源流出，則會確認為撥備。

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY ESTIMATION UNCERTAINTY

### Critical accounting judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

#### *Deferred taxation on investment properties*

For the purposes of measuring deferred taxation arising from investment properties that are measured using the fair value model, the Directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties located in Hong Kong are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in measuring the Group's deferred taxation on investment properties located in Hong Kong, the Directors have determined that the presumption that the carrying amounts of investment properties located in Hong Kong are recovered entirely through sale is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of investment properties located in Hong Kong as the Group is not subject to any income taxes on the fair value changes of the investment properties on disposal.

With regards to the Group's investment properties located in Mainland China, the Directors considered that they are held under a business model whose objective is to consume substantially all of the economic benefits embodied in these investment properties over time. Therefore, the Directors have determined that the presumption that the carrying amounts of investment properties located in Mainland China are recovered entirely through sale is rebutted. As a result, the Group recognised deferred taxes on changes in fair value of the Group's investment properties located in Mainland China on the basis that the entire carrying amounts of these properties are recovered through use.

## 4. 關鍵會計判斷及主要估計不確定因素

### 關鍵會計判斷

估算及判斷會持續根據過往經驗及其他因素進行評估，包括在有關情況下相信為合理之未來事件預測。

#### *投資物業遞延稅項*

為計量利用公允值模型計量的投資物業產生的遞延稅項，董事已檢討本集團的投資物業組合，結論為本集團位於香港的投資物業並非根據以隨時間消耗投資物業所包含的絕大部分經濟利益為目標的業務模式持有。因此，於計量本集團位於香港的投資物業的遞延稅項時，董事斷定，位於香港的投資物業的賬面金額乃透過銷售全數收回的假設沒有被推翻。因此，本集團並無就位於香港的投資物業的公允值變動確認任何遞延稅項，因為本集團於出售投資物業時毋須就公允值變動繳納任何所得稅。

有關本集團於中國內地的投資物業，董事認為，該等物業以商業模式（其目標為隨著時間的推移使用該等投資物業所包含的絕大部分經濟利益）持有。因此，董事斷定，位於中國內地的投資物業的賬面金額乃透過銷售全數收回的假設已被推翻。因此，基於本集團於中國內地投資物業的全部賬面值通過使用收回，故本集團已就該等物業公允值變動確認遞延稅項。

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#### 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY ESTIMATION UNCERTAINTY

(CONTINUED)

##### Key estimation uncertainty

The Group makes estimates and assumptions concerning the future. The estimates and assumptions that have a significant risk of causing uncertainty to the carrying amounts of assets and liabilities are discussed below:

##### *Fair value of investment properties*

Investment properties are stated at fair value based on the valuation performed by independent professional valuers. The determination of the fair value involves certain assumptions of market conditions which are set out in Note 15.

The Directors have performed internal assessment on the risks of change in macroeconomic environment through performing sensitivity analysis in relation to the Group's investment properties.

The carrying amount of investment properties as at 31 December 2020 was approximately HK\$2,507,388,000 (2019: HK\$2,366,668,000). More details are set out in Note 15.

##### *Construction contracts*

The Group recognised profits and losses from construction contracts, which were derived from the latest available budgets of the construction contracts with reference to the overall performance of each construction contract and the management's best estimates and judgements. Estimated construction income is determined in accordance with the terms set out in the relevant contracts. Estimated construction costs which mainly comprise sub-contracting charges and costs of materials are estimated by the management on the basis of quotations from time to time provided by the major contractors/suppliers/vendors involved and the experience of the management. Because of the nature of the construction industry, the management regularly reviews the progress of the contracts and the estimated construction income and costs.

When the actual costs incurred are significantly more or less than expected, or changes in circumstances which result in revision of management's estimates on the percentage of completion, the effect of such change is recognised prospectively in the profit or loss in the period of the change.

#### 4. 關鍵會計判斷及主要估計不確定因素(續)

##### 主要估計不確定因素

本集團作出有關未來的估計及假設。附帶對資產及負債賬面值造成不確定因素的重大風險的估計及假設於下文討論：

##### *投資物業之公允價值*

投資物業乃根據獨立專業估值師進行之估值按公允值列賬。釐定公允值涉及載於附註15的若干市場狀況假設。

董事已透過對本集團投資物業進行敏感度分析，對宏觀經濟環境變化的風險進行內部評估。

於二零二零年十二月三十一日，投資物業的賬面值為約2,507,388,000港元(二零一九年：2,366,668,000港元)。更多詳情載於附註15。

##### *建造合約*

本集團確認建造合約損益有關數字乃來自建造合約的最新預算，預算乃根據每項建造合約的整體表現以及管理層的最佳估計及判斷而編製。估計建造收入乃根據有關合約內所載條款而釐定。估計建造成本(主要包括分判費用及材料成本)乃由管理層根據所涉及主要承建商/供應商/賣方不時提供的報價及管理層的經驗而建議。基於建造業的性質，管理層定期檢討合約進度以及估計建造收入及成本。

倘實際產生的成本遠多於或少於預期，或情況改變，導致管理層修訂竣工百分比的估計，則有關改變的影響按未來適用基準於改變期間在損益確認。

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY ESTIMATION UNCERTAINTY

(CONTINUED)

### Key estimation uncertainty (Continued)

#### Deferred taxes

As at 31 December 2020, deferred tax assets of HK\$442,890,000 (2019: HK\$639,144,000) have been recognised in the Group's consolidated statement of financial position as set out in Note 30. The realisability of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. The Directors determine the profit projections of the Group for coming years during which the deferred tax assets are expected to be utilised. In cases where the actual future profits generated are more or less than expected, an additional recognition or a reversal of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a recognition or reversal takes place.

#### Provision of ECL for trade receivables and contract assets

Trade receivables with impaired credit or related parties are assessed for ECL individually.

In addition, the Group uses provision matrix to estimate ECL for the trade receivables and contract assets that are not assessed individually. The provision rates are based on debtors' aging as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At each reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables and contract assets are disclosed in Notes 42 and 19 respectively.

#### Estimated impairment of inventories

The Group tests regularly whether inventories have suffered any impairment based on the assessment of net realisable value. Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made, and the amounts the inventories are expected to realise. Significant management estimates are required in the estimates. Where the actual outcome or expectation in future is different from the original estimates, such differences will impact on the carrying amounts of inventories and the impairment loss.

## 4. 關鍵會計判斷及主要估計不確定因素 (續)

### 主要估計不確定因素 (續)

#### 遞延稅項

於二零二零年十二月三十一日，遞延稅項資產442,890,000港元(二零一九年：639,144,000港元)已於本集團的綜合財務狀況表確認，並載於附註30。遞延稅項資產的可變現程度主要取決於日後是否有充足的未來溢利或應課稅臨時差異。董事釐定本集團預期使用遞延稅項資產的未來年度的溢利預測。倘實際產生的未來溢利多於或少於預期，則或會額外確認或撥回遞延稅項資產，其將於有關確認或撥回期間於損益確認。

#### 貿易應收款項與合同資產的預期信貸虧損撥備

已發生信貸減值的貿易應收款項或關聯方乃個別進行預期信貸虧損評估。

此外，本集團使用撥備矩陣評估非個別進行評估的貿易應收款項和合約資產的預期信貸虧損。撥備比率乃基於具有類似虧損模型的不同應收賬項組別的應收賬項賬齡。撥備矩陣乃基於本集團的過往違約率，當中計及在不耗費過多成本或精力情況下可取得的合理及具有憑證的前瞻性資料。於各報告日，過往觀察所得違約率予以重新評估，並考量前瞻性資料的變動。

預期信貸虧損撥備易受估計變動所影響。有關預期信貸虧損及本集團貿易應收款項的資料分別披露於附註42及19。

#### 估計存貨減值

本集團根據可變現淨值評估存貨是否出現任何減值。可變現淨值估計乃基於作出估計時可獲得的預期可變現物業金額之最可靠證據。估計過程中需要管理層作出重大估計。倘日後的實際結果或預期有別於原先估計，則有關差額將影響存貨的賬面值及減值虧損金額。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2020 截至二零二零年十二月三十一日止年度

### 5. REVENUE AND SEGMENT INFORMATION

#### Revenue

Revenue (represents turnover) comprised the following:

	2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Sales of properties	<b>7,071,620</b>	10,329,101
Revenue from specialised construction contracts	<b>529,429</b>	864,603
Rental and management fee income from investment properties	<b>60,597</b>	67,727
	<b>7,661,646</b>	11,261,431

For contracts entered into with customers on sales of properties, the Group's performance does not create an asset with alternative use to the Group. Taking into consideration of the relevant contract terms, the legal environment and relevant legal precedent, the Group concluded that the Group does not have an enforceable right to payment prior to transfer of the relevant properties to the customer. Revenue from sales of properties is therefore recognised at a point in time when the completed property is transferred to customers, being at the point that the customer obtains the control of the completed property and the Group has present right to payment and collection of the consideration is probable. The Group provides specialised construction services to customers. Such services are recognised as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised for these construction services based on the stage of completion of the contract using input method.

The transaction price allocated to the remaining performance obligations as at 31 December 2020 was HK\$17,351,696,000 (2019: HK\$6,103,674,000) and is expected to be recognised as revenue within two years.

### 5. 收入及分部資料

#### 收入

收入(即營業額)包括以下項目:

	2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
物業銷售	<b>7,071,620</b>	10,329,101
專業建築合約收入	<b>529,429</b>	864,603
投資物業之租金及管理費收入	<b>60,597</b>	67,727
	<b>7,661,646</b>	11,261,431

就與客戶所訂立的有關物業銷售的合約，本集團的履約不會增設對本集團有其他用途的資產。經考慮相關合約條款、法律環境及相關法律前例，本集團認為其並無可強制執行權利以在向客戶轉移有關物業前收取付款。因此，來自物業銷售的收益乃於竣工物業轉移至客戶時(即客戶取得竣工物業控制權及本集團擁有權利收取付款且有可能收取代價之時)確認。本集團向客戶提供專業建築服務。有關服務隨著本集團增設或加強由客戶控制的資產，於資產產生或增強時確認為已達成的履約責任。該等建築服務的收益根據合約完成階段使用投入法予以確認。

於二零二零年十二月三十一日分配至餘下的履約責任的交易價格為17,351,696,000港元(二零一九年: 6,103,674,000港元)及預期將於兩年內確認為收入。

## 5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

### Operating segments

The chief operating decision maker has been identified as the executive directors. The executive directors review the Group's internal financial reports in order to assess performance and allocate resources. The executive directors have determined the operating segments based on these reports as follows:

Real estate development:	Development and sales of residential and commercial properties
Specialised construction:	Design, installation and selling of curtain walls and aluminum windows, doors and other materials
Property investment:	Holding of properties to generate rental income and/or to gain from the appreciation in properties' values in the long-term
Securities investment:	Investment of securities

No operating segments identified by the executive directors have been aggregated in arriving at the reportable segments of the Group.

## 5. 收入及分部資料(續)

### 經營分部

主要營運決策者已確認為執行董事。執行董事審閱本集團內部財務報告，以評估表現及分配資源。執行董事已根據該等報告決定劃分下列各經營分部：

房地產發展：	發展及銷售住宅及商用物業
專業建築：	設計、安裝及銷售幕牆、鋁窗、門及其他物料
物業投資：	從出租物業賺取租金收入，並就長遠而言，自物業升值中獲取收益
證券投資：	投資證券

執行董事未擬定任何經營分部於本集團之呈報分部層面進行合併。



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### 5. REVENUE AND SEGMENT INFORMATION 5. 收入及分部資料(續)

(CONTINUED)

Operating segments (Continued)

Segment revenue and results

經營分部(續)

分部收入及業績

		Real estate development		Specialised construction		Property investment		Securities investment		Total	
		房地產發展		專業建築		物業投資		證券投資		總額	
		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
		二零二零年	二零一九年	二零二零年	二零一九年	二零二零年	二零一九年	二零二零年	二零一九年	二零二零年	二零一九年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
Revenue	收入										
Total segment revenue	總分部收入	7,071,620	10,329,101	574,949	894,945	67,027	73,379	—	—	7,713,596	11,297,425
Inter-segment revenue	分部間收入	—	—	(45,520)	(30,342)	(6,430)	(5,652)	—	—	(51,950)	(35,994)
Sales to external customers	對外客戶銷售	7,071,620	10,329,101	529,429	864,603	60,597	67,727	—	—	7,661,646	11,261,431
Results	業績										
Segment results	分部業績	825,532	2,044,622	22,830	(11,658)	(28,701)	215,542	52,949	50,646	872,610	2,299,152
Unallocated corporate expenses, net	未分配企業開支·淨額									(219,737)	(219,917)
Finance income	財務收入									652,873	2,079,235
Finance costs	財務成本									222,799	221,744
Share of results of associates	分佔聯營公司業績									(69,471)	(26,739)
Share of results of joint ventures	分佔合營公司業績									4,469	(3,761)
										(2,260)	(10,380)
Profit before tax	除稅前溢利									808,410	2,260,099

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The accounting policies of the reportable and operating segments are the same as the Group's accounting policies described in Note 3. Segment results represent the profit before tax without allocation of unallocated corporate expenses, finance income, finance costs and share of results of associates and joint ventures.

Inter-segment revenue is charged at prevailing market rates.

Finance income, finance costs and share of results of associates and joint ventures are not included in the measure of segment results.

經營分部之會計政策與附註3所述的本集團會計政策一致。分部業績指未分配企業開支、財務收入、財務成本及分佔聯營公司及合營公司業績的除稅前溢利。

分部之間收入乃按現行市場價格計算。

財務收入、財務成本及分佔聯營公司及合營公司業績是不包括在分部業績的計算中。

## 5. REVENUE AND SEGMENT INFORMATION 5. 收入及分部資料(續)

(CONTINUED)

Operating segments (Continued)

Segment assets and liabilities

經營分部(續)

分部資產及負債

		Real estate development		Specialised construction		Property investment		Securities investment		Total	
		房地產發展		專業建築		物業投資		證券投資		總額	
		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
		二零二零年	二零一九年	二零二零年	二零一九年	二零二零年	二零一九年	二零二零年	二零一九年	二零二零年	二零一九年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
Assets	資產										
Segment assets	分部資產	61,548,989	40,792,490	413,356	985,625	2,064,410	2,211,748	822,778	1,398,952	64,849,533	45,388,815
Unallocated corporate assets	未分配企業資產									3,538,204	3,572,550
Total assets	資產總額									68,387,737	48,961,365
Liabilities	負債										
Segment liabilities	分部負債	43,891,388	29,482,240	144,371	640,621	13,627	24,704	—	—	44,049,386	30,147,565
Unallocated corporate liabilities	未分配企業負債									1,928,344	2,547,082
Total liabilities	負債總額									45,977,730	32,694,647

Segment assets consist primarily of interests in associates, interests in joint ventures, property, plant and equipment, investment properties, inventories, receivables, contract assets, contract costs and operating cash but exclude items such as bank deposits for corporate use and deferred tax assets. Segment liabilities comprise all operating liabilities but exclude items such as taxation.

分部資產主要包括於聯營公司之權益、於合營公司之權益、物業、廠房及設備、投資物業、存貨、應收款項、合約資產、合約成本及營運現金，但不包括作企業用途之銀行存款及遞延稅項資產等項目。分部負債包括所有營運負債，但不包括稅項。

# Notes to the Consolidated Financial Statements

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### 5. REVENUE AND SEGMENT INFORMATION 5. 收入及分部資料(續)

(CONTINUED)

Operating segments (Continued)

Other segment information

經營分部(續)

其他分部資料

	Real estate development		Specialised construction		Property investment		Securities investment		Segment total		Unallocated		Total	
	房地產發展		專業建築		物業投資		證券投資		分部總額		未分配		總額	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	二零二零年	二零一九年	二零二零年	二零一九年	二零二零年	二零一九年	二零二零年	二零一九年	二零二零年	二零一九年	二零二零年	二零一九年	二零二零年	二零一九年
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
Amounts included in the measure of segment profit or loss or segment assets:														
Interests in associates	3,472,096	1,123,361	—	—	—	—	—	—	3,472,096	1,123,361	—	—	3,472,096	1,123,361
Interests in joint ventures	196,074	84,701	—	—	—	—	—	—	196,074	84,701	—	—	196,074	84,701
Capital expenditures	42,199	7,983	1,164	5,094	281	48	—	—	43,644	13,125	189	283	43,833	13,408
Depreciation recognised in the consolidated statement of profit or loss	31,493	19,168	2,002	2,623	454	456	—	—	33,949	22,247	5,157	2,517	39,106	24,764
Fair value changes on investment properties	8,914	(43,850)	—	—	(59,500)	151,400	—	—	(50,586)	107,550	—	—	(50,586)	107,550
Allowance for impairment of inventories	299,894	86,472	—	—	—	—	—	—	299,894	86,472	—	—	299,894	86,472
Impairment losses (reversed)/recognised under expected credit loss model, net of reversal	—	—	(3,265)	(6,080)	17,799	2,248	—	—	14,534	(3,832)	—	—	14,534	(3,832)

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#### Geographical information

The Group operates its businesses in two main geographical areas:

Hong Kong:	Real estate development, specialised construction, property investment and securities investment
Mainland China and Macau:	Real estate development, specialised construction and property investment

In presenting geographical information, sales are presented based on the geographical locations of the customers. Total non-current assets exclude financial instruments and deferred tax assets.

#### 地區資料

本集團之業務主要劃分於兩個地區經營：

香港：	房地產發展、專業建築、物業投資及證券投資
中國內地及澳門：	房地產發展、專業建築及物業投資

於呈列地區資料時，銷售之呈列乃按客戶之地理位置為基準。非流動資產總額不包括財務工具及遞延稅項資產。

## 5. REVENUE AND SEGMENT INFORMATION 5. 收入及分部資料(續)

(CONTINUED)

Operating segments (Continued)  
Geographical information (Continued)

經營分部(續)  
地區資料(續)

	Hong Kong 香港		Mainland China and Macau 中國內地及澳門		Total 總額	
	2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元	2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元	2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
	External sales 對外銷售	287,684	363,683	7,373,962	10,897,748	7,661,646
Total non-current assets 非流動資產總額	2,223,907	2,267,291	4,210,931	1,570,230	6,434,838	3,837,521

### Information about major customer

No revenue from transaction with single external customer is amounted to 10% or more of the Group's revenue for both years.

### 有關主要客戶之資料

本集團並無單一客戶於兩個年度之收入貢獻10%或以上。

## 6. PROFIT FOR THE YEAR

## 6. 本年度溢利

	2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Cost of properties sold (note (i)) 已售出物業成本(附註(i))	5,934,990	7,750,378
Cost of specialised construction 專業建築成本	481,853	822,161
Depreciation 折舊	39,106	24,764
Auditor's remuneration 核數師酬金	4,580	4,200
Direct operating expenses incurred for investment properties that generated rental income 賺取租金收入之投資物業 產生之直接營運開支	14,349	15,532
Employee benefit expense (including directors' emoluments) (Note 8) 僱員福利支出(包括董事 酬金)(附註8)	235,597	242,708
Allowance for impairment of inventories 存貨減值撥備	299,894	86,472
Net exchange gain 匯兌收益淨額	(31,606)	(23,109)

Note:

- (i) Included in cost of properties sold are interest expenses of HK\$342,918,000 (2019: HK\$413,710,000).

附註：

- (i) 已售出物業成本中包括342,918,000港元(二零一九年：413,710,000港元)之利息支出。

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**7. OTHER INCOME, OTHER GAINS AND LOSSES**

**7. 其他收入、其他收益及虧損**

		<b>2020</b> 二零二零年 <b>HK\$'000</b> 千港元	2019 二零一九年 HK\$'000 千港元
Government subsidies (note (i))	政府資助(附註(i))	<b>136,062</b>	1,300
Dividend income	股息收益	<b>53,008</b>	50,703
Management fee income from fellow subsidiaries	收取同系附屬公司之管理費收入	<b>6,295</b>	11,337
Bargain purchase gain on acquisition of interest in a subsidiary (Note 38(a))	收購一家附屬公司權益之議價購買收益(附註38(a))	<b>111,889</b>	—
Bargain purchase gain on acquisition of interest in an associate (Note 16(b))	收購一家聯營公司權益之議價購買收益(附註16(b))	<b>159,729</b>	—
Gain on disposal of subsidiaries (Note 39)	出售附屬公司之收益(附註39)	<b>955</b>	—
Others	其他	<b>28,007</b>	40,276
		<b>495,945</b>	103,616

Note:

- (i) During the year, a government subsidy of RMB121,000,000 (equivalent to HK\$136,062,000) was awarded to the Group in Mainland China. There are no unfulfilled conditions or contingencies relating to the grant.

附註：

- (i) 年內，本集團於中國內地獲授政府資助121,000,000元人民幣(相當於136,062,000港元)。該等資助並無未達成的條件或或然事項。

## 8. EMPLOYEE BENEFIT EXPENSE

## 8. 僱員福利支出

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Wages, salaries and bonus	工資、薪金及花紅	<b>376,553</b>	353,390
Pension costs — defined contribution plans (Note 35)	退休金成本 — 定額供款計劃(附註35)	<b>24,985</b>	35,978
		<b>401,538</b>	389,368
Less: Amount capitalised as properties under development	減：以資本化方式撥入發展中物業之金額	<b>(90,057)</b>	(79,209)
Less: Amount included in cost of sales	減：計入銷售成本內之金額	<b>(48,521)</b>	(38,210)
Less: Amount included in selling and marketing expenses	減：計入銷售及營銷費用內之金額	<b>(27,363)</b>	(29,241)
		<b>235,597</b>	242,708

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For the year ended 31 December 2020 截至二零二零年十二月三十一日止年度

**8. EMPLOYEE BENEFIT EXPENSE (CONTINUED)**

**(a) Directors' emoluments**

The remuneration of each director for the year ended 31 December 2020 is set out below:

**8. 僱員福利支出 (續)**

**(a) 董事酬金**

截至二零二零年十二月三十一日止年度，各董事之酬金載列如下：

Name of directors 董事姓名		Fees 袍金 HK\$'000 千港元	Salaries and allowances 薪金及津貼 HK\$'000 千港元	Discretionary bonuses 酌情花紅 HK\$'000 千港元	Employer's contribution to	Total 總額 HK\$'000 千港元
					pension scheme 退休金計劃 僱主供款 HK\$'000 千港元	
<b>Non-executive directors</b> 非執行董事						
Ms. He Xiaoli	何小麗女士	—	292	651	4	947
<b>Executive directors</b> 執行董事						
Mr. He Jianbo*	何劍波先生*	—	322	1,350	4	1,676
Mr. Liu Bo (note (i))	劉波先生(附註(i))	—	302	1,276	4	1,582
Mr. Liu Zeping (note (ii))	劉則平先生(附註(ii))	—	—	—	—	—
Mr. Chen Xingwu	陳興武先生	—	284	1,201	4	1,489
Mr. Yang Shangping	楊尚平先生	—	1,668	995	4	2,667
<b>Independent non-executive directors</b> 獨立非執行董事						
Mr. Selwyn Mar	馬紹援先生	400	—	—	—	400
Mr. Lam Chung Lun, Billy	林中麟先生	390	—	—	—	390
Ms. Law Fan Chiu Fun, Fanny	羅范椒芬女士	400	—	—	—	400
		<b>1,190</b>	<b>2,868</b>	<b>5,473</b>	<b>20</b>	<b>9,551</b>

## 8. EMPLOYEE BENEFIT EXPENSE (CONTINUED)

### (a) Directors' emoluments (Continued)

The remuneration of each director for the year ended 31 December 2019 is set out below:

Name of directors	Fees	Salaries and allowances	Discretionary bonuses	Employer's contribution to pension scheme	Total
董事姓名	袍金	薪金及津貼	酌情花紅	僱主供款 退休金計劃	總額
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	千港元	千港元	千港元	千港元	千港元
<b>Non-executive directors 非執行董事</b>					
Mr. Li Fuli (note (iii))	—	—	—	—	—
Ms. He Xiaoli	—	295	652	57	1,004
<b>Executive directors 執行董事</b>					
Mr. He Jianbo*	—	875	1,703	77	2,655
Mr. Liu Zeping	—	395	815	52	1,262
Mr. Chen Xingwu	—	588	1,448	46	2,082
Mr. Yang Shangping	—	1,660	1,256	50	2,966
<b>Independent non-executive directors 獨立非執行董事</b>					
Mr. Selwyn Mar	360	—	—	—	360
Mr. Lam Chung Lun, Billy	350	—	—	—	350
Ms. Law Fan Chiu Fun, Fanny	360	—	—	—	360
	1,070	3,813	5,874	282	11,039

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

The non-executive directors' and independent non-executive directors' emoluments shown above were for their services as directors of the Company.

Discretionary bonuses were determined by the management with regard to the performance of the Directors and the Group's operating results.

## 8. 僱員福利支出(續)

### (a) 董事酬金(續)

截至二零一九年十二月三十一日止年度，各董事之酬金載列如下：

Name of directors	Fees	Salaries and allowances	Discretionary bonuses	Employer's contribution to pension scheme	Total
董事姓名	袍金	薪金及津貼	酌情花紅	僱主供款 退休金計劃	總額
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	千港元	千港元	千港元	千港元	千港元
<b>Non-executive directors 非執行董事</b>					
Mr. Li Fuli (note (iii))	—	—	—	—	—
Ms. He Xiaoli	—	295	652	57	1,004
<b>Executive directors 執行董事</b>					
Mr. He Jianbo*	—	875	1,703	77	2,655
Mr. Liu Zeping	—	395	815	52	1,262
Mr. Chen Xingwu	—	588	1,448	46	2,082
Mr. Yang Shangping	—	1,660	1,256	50	2,966
<b>Independent non-executive directors 獨立非執行董事</b>					
Mr. Selwyn Mar	360	—	—	—	360
Mr. Lam Chung Lun, Billy	350	—	—	—	350
Ms. Law Fan Chiu Fun, Fanny	360	—	—	—	360
	1,070	3,813	5,874	282	11,039

上述執行董事酬金主要涉及彼等就本公司及本集團的管理事務提供服務。

上述非執行董事及獨立非執行董事酬金主要涉及彼等擔任本公司董事。

酌情花紅由管理層計及董事表現及本集團營運業績後釐定。

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For the year ended 31 December 2020 截至二零二零年十二月三十一日止年度

### 8. EMPLOYEE BENEFIT EXPENSE (CONTINUED)

#### (a) Directors' emoluments (Continued)

During the year, no directors of the Company waived or agreed to waive any emoluments (2019: Nil).

During the year, no emoluments were paid by the Group to the Directors as an inducement to join or as compensation for loss of office (2019: Nil).

The executive director marked "\*" above is also considered as chief executive of the Group and his emoluments disclosed above include those for services rendered by him as the Chief Executive.

Notes:

- (i) Appointed on 26 March 2020
- (ii) Resigned on 26 March 2020
- (iii) Resigned on 15 January 2019

### 8. 僱員福利支出 (續)

#### (a) 董事酬金 (續)

年內，並無本公司董事放棄或同意放棄任何酬金(二零一九年：無)。

年內，本集團概無向任何董事支付酬金作為吸引加入本集團之獎勵或作為離職補償(二零一九年：無)。

標註「\*」之執行董事亦被視為本集團之行政總裁，其於上文披露的酬金包括就其擔任行政總裁提供服務的酬金。

附註：

- (i) 於二零二零年三月二十六日獲委任
- (ii) 於二零二零年三月二十六日辭任
- (iii) 於二零一九年一月十五日辭任

## 8. EMPLOYEE BENEFIT EXPENSE (CONTINUED)

### (b) Five highest-paid individuals

In 2020, five highest-paid individuals in the Group include two (2019: two) directors. These directors' emoluments are disclosed in (a) above. Details of the emoluments of the remaining three (2019: three) individuals are as follows:

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Salaries and allowances	薪金及津貼	5,108	4,509
Discretionary bonuses	酌情花紅	1,600	2,530
Employer's contributions to pension schemes	退休金計劃僱主供款	189	227
		<b>6,897</b>	<b>7,266</b>

The emoluments fell within the following bands:

		2020 二零二零年	2019 二零一九年
HK\$2,000,001-HK\$2,500,000	2,000,001港元至 2,500,000港元	2	2
HK\$2,500,001-HK\$3,000,000	2,500,001港元至 3,000,000港元	1	1
		<b>3</b>	<b>3</b>

During the year, no emoluments were paid by the Group to these individuals as an inducement to join or as compensation for loss of office (2019: Nil).

## 8. 僱員福利支出(續)

### (b) 五名最高薪酬人士

於二零二零年，本集團五名最高薪酬人士中包括兩名(二零一九年：兩名)董事。其董事酬金於上文(a)項中披露。其餘三名(二零一九年：三名)人士之酬金詳情如下：

	2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Salaries and allowances	5,108	4,509
Discretionary bonuses	1,600	2,530
Employer's contributions to pension schemes	189	227
	<b>6,897</b>	<b>7,266</b>

酬金範圍如下：

	2020 二零二零年	2019 二零一九年
2,000,001港元至 2,500,000港元	2	2
2,500,001港元至 3,000,000港元	1	1
	<b>3</b>	<b>3</b>

年內，本集團概無向該等人士支付酬金作為吸引加入本集團之獎勵或作為離職補償(二零一九年：無)。

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9. FINANCE INCOME AND COSTS

9. 財務收入及成本

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Finance income	財務收入		
Interest income from bank deposits	銀行存款利息收入	<b>38,209</b>	48,263
Interest income from loans to non-controlling shareholders of subsidiaries	收取附屬公司的非控股股東貸款之利息收入	<b>129,508</b>	132,234
Interest income from loan to an associate	收取一家聯營公司貸款之利息收入	<b>42,147</b>	27,284
Interest income from loans to joint ventures	收取合營公司貸款之利息收入	<b>12,935</b>	13,963
		<b>222,799</b>	221,744
Finance costs	財務成本		
Bank borrowings wholly repayable within five years	須於五年內悉數償還之銀行借款	<b>478,995</b>	481,514
Other borrowings wholly repayable within five years	須於五年內悉數償還之其他借款	<b>276,631</b>	314,891
Interest on lease liabilities	租賃負債之利息	<b>3,982</b>	3,437
		<b>759,608</b>	799,842
Less: Amount capitalised as properties under development (note (i))	減：以資本化方式撥入發展中物業之金額(附註(i))	<b>(690,137)</b>	(773,103)
		<b>69,471</b>	26,739

Note:

- (i) Borrowing costs were capitalised at rates ranging from 1.51% to 6.50% (2019: 2.50% to 6.50%) per annum.

附註：

- (i) 借款成本按年利率由1.51%至6.50%(二零一九年：2.50%至6.50%)予以資本化。

## 10. EXPECTED CREDIT LOSSES, NET OF REVERSAL

	2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Impairment losses recognised/(reversed) on trade receivables and contract assets	<b>14,534</b>	(3,832)

Details of impairment assessment are set out in Note 42(a)(ii).

## 11. INCOME TAX EXPENSE

Hong Kong Profits Tax has been calculated on the estimated assessable profit for the year derived in Hong Kong at the rate of 16.5% (2019: 16.5%).

The PRC enterprise income tax has been calculated on the estimated assessable profit for the year derived in Mainland China at the rate of 25% (2019: 25%).

Land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including costs of land and development and construction expenditures.

## 10. 預期信貸虧損，扣除撥回

	2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
貿易應收款及合約資產之減值虧損／(減值撥回)	<b>14,534</b>	(3,832)

減值評估詳情載於附註42(a)(ii)。

## 11. 所得稅開支

香港利得稅乃以本年度源自香港之估計應課稅溢利按16.5% (二零一九年：16.5%)之稅率計算。

中國企業所得稅乃以本年度源自中國內地之估計應課稅溢利按25% (二零一九年：25%)之稅率計算。

土地增值稅根據土地價值之增長(即出售物業所得款項扣除可扣減支出(包括土地成本、發展及建築支出))按累進稅率由30%至60%徵收。

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		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Current tax	即期稅項		
PRC enterprise income tax	中國企業所得稅	<b>194,310</b>	377,469
PRC enterprise income tax refund	中國企業所得稅退回	<b>(245,214)</b>	—
Hong Kong Profits Tax	香港利得稅	<b>1,410</b>	1,323
Land appreciation tax	土地增值稅	<b>130,557</b>	402,242
		<b>81,063</b>	781,034
Deferred tax (Note 30)	遞延稅項(附註30)	<b>290,007</b>	126,482
		<b>371,070</b>	907,516



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#### 11. INCOME TAX EXPENSE (CONTINUED)

Tax charge on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

#### 11. 所得稅開支(續)

本集團就除稅前溢利之稅項開支，與應用適用於綜合實體之溢利之加權平均稅率計算所得理論金額之差異如下：

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Profit before tax	除稅前溢利	<b>808,410</b>	2,260,099
Tax calculated at domestic tax rates applicable to profits in the respective regions	按適用於相關地區溢利之當地稅率計算之稅項	<b>243,210</b>	601,483
Land appreciation tax	土地增值稅	<b>130,557</b>	402,242
Tax effect of land appreciation tax	土地增值稅之稅務影響	<b>(32,639)</b>	(100,561)
Tax effect of share of results of associates	分佔聯營公司業績之稅務影響	<b>(1,117)</b>	940
Tax effect of share of results of joint ventures	分佔合營公司業績之稅務影響	<b>565</b>	2,595
Income not subject to tax	毋須課稅之收入	<b>(126,754)</b>	(35,340)
Expenses not deductible for tax purposes	不可扣稅之開支	<b>95,967</b>	101,184
Utilisation of previously unrecognised tax losses	動用早前未確認之稅務虧損	<b>(39,562)</b>	(84,019)
Utilisation of previously unrecognised temporary differences	動用早前未確認之暫時差額	<b>(31,502)</b>	(26,361)
Tax effect of tax losses/deductible temporary differences not recognised	未確認稅務虧損／可扣稅之臨時差額之稅務影響	<b>132,345</b>	45,353
Tax charge	稅項開支	<b>371,070</b>	907,516

The weighted average applicable tax rate was 30.1% (2019: 26.6%). The year-on-year change is primarily caused by a change in the relative profitability of the Company's subsidiaries in the respective regions.

適用之加權平均稅率為30.1%(二零一九年：26.6%)。稅率按年改變乃由於本集團附屬公司於相關地區之相關盈利能力改變所致。

## 12. EARNINGS PER SHARE — BASIC AND DILUTED

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company divided by the weighted average number of ordinary shares in issue during the year.

Since there were no dilutive potential ordinary shares, the diluted earnings per share is equal to basic earnings per share.

## 13. DIVIDENDS

The Directors recommend the payment of a final dividend of HK1.0 cent (2019: HK8.0 cents) and a special dividend of HK1.0 cent per ordinary share with total amount of HK\$66,938,000 (2019: HK\$267,753,000). These dividends are to be approved by the shareholders at the annual general meeting of the Company to be held on 27 May 2021. These consolidated financial statements do not reflect this dividend payable.

Final dividends in respect of the year ended 31 December 2019 of HK8.0 cents per ordinary share totaling HK\$267,753,000 (2019: final dividends in respect of the year ended 31 December 2018 of HK8.0 cents per ordinary share totaling HK\$267,753,000) was recognised as distribution during the year.

## 12. 每股盈利 — 基本及攤薄

每股基本盈利乃按本公司股權持有人應佔溢利除以年內已發行普通股之加權平均股數計算。

由於並未有任何稀釋性之潛在普通股，故每股攤薄盈利與每股基本盈利相同。

## 13. 股息

董事建議派付末期股息每股普通股1.0港仙(二零一九年：8.0港仙)及特別股息每股普通股1.0港仙，其總額為66,938,000港元(二零一九年：267,753,000港元)。該等股息須待股東在本公司於二零二一年五月二十七日舉行之股東週年大會上批准。此等綜合財務報表內未有反映此應付股息。

於年內已確認分派截至二零一九年十二月三十一日止年度之末期股息每股普通股8.0港仙，總額267,753,000港元(二零一九年：截至二零一八年十二月三十一日止年度之末期股息每股普通股8.0港仙，總額267,753,000港元)。

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### 14. PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment are as follows:

### 14. 物業、廠房及設備

物業、廠房及設備之變動如下：

		Leasehold land and buildings 租賃土地 及樓宇 HK\$'000 千港元	Leasehold improvements 租賃物業裝修 HK\$'000 千港元	Machinery 機器 HK\$'000 千港元	Furniture, fixtures and equipment 傢具、裝置 及設備 HK\$'000 千港元	Motor vehicles 車輛 HK\$'000 千港元	Total 總額 HK\$'000 千港元
<b>Year ended 31 December 2020</b>	<b>截至二零二零年十二月三十一日止年度</b>						
At 31 December 2019	於二零一九年十二月三十一日	243,851	1,821	4,234	8,807	4,078	262,791
Exchange differences	匯兌差額	3,002	11	62	645	432	4,152
Additions	添置	765	30,779	1,190	5,584	5,515	43,833
Acquisition of a subsidiary (Note 38(a))	收購一家附屬公司 (附註38(a))	3,676	—	3	1,905	813	6,397
Disposals	出售	(163)	—	(91)	(355)	(340)	(949)
Disposals of subsidiaries (Note 39)	出售附屬公司(附註39)	(12,200)	(1,434)	(1,826)	(1,903)	(475)	(17,838)
Depreciation	折舊	(26,524)	(4,520)	(1,345)	(4,185)	(2,532)	(39,106)
Closing net book amount	年末賬面淨值	212,407	26,657	2,227	10,498	7,491	259,280
At 31 December 2020	於二零二零年十二月三十一日						
Cost	成本	268,833	37,679	2,968	39,872	22,355	371,707
Accumulated depreciation and impairment	累計折舊及減值	(56,426)	(11,022)	(741)	(29,374)	(14,864)	(112,427)
Net book amount	賬面淨值	212,407	26,657	2,227	10,498	7,491	259,280
<b>Year ended 31 December 2019</b>	<b>截至二零一九年十二月三十一日止年度</b>						
At 1 January 2019	於二零一九年一月一日	219,946	1,951	5,716	7,199	4,633	239,445
Exchange differences	匯兌差額	(1,408)	(31)	(43)	(207)	(167)	(1,856)
Additions	添置	56,603	41	368	5,259	1,139	63,410
Disposals	出售	—	—	(110)	(181)	(171)	(462)
Depreciation	折舊	(18,308)	(140)	(1,697)	(3,263)	(1,356)	(24,764)
Transfer to investment properties	轉移至投資物業	(12,982)	—	—	—	—	(12,982)
Closing net book amount	年末賬面淨值	243,851	1,821	4,234	8,807	4,078	262,791
At 31 December 2019	於二零一九年十二月三十一日						
Cost	成本	272,306	8,774	11,793	33,841	17,907	344,621
Accumulated depreciation and impairment	累計折舊及減值	(28,455)	(6,953)	(7,559)	(25,034)	(13,829)	(81,830)
Net book amount	賬面淨值	243,851	1,821	4,234	8,807	4,078	262,791

Note:

At the end of both reporting periods, the Group's buildings are erected on land under medium-term and long-term lease in Hong Kong and long-term lease in Mainland China respectively.

附註：

於兩個報告期終日，本集團樓宇分別於香港及中國內地根據中期及長期租賃及長期租賃土地上興建。

## 14. PROPERTY, PLANT AND EQUIPMENT

(CONTINUED)

The Group as lessee

*Right-of-use assets (including in the property, plant and equipment)*

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
<b>Leasehold land and buildings</b>	<b>租賃土地及樓宇</b>		
Carrying amount at year end	年終賬面值	<b>54,547</b>	75,574
Depreciation charge for the year	年內折舊	<b>24,130</b>	16,251
Expense relating to short-term leases	與短期租賃有關的費用	<b>16,481</b>	18,298
Total cash outflow for leases	租賃之現金流出總額	<b>35,040</b>	24,178
Additions to right-of-use assets	使用權資產之添置	<b>677</b>	50,002

For both years, the Group leases various offices for its operations. Lease contracts are entered into for fixed term of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns several office buildings. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

## 14. 物業、廠房及設備(續)

本集團作為承租人

使用權資產(計入物業、廠房及設備)

	2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
<b>Leasehold land and buildings</b>		
Carrying amount at year end	<b>54,547</b>	75,574
Depreciation charge for the year	<b>24,130</b>	16,251
Expense relating to short-term leases	<b>16,481</b>	18,298
Total cash outflow for leases	<b>35,040</b>	24,178
Additions to right-of-use assets	<b>677</b>	50,002

本集團於兩個年度均租賃多個辦公室以供營運。所訂立租賃合約固期限定為1至5年。租期乃個別磋商及載有多項不同條款及條件。釐定租期及評估不可撤銷期間之長度時，本集團應用合約之定義及釐定合約可執行之期間。

此外，本集團擁有多幢辦公室樓宇。本集團為該等物業權益之註冊擁有人，包括相關租賃土地。收購該等物業權益時已一筆過支付款項。該等自有物業之租賃土地部分單獨呈列僅於付款時能可靠分配的。

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### 15. INVESTMENT PROPERTIES

The Group leases out various properties under operating leases with rentals payable monthly. The leases run for an initial period of 1 to 15 years.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

### 15. 投資物業

本集團以經營租賃方式出租多個物業以收取每月應付租金。租賃初步為期1至15年。

本集團並無因租賃安排而承受外幣風險，因為所有租賃按集團實體各自之功能貨幣計值。租賃合約均不包含餘值擔保及／或承租人於租期結束時購買物業之選擇權。

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
<b>At Fair Value</b>	<b>按公允值</b>		
At beginning of the year	年初	<b>2,366,668</b>	2,256,393
Acquisition of a subsidiary (Note 38(a))	收購一家附屬公司 (附註38(a))	<b>114,957</b>	—
Transfer from property, plant and equipment	轉撥自物業、廠房及設備	—	9,094
Additions	添置	<b>52,072</b>	—
Fair value changes on investment properties recognised in profit or loss	於損益內確認之投資物業 公允值變動	<b>(50,586)</b>	107,550
Exchange differences	匯兌差額	<b>24,277</b>	(6,369)
At end of the year	年終	<b>2,507,388</b>	2,366,668

As at 31 December 2020, the Group did not pledge any investment properties as collaterals for bank borrowings (2019: Nil).

The investment properties were fair-valued at 31 December 2020 by Vigers Appraisal & Consulting Limited and Cushman & Wakefield Limited, independent valuers. The valuation for investment properties was arrived at by considering the income capitalisation of the properties or, where appropriate, by reference to market evidence of transaction prices for similar properties in the same locations and conditions as direct comparison.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

於二零二零年十二月三十一日，本集團概無投資物業已質押作為銀行借款之抵押品(二零一九年：無)。

投資物業於二零二零年十二月三十一日之公允值由獨立估值師威格斯資產評估顧問有限公司及戴德梁行有限公司重新估值。投資物業的估值乃考慮物業之收益資本化或參考與可資比較物業在位置及規模上相似的實際市場交易，作為直接比較。

在估計物業公允值時，現時用途取其最高及最佳用途。

## 15. INVESTMENT PROPERTIES (CONTINUED)

Details of the Group's investment properties and information about the fair value hierarchy as at the end of the reporting period are as follows:

## 15. 投資物業 (續)

於報告期終日，本集團投資物業及公允價值層級資料如下：

		Level 1	Level 2	Level 3	Fair value as at 31.12.2020 公允值於 二零二零年 十二月 三十一日 HK\$'000 千港元
		第一級 HK\$'000 千港元	第二級 HK\$'000 千港元	第三級 HK\$'000 千港元	31.12.2019 公允值於 二零一九年 十二月 三十一日 HK\$'000 千港元
In Hong Kong	位於香港	—	42,500	1,988,000	2,030,500
In Mainland China	位於中國內地	—	385,788	91,100	476,888
In Hong Kong	位於香港	—	43,000	2,047,000	2,090,000
In Mainland China	位於中國內地	—	29,248	247,420	276,668



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### 15. INVESTMENT PROPERTIES (CONTINUED)

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and key inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Levels 2 to 3) based on the degree to which the key inputs to the fair value measurements is observable.

**Investment properties held by the Group in the consolidated statement of financial position**  
綜合財務狀況表中本集團之投資物業

Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
公允價值層級	估值技術及關鍵輸入數據	重大不可觀察之輸入數據
Property 1 in Hong Kong 香港物業1	Level 3 第三級  Income method 收入法  The key inputs are: 關鍵輸入數據為：  1. Reversionary yield; and 復歸收益率；及  2. Market unit rent of individual unit 個別單位的市場單位租金	Reversionary yield, taking into account annual unit market rental income and unit market value of the comparable properties of 3% to 3.25% (2019: 3% to 3.25%) 復歸收益率，考慮可資比較物業之年度單位市場租金收入及單位市場價值之3%至3.25% (二零一九年：3%至3.25%)  Market unit rent, using direct market comparables and taking into account of similar character, location and sizes, from HK\$43.7/sq.ft/month to HK\$57/sq.ft./month (2019: from HK\$45.1/sq.ft/month to HK\$64/sq.ft/month) 市場單位租金，採用直接市場比較數據並且考慮相似特徵、位置及規模，由每月每平方呎43.7港元至57港元 (二零一九年：由每月每平方呎45.1港元至64港元)
Property 2 in Hong Kong 香港物業2	Level 3 第三級  Income method 收入法  The key inputs are: 關鍵輸入數據為：  1. Reversionary yield; and 復歸收益率；及  2. Market unit rent of individual unit 個別單位的市場單位租金	Reversionary yield, taking into account annual unit market rental income and unit market value of the comparable properties of 3.5% to 3.75% (2019: 3.5% to 3.75%) 復歸收益率，考慮可資比較物業之年度單位市場租金收入及單位市場價值之3.5%至3.75% (二零一九年：3.5%至3.75%)  Market unit rent, using direct market comparables and taking into account of similar character, location and sizes, from HK\$25/sq.ft/month to HK\$36/sq.ft./month (2019: from HK\$25/sq.ft/month to HK\$36/sq.ft./month) 市場單位租金，採用直接市場比較數據並且考慮相似特徵、位置及規模，由每月每平方呎25港元至36港元 (二零一九年：由每月每平方呎25港元至36港元)
Other properties in Hong Kong 香港其他物業	Level 2 第二級  Direct comparison method based on market observable transactions of similar properties and adjust to reflect the conditions and locations of the subject property 直接比較法基於相似物業之市場可觀察交易並作調整以反映該物業之條件及位置	N/A 不適用

### 15. 投資物業 (續)

下表提供如何釐定投資物業公允值之資料 (尤其是所使用的估值技術及關鍵輸入數據)，以及根據關鍵輸入數據對公允值計量的可觀察程度確定公允值計量在公允值層級中的分類 (第二級至第三級)。

## 15. INVESTMENT PROPERTIES (CONTINUED)

## 15. 投資物業 (續)

Investment properties held by the Group in the consolidated statement of financial position 綜合財務狀況表中本集團之投資物業	Fair value hierarchy 公允值層級	Valuation technique(s) and key input(s) 估值技術及關鍵輸入數據	Significant unobservable input(s) 重大不可觀察之輸入數據
Property 3 in Mainland China 中國內地物業3	Level 3 第三級	Direct comparison method and income method 直接比較法及收入法  The key inputs are: 關鍵輸入數據為：  1. Reversionary yield; and 復歸收益率；及  2. Market unit rate 市場單位價格	Reversionary yield, taking into account annual unit market rental income and unit market value of the comparable properties of 8% (2019: 8%) 復歸收益率，考慮可資比較物業之年度單位市場租金收入及單位市場價值之8% (二零一九年：8%)  Market unit rate, taking into account the recent transaction prices for similar properties adjusted for nature, location and conditions of the property, being HK\$20,765/sq.m (2019: HK\$20,994/sq.m) 市場單位價格，考慮類似物業之近期交易價，並就物業之性質、位置及狀況作出調整，即每平方米20,765港元 (二零一九年：每平方米20,994港元)
Property 4 in Mainland China 中國內地物業4	Level 3 第三級	Direct comparison method and income method 直接比較法及收入法  The key inputs are: 關鍵輸入數據為：  1. Reversionary yield; and 復歸收益率；及  2. Market unit rate 市場單位價格	Reversionary yield, taking into account annual unit market rental income and unit market value of the comparable properties of 7.5% (2019: 7.5%) 復歸收益率，考慮可資比較物業之年度單位市場租金收入及單位市場價值之7.5% (二零一九年：7.5%)  Market unit rate, taking into account the recent transaction prices for similar properties adjusted for nature, location and conditions of the property, being HK\$39,983/sq.m (2019: HK\$42,588/sq.m) 市場單位價格，考慮類似物業之近期交易價，並就物業之性質、位置及狀況作出調整，即每平方米39,983港元 (二零一九年：每平方米42,588港元)
Property 5 in Mainland China 中國內地物業5	Level 3 第三級	Direct comparison method and income method 直接比較法及收入法  The key inputs are: 關鍵輸入數據為：  1. Reversionary yield; and 復歸收益率；及  2. Market unit rate 市場單位價格	Reversionary yield, taking into account annual unit market rental income and unit market value of the comparable properties of 8% (2019: 7%) 復歸收益率，考慮可資比較物業之年度單位市場租金收入及單位市場價值之8% (二零一九年：7%)  Market unit rate, taking into account the recent transaction prices for similar properties adjusted for nature, location and conditions of the property, being HK\$13,070/sq.m (2019: HK\$12,280/sq.m) 市場單位價格，考慮類似物業之近期交易價，並就物業之性質、位置及狀況作出調整，即每平方米13,070港元 (二零一九年：每平方米12,280港元)
Other properties in Mainland China 中國內地其他物業	Level 2 第二級	Direct comparison method based on market observable transactions of similar properties and adjust to reflect the conditions and locations of the subject property 直接比較法基於相似物業之市場可觀察交易並作調整以反映該物業之條件及位置	N/A 不適用

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### 15. INVESTMENT PROPERTIES (CONTINUED)

Increase in the reversionary yield would result in a decrease in the fair value of the investment properties. Increase in the market unit rent or market unit rate would result in an increase in the fair value of the investment properties, and vice versa.

In estimating the fair value of the investment properties, the Group uses market observable data to the extent it is available. The management of the Group works closely with the valuers to establish the appropriate valuation techniques and key inputs to the model.

### 15. 投資物業(續)

復歸收益率越高，投資物業之公允值越低。個別單位的市場單位租金或市場單位價格越高，投資物業之公允值越高；反之亦然。

在估計投資物業的公允值時，本集團盡可能使用市場可觀察數據。本集團的管理層與估值師緊密合作，以制定適當的估值技術及關鍵輸入數據。

### 16. INTERESTS IN ASSOCIATES

#### (a) Investments

### 16. 於聯營公司之權益

#### (a) 投資

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
At beginning of the year	年初	<b>1,123,361</b>	1,152,277
Acquisition of interests in associates	收購聯營公司權益	<b>2,159,059</b>	—
Exchange differences	匯兌差額	<b>185,207</b>	(25,155)
Share of results of associates	分佔聯營公司業績	<b>4,469</b>	(3,761)
At end of the year	年終	<b>3,472,096</b>	1,123,361

## 16. INTERESTS IN ASSOCIATES (CONTINUED)

### (a) Investments (Continued)

Details of the Group's associates are as follows:

Name of entity 實體名稱	Principal activities 主要業務	Place of incorporation and operation 註冊及經營地點	Proportion of equity interest held by the Group 本集團持有股本權益比例		Proportion of voting rights held by the Group 本集團持有投票權比例
			2020 二零二零年	2019 二零一九年	
廊坊萬恒盛業房地產開發有限公司 (Langfang Wanheng Shengye Property Development Co., Ltd) ("Langfang Wanheng") (note (i)) 廊坊萬恒盛業房地產開發有限公司(「廊坊萬恒」) (附註(i))	Real estate development 房地產發展	Mainland China 中國內地	50%	50%	40%
北京五礦萬科置業有限公司 (Beijing Minmetals Vanke Real Estate Co., Ltd) ("Beijing Minmetals Vanke") (note (i)) 北京五礦萬科置業有限公司(「北京五礦萬科」)(附註(i))	Real estate development 房地產發展	Mainland China 中國內地	51%	51%	40%
天津市億嘉合置業有限公司 (Tianjin Yijiahe Real Estate Company Limited) ("Tianjin Yijiahe") (note (ii)) 天津市億嘉合置業有限公司(「天津億嘉合」)(附註(ii))	Real estate development 房地產發展	Mainland China 中國內地	49%	N/A	49%
湖南綠地金融城置業有限公司 (Hunan Greenland Financial City Property Development Co., Ltd.) ("Hunan Greenland") (note (ii)) 湖南綠地金融城置業有限公司(「湖南綠地」)(附註(ii))	Real estate development 房地產發展	Mainland China 中國內地	50%	N/A	40%

Notes:

- (i) The companies are 中外合資企業 established in Mainland China with operating periods of 30 years. The Group accounts for its investments in these companies as associates as it only exercises significant influence over the investees by minority representation in the board of directors. Pursuant to shareholders' agreements, the Company has the right to cast 40% of the votes at shareholders' meetings of Langfang Wanheng, and 40% of the votes at shareholders' meetings of Beijing Minmetals Vanke.
- (ii) During 2020, the Group acquired 49% of equity interest of Tianjin Yijiahe and 50% of equity interest of Hunan Greenland. The Group accounts for its investments in these companies as associates as it only exercises significant influence over the investees by minority representation in the board of directors. Pursuant to shareholders' agreements, the Company has the right to cast 49% of the votes at shareholders' meetings of Tianjin Yijiahe, and 40% of the votes at shareholders' meetings of Hunan Greenland.

附註：

- (i) 該等公司為於中國內地成立之中外合資企業，營運期為30年。由於本集團對於該被投資方僅能通過董事會少數代表行使重大影響力，故其將於該等公司之投資入賬列為聯營公司。根據相關股東協議，本公司於廊坊萬恒股東大會持有40%的投票權，以及於北京五礦萬科股東大會持有40%的投票權。
- (ii) 於二零二零年，本集團收購天津億嘉合49%的股權及湖南綠地50%的股權。由於本集團對於該被投資方僅能通過董事會少數代表行使重大影響力，故其將於該等公司之投資入賬列為聯營公司。根據相關股東協議，本公司於天津億嘉合股東大會持有49%的投票權，以及於湖南綠地股東大會持有40%的投票權。

## 16. 於聯營公司之權益(續)

### (a) 投資(續)

本集團之聯營公司詳情如下：

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**16. INTERESTS IN ASSOCIATES (CONTINUED)**

**(b) Summarised financial information of associates**

Summarised financial information in respect of material associates of the Group is set out below. The summarised financial information below represents amounts shown in the associates' financial statements prepared in accordance with HKFRSs.

All of these associates are accounted for using the equity method in the consolidated financial statements.

**Langfang Wanheng**

		<b>2020</b> 二零二零年 <b>HK\$'000</b> 千港元	2019 二零一九年 HK\$'000 千港元
Current assets	流動資產	<b>2,569,965</b>	2,344,867
Non-current assets	非流動資產	<b>3,323</b>	2,312
Current liabilities	流動負債	<b>2,240,483</b>	2,025,664
		<b>2020</b> 二零二零年 <b>HK\$'000</b> 千港元	2019 二零一九年 HK\$'000 千港元
Loss for the year	本年度虧損	<b>(8,911)</b>	(7,559)
Other comprehensive income/(expense) for the year	本年度其他全面收入/(開支)	<b>20,201</b>	(7,232)
Total comprehensive income/(expense) for the year	本年度全面收入/(開支)總額	<b>11,290</b>	(14,791)

**16. 於聯營公司之權益 (續)**

**(b) 聯營公司之財務資料概要**

本集團重大聯營公司之財務資料概要列載如下。下列財務資料概要指呈列於聯營公司的財務報表內之金額乃根據香港財務報告準則編製。

所有該等聯營公司採用權益法於該等綜合財務報表入賬。

**廊坊萬恒**

## 16. INTERESTS IN ASSOCIATES (CONTINUED)

### (b) Summarised financial information of associates (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Langfang Wanheng recognised in the consolidated financial statements:

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Net assets of the associate	聯營公司之資產淨額	<b>332,805</b>	321,515
Proportion of the Group's interest in Langfang Wanheng	本集團於廊坊萬恒之權益比例	<b>50%</b>	50%
		<b>HK\$'000 千港元</b>	HK\$'000 千港元
Carrying amount of the Group's interest in Langfang Wanheng	本集團於廊坊萬恒權益之賬面值	<b>166,402</b>	160,757

### **Beijing Minmetals Vanke**

北京五礦萬科

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Current assets	流動資產	<b>2,123,140</b>	1,956,008
Non-current assets	非流動資產	<b>3,579</b>	1,003
Current liabilities	流動負債	<b>79,688</b>	69,553

## 16. 於聯營公司之權益 (續)

### (b) 聯營公司之財務資料概要 (續)

上述財務資料概要與廊坊萬恒於綜合財務報表內所確認之權益賬面值之對賬：



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**16. INTERESTS IN ASSOCIATES (CONTINUED)**  
**(b) Summarised financial information of associates (Continued)**  
**Beijing Minmetals Vanke (Continued)**

**16. 於聯營公司之權益 (續)**  
**(b) 聯營公司之財務資料概要 (續)**  
**北京五礦萬科 (續)**

		<b>2020</b> 二零二零年 <b>HK\$'000</b> 千港元	2019 二零一九年 HK\$'000 千港元
Revenue for the year	本年度收入	<b>22,961</b>	—
Profit for the year	本年度溢利	<b>35,979</b>	37
Other comprehensive income/(expense) for the year	本年度其他全面收入/(開支)	<b>123,594</b>	(42,235)
Total comprehensive income/(expense) for the year	本年度全面收入/(開支)總額	<b>159,573</b>	(42,198)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Beijing Minmetals Vanke recognised in the consolidated financial statements:

上文財務資料概要與北京五礦萬科於綜合財務報表內所確認之權益賬面值之對賬：

		<b>2020</b> 二零二零年 <b>HK\$'000</b> 千港元	2019 二零一九年 HK\$'000 千港元
Net assets of the associate	聯營公司之資產淨額	<b>2,047,031</b>	1,887,458
Proportion of the Group's interest in Beijing Minmetals Vanke	本集團於北京五礦萬科之權益比例	<b>51%</b>	51%
		<b>HK\$'000</b> 千港元	HK\$'000 千港元
Carrying amount of the Group's interest in Beijing Minmetals Vanke	本集團於北京五礦萬科權益之賬面值	<b>1,043,986</b>	962,604

## 16. INTERESTS IN ASSOCIATES (CONTINUED)

### (b) Summarised financial information of associates (Continued)

Tianjin Yijiahe

## 16. 於聯營公司之權益(續)

### (b) 聯營公司之財務資料概要(續)

天津億嘉合

		<b>As at 31 December 2020</b>	As at 2 September 2020 (Date of acquisition) 於二零二零年 九月二日 (收購日)
		<b>HK\$'000</b> 千港元	HK\$'000 千港元
Current assets	流動資產	<b>24,504,639</b>	22,206,104
Non-current assets	非流動資產	<b>5,177</b>	113
Current liabilities	流動負債	<b>15,179,132</b>	13,066,543
Non-current liabilities	非流動負債	<b>5,451,521</b>	5,412,031
			From 2 September 2020 (Date of acquisition) to 31 December 2020 自二零二零年 九月二日 (收購日)至 二零二零年 十二月三十一日 HK\$'000 千港元
Loss for the period	本期間虧損		<u>(40,831)</u>
Other comprehensive income for the period	本期間其他全面收入		<u>192,351</u>
Total comprehensive income for the period	本期間全面收入總額		<u>151,520</u>



## 16. INTERESTS IN ASSOCIATES (CONTINUED)

### (c) Information of associates that is not individually material

		2020 二零二零年 HK\$'000 千港元
The Group's share of profit for the year	本集團應佔本年度收益	<b>10,582</b>
The Group's share of other comprehensive income	本集團應佔其他全面收益	<b>17,822</b>
The Group's share of total comprehensive income	本集團應佔全面收益總額	<b>28,404</b>

## 16. 於聯營公司之權益(續)

### (c) 個別而言並不重大之聯營公司資料

## 17. INTERESTS IN JOINT VENTURES

### (a) Investments

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
At beginning of the year	年初	<b>84,701</b>	97,028
Additions	新增	<b>107,421</b>	—
Exchange differences	匯兌差額	<b>6,212</b>	(1,947)
Share of results of joint ventures	分佔合營公司業績	<b>(2,260)</b>	(10,380)
At end of the year	年終	<b>196,074</b>	84,701

## 17. 於合營公司之權益

### (a) 投資

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17. INTERESTS IN JOINT VENTURES

(CONTINUED)

(a) Investments (Continued)

Details of the Group's joint ventures are as follow:

Name of entity 實體名稱	Principal activities 主要業務	Place of incorporation and operation 註冊及經營地點	Proportion of equity interest held by the Group 本集團持有股本權益比例	
			2020 二零二零年	2019 二零一九年
葛礦利南京房地產開發有限公司 (Gekuangli Nanjing Property Development Co. Ltd.) ("Gekuangli") (note (i))	Real estate development	Mainland China	33.9%	33.9%
葛礦利南京房地產開發有限公司 (「葛礦利」)(附註(i))	房地產發展	中國內地		
南京礦利金房地產開發有限公司 (Nanjing Kuanglijin Property Development Co. Ltd.) ("Kuanglijin") (note (i))	Real estate development	Mainland China	39.8%	39.8%
南京礦利金房地產開發有限公司 (「礦利金」)(附註(i))	房地產發展	中國內地		
廣州安合房地產開發有限公司 (Guangzhou Anhe Real Estate Development Co. Ltd.) ("Guangzhou Anhe") (note (i))	Real estate development	Mainland China	10%	10%
廣州安合房地產開發有限公司 (「廣州安合」)(附註(i))	房地產發展	中國內地		
湖南礦夢置業開發有限公司 (Hunan Kuangmeng Property Development Co., Ltd.) ("Hunan Kuangmeng") (note (i))	Real estate development	Mainland China	50%	N/A
湖南礦夢置業開發有限公司 (「湖南礦夢」)(附註(i))	房地產發展	中國內地		不適用
成都香城五礦產業城發展有限公司 (Chengdu Xiangcheng Minmetals Urban Development Co., Ltd.) (note (i))	Real estate development	Mainland China	90%	N/A
成都香城五礦產業城發展有限公司 (附註(i))	房地產發展	中國內地		不適用

Note:

- (i) The companies are joint ventures established by the Group and other investors in Mainland China with operating periods of 30 years. The Group accounts for its investments in these companies as joint ventures as it exercises joint control over the investees through its voting rights, as unanimous consent is required for the relevant activities.

附註：

- (i) 該等公司為本集團及中國內地其他投資者成立之合營公司，營運期為30年。由於本集團透過投票權對被投資方行使共同控制（因為相關活動須獲一致同意），故其將於該等公司之投資入賬列為合營公司。

17. 於合營公司之權益 (續)

(a) 投資 (續)

本集團之合營公司詳情如下：

## 17. INTERESTS IN JOINT VENTURES

(CONTINUED)

### (b) Information of joint venture that is not individually material

As at 31 December 2020, none of Group's joint venture is individually material.

## 17. 於合營公司之權益(續)

### (b) 個別而言並不重大之合營公司之資料

於二零二零年十二月三十一日，本集團並無個別而言重大的合營公司。

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
The Group's share of loss for the year	本集團應佔本年度虧損	<b>(2,260)</b>	(10,380)
The Group's share of other comprehensive income/(loss)	本集團應佔其他全面收入/(虧損)	<b>6,212</b>	(1,947)
The Group's share of total comprehensive income/(loss)	本集團應佔全面收入/(虧損)總額	<b>3,952</b>	(12,327)

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## 18. INVENTORIES

## 18. 存貨

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Properties under development	發展中物業		
— located in Mainland China (a)	— 位於中國內地(a)	<b>22,093,933</b>	14,314,530
— located in Hong Kong (a)	— 位於香港(a)	<b>5,264,423</b>	4,781,647
		<b>27,358,356</b>	19,096,177
Properties held for sale —	持作出售物業 —		
located in Mainland China	位於中國內地	<b>6,935,433</b>	5,627,173
		<b>34,293,789</b>	24,723,350



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**18. INVENTORIES (CONTINUED)**  
**(a) Properties under development**

		<b>2020</b>	2019
		二零二零年	二零一九年
		<b>HK\$'000</b>	HK\$'000
		千港元	千港元
Land use rights	土地使用權	<b>20,639,030</b>	14,759,772
Construction costs	建築成本	<b>6,719,326</b>	4,336,405
		<b>27,358,356</b>	19,096,177

The carrying amount of leasehold lands is measured at cost less any accumulated depreciation and any impairment losses. The residual values are determined as the estimated disposal value of the leasehold land component. No depreciation charge is made on the leasehold lands taking into account the estimated residual values as at 31 December 2020.

As at 31 December 2020, properties under development with carrying amount of HK\$7,148,541,000 (2019: HK\$4,946,825,000) have been pledged as collaterals for bank borrowings (Note 29 (a)).

**18. 存貨 (續)**  
**(a) 發展中物業**

		<b>2020</b>	2019
		二零二零年	二零一九年
		<b>HK\$'000</b>	HK\$'000
		千港元	千港元
租賃土地	租賃土地	<b>20,639,030</b>	14,759,772
建築成本	建築成本	<b>6,719,326</b>	4,336,405
		<b>27,358,356</b>	19,096,177

租賃土地賬面值按成本減任何累計折舊及任何減值虧損計量。餘值釐定為租賃土地部分的估計出售價值。經計及於二零二零年十二月三十一日的估計餘值，概無對租賃土地計提折舊開支。

於二零二零年十二月三十一日，賬面值為7,148,541,000港元(二零一九年：4,946,825,000港元)的發展中物業已質押作為銀行借款之抵押品(附註29(a))。

## 19. PREPAYMENTS, TRADE AND OTHER RECEIVABLES

## 19. 預付款項、貿易及其他應收款項

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Trade receivables, net (b)	貿易應收款項，淨額(b)	<b>148,085</b>	414,923
Deposits	按金	<b>108,798</b>	55,501
Prepayments (c)	預付款項(c)	<b>1,386,652</b>	880,309
Prepayments for land cost (d)	預付土地成本(d)	<b>7,574,521</b>	4,608,941
Loans to non-controlling shareholders of subsidiaries (Note 43(b))	貸款予附屬公司之非控股股東(附註43(b))	<b>2,530,870</b>	2,787,988
Amounts due from associates (Note 43(b))	應收聯營公司款項(附註43(b))	<b>981,496</b>	58,010
Amounts due from joint ventures (Note 43(b))	應收合營公司款項(附註43(b))	<b>4,453,634</b>	4,122,198
Loan to an associate (Note 43(b))	貸款予一家聯營公司(附註43(b))	<b>106,939</b>	781,425
Loans to joint ventures (Note 43(b))	貸款予合營公司(附註43(b))	<b>186,077</b>	116,770
Amounts due from fellow subsidiaries (Note 43(b))	應收同系附屬公司款項(附註43(b))	—	9,489
Others	其他	<b>188,882</b>	98,597
		<b>17,665,954</b>	13,934,151

(a) The carrying amounts of prepayments, trade and other receivables are denominated in the following currencies:

(a) 預付款項、貿易及其他應收款項之賬面值乃以下列貨幣列賬：

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
HK\$	港元	<b>149,736</b>	143,365
Renminbi ("RMB")	人民幣(「人民幣」)	<b>17,516,203</b>	13,790,706
Macao pataca ("MOP")	澳門幣(「澳門幣」)	<b>15</b>	80
		<b>17,665,954</b>	13,934,151

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**19. PREPAYMENTS, TRADE AND OTHER RECEIVABLES (CONTINUED)**

- (b) The aging analysis of trade receivables based on due date for rental receivables, date of properties delivered to purchasers and billing date of construction services certified is as follows:

		<b>2020</b> 二零二零年 <b>HK\$'000</b> 千港元	2019 二零一九年 HK\$'000 千港元
0 to 90 days	0至90日	<b>98,032</b>	128,645
91 to 180 days	91至180日	<b>6,052</b>	110,378
181 days to 1 year	181日至一年	<b>20,647</b>	22,961
1 year to 2 years	一年至兩年	<b>8,690</b>	75,072
Over 2 years	兩年以上	<b>46,506</b>	124,816
		<b>179,927</b>	461,872
Less: Allowance for impairment	減：減值撥備	<b>(31,842)</b>	(46,949)
		<b>148,085</b>	414,923

Movements in the allowance for impairment of trade receivables are as follows:

		<b>2020</b> 二零二零年 <b>HK\$'000</b> 千港元	2019 二零一九年 HK\$'000 千港元
At beginning of the year	年初	<b>46,949</b>	51,576
Exchange differences	匯兌差額	<b>1,044</b>	(916)
Allowance for impairment/(reversal of impairment), net	減值撥備/(減值回撥)，淨值	<b>9,992</b>	(3,711)
Written off	撇銷	<b>(2,248)</b>	—
Disposal of subsidiaries	出售附屬公司	<b>(23,895)</b>	—
At end of the year	年終	<b>31,842</b>	46,949

Details of impairment assessment of trade and other receivables are set out in Note 42(a)(ii).

**19. 預付款項、貿易及其他應收款項(續)**

- (b) 按應收租金到期日、物業交付予買家的日期及已認證建築服務的賬單日期劃分之貿易應收款項之賬齡分析如下：

就貿易應收款項作出之減值撥備之變動如下：

貿易及其他應收款項之減值評估詳情載於附註42(a)(ii)。

## 19. PREPAYMENTS, TRADE AND OTHER RECEIVABLES (CONTINUED)

- (c) As at 31 December 2020, prepayments include prepaid taxes and other charges of approximately HK\$1,291,725,000 (2019: HK\$826,753,000).
- (d) As at 31 December 2020, prepayments for land cost represent payments to the PRC Bureau of Land and Resources for the acquisition of lands in Mainland China and the amount will be reclassified to inventory upon issuance of land use rights certificates.
- (e) The other items within trade and other receivables do not contain past due or impaired assets.

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of receivables mentioned above. The Group does not hold any collateral as security.

## 20. CONTRACT ASSETS

Construction services	建築服務
Retention receivables	應收保固金
At end of the year	年終

As at 1 January 2019, contract assets amounted to approximately HK\$453,833,000.

The contract assets from construction services primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditioned on the Group's future performance. The contract assets are transferred to trade receivables when the rights become unconditional, typically upon the issuance of certifications.

## 19. 預付款項、貿易及其他應收款項(續)

- (c) 於二零二零年十二月三十一日，預付款項包括預付稅項及其他費用約1,291,725,000港元(二零一九年：826,753,000港元)。
- (d) 於二零二零年十二月三十一日，預付土地成本指就於中國內地收購土地所支付予中國國土資源局之款項，而此金額將於獲頒發土地使用權證後確認為存貨。
- (e) 貿易及其他應收款項內之其他項目並不包括逾期或已減值資產。

於報告期終日之最高信貸風險乃上述應收款項之賬面值。本集團並無持有任何抵押品作抵押。

## 20. 合約資產

	2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Construction services	146,587	358,918
Retention receivables	56,559	141,521
At end of the year	203,146	500,439

於二零一九年一月一日，合約資產之金額為約453,833,000港元。

建築服務的合約資產主要涉及本集團就已完成工程收取代價之權利(但由於有關權利以本集團的未來履約為條件，故未發出賬單)。合約資產於權利成為無條件時(通常為發出證明之時)轉撥至貿易應收款項。

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### 20. CONTRACT ASSETS (CONTINUED)

Retention receivables are included in contract assets until the end of the retention period as the Group's entitlement to this final payment is conditional on the Group's fulfillment of its quality warranty obligation. As at 31 December 2020, retention receivables with carrying amount of HK\$22,369,000 (2019: HK\$69,766,000) are expected to be recovered after twelve months from the end of the reporting period.

The Group classifies these contract assets as current because the Group expects to realise them in its normal operating cycle.

### 21. CONTRACT COSTS

Contract costs relate to the incremental sales commissions paid/payable to property agents whose selling activities resulted in customers entering into sale and purchase agreements for the Group's properties. Contract costs are recognised as part of selling and marketing expenses in the consolidated statement of profit or loss in the period in which revenue from the related property sales is recognised.

### 20. 合約資產(續)

應收保固金計入合約資產，直至保修期結束止，因為本集團收取該最後付款的權利以本集團達成其質量保證責任為條件。截至二零二零年十二月三十一日，賬面值22,369,000港元(二零一九年：69,766,000港元)的應收保固金預期將於報告期後十二個月後收回。

本集團將該等合約資產分類為流動資產，原因為本集團預期將於其正常經營週期內將該等資產變現。

### 21. 合約成本

	2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Sales commissions 銷售佣金	<b>91,741</b>	15,237

合約成本涉及已付／應付物業代理的遞增銷售佣金，該等代理的銷售活動會導致客戶訂立有關本集團物業的買賣協議。合約成本乃於相關物業銷售所得收益確認期間在綜合損益表內確認為銷售及營銷費用的一部分。

## 22. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

## 22. 透過其他全面收益按公允價值計量之財務資產

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Listed equity securities in Hong Kong	於香港上市之股本證券		
At beginning of the year	年初	<b>1,398,952</b>	811,254
Fair value (loss)/gain recognised in other comprehensive income	於其他全面收益確認之公允價值(虧損)/收益	<b>(576,174)</b>	587,698
At end of the year	年終	<b>822,778</b>	1,398,952

The Group's equity securities investment is measured at fair value at the end of the reporting period:

本集團於報告期終日的股本證券投資按公允價值計值：

Financial assets 財務資產	Fair value as at		Fair value hierarchy 公允價值級別	Valuation technique(s) and key input(s) 估值技術及主要輸入數據
	31 December 2020 二零二零年十二月三十一日 HK\$'000 千港元	31 December 2019 二零一九年十二月三十一日 HK\$'000 千港元		
Financial assets at fair value through other comprehensive income — Listed equity securities 透過其他全面收益按公允價值計量之財務資產 — 上市股本證券	<b>822,778</b>	1,398,952	Level 1 第一級	Quoted prices in an active market 於活躍市場的掛牌買入價

The equity securities investment has been designated at fair value through other comprehensive income, which, in the opinion of the Directors, resulting more relevant information for the Group's financial instruments based on how the Group manages its equity instruments. Dividend income recognised during the year related to those investments held at end of the year is HK\$53,008,000 (2019: HK\$50,703,000). There is no disposal or transfer of the cumulative gain or loss within equity during both years.

股本證券投資已指定為透過其他全面收益按公允價值計量，而董事認為這導致本集團根據其管理股本工具的方式，披露更相關的財務工具相關資料。年內確認與年終所持有的該等投資有關的股息收入為53,008,000港元（二零一九年：50,703,000港元）。於兩個年度在權益中概無出售或轉移累計收益或虧損。



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**23. OTHER FINANCIAL ASSETS/LIABILITIES**

**23. 其他財務資產／負債**

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Other financial assets	其他財務資產		
<b>Derivatives under hedge accounting</b>	<b>對沖會計下之衍生工具</b>		
Cash flow hedges — Interest rate swap (a)	現金流量對沖 — 利率掉期(a)	—	19,771
Other financial liabilities	其他財務負債		
<b>Derivatives under hedge accounting</b>	<b>對沖會計下之衍生工具</b>		
Cash flow hedges — Interest rate swap (a)	現金流量對沖 — 利率掉期(a)	<b>59,846</b>	25,713

**(a) Cash flow hedges:**

At the end of the reporting period, the Group had the following interest rate swap contracts designated as highly effective hedging instruments in order to manage the Group's interest rate exposure in relation to the bank borrowings on a floating interest rate basis.

**(a) 現金流量對沖：**

於報告期末，本集團擁有下列指定作為高度有效對沖工具的利率掉期合約，藉此管理本集團就按浮動利率計息之銀行借款所面對的利率風險。

## 23. OTHER FINANCIAL ASSETS/LIABILITIES

(CONTINUED)

### (a) Cash flow hedges: (Continued)

The terms of the interest rate swap contracts have been negotiated to match the terms of the respective designated hedged items. The major terms of these contracts are as follows:

31 December 2020

Notional amount 名義金額	Maturity 到期日	Swaps 掉期
Other financial assets HK\$3,600,000,000 其他財務資產 3,600,000,000港元	Already matured in June 2020 已於二零二零年六月到期	From floating rates to fixed interest rates 由浮動利率至固定利率
Other financial liabilities HK\$1,000,000,000 其他財務負債 1,000,000,000港元	October 2022 二零二二年十月	From floating rates to fixed interest rates 由浮動利率至固定利率
HK\$1,000,000,000 1,000,000,000港元	January 2024 二零二四年一月	From floating rates to fixed interest rates 由浮動利率至固定利率

During the year, fair value loss of HK\$53,904,000 (2019: HK\$36,033,000) have been recognised in other comprehensive income and accumulated in equity.

## 23. 其他財務資產／負債(續)

### (a) 現金流量對沖：(續)

利率掉期合約的條款乃經磋商釐定，以配合各相關指定對沖項目的條款。該等合約的主要條款如下：

二零二零年十二月三十一日

於本年度，公允值虧損53,904,000港元(二零一九年：36,033,000港元)已於其他全面收益內確認，並於權益累計。

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**24. CASH AND BANK DEPOSITS,  
RESTRICTED**

		<b>2020</b> 二零二零年 <b>HK\$'000</b> 千港元	2019 二零一九年 HK\$'000 千港元
Restricted cash	受限制現金	<b>194,085</b>	42,702

The carrying amounts of restricted cash are denominated in the following currencies:

		<b>2020</b> 二零二零年 <b>HK\$'000</b> 千港元	2019 二零一九年 HK\$'000 千港元
HK\$	港元	<b>176,892</b>	—
RMB	人民幣	<b>17,193</b>	42,702
		<b>194,085</b>	42,702

As at 31 December 2020, the weighted average effective interest rate was 0.19% (2019: 0.30%) per annum.

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of cash and bank deposits.

The restricted cash represents (i) performance deposits for construction projects; and (ii) guarantee deposits for the benefit of mortgage loan facilities granted by banks to the purchasers of the Group's properties.

**24. 受限制現金及銀行存款**

受限制現金之賬面值乃以下列貨幣列賬：

於二零二零年十二月三十一日，加權平均實際年利率為0.19%（二零一九年：0.3%）。

於報告期終日須承受之最高信貸風險為現金及銀行存款之賬面值。

受限制現金指(i)建築項目之履約保證金；及(ii)已質押予銀行作為本集團物業買家之按揭貸款融資所提供之擔保存款。

## 25. CASH AND BANK DEPOSITS, UNRESTRICTED

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Cash at banks	銀行現金	7,854,934	2,856,340
Short-term deposits	短期存款	383,559	993,666
Cash on hand	手頭現金	23	92
Cash and bank deposits	現金及銀行存款	<b>8,238,516</b>	3,850,098

As at 31 December 2020, the weighted average effective interest rate of short-term deposits was 0.88% (2019: 2.59%) per annum.

The carrying amounts of cash and bank deposits are denominated in the following currencies:

## 25. 不受限制現金及銀行存款

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Cash at banks	銀行現金	7,854,934	2,856,340
Short-term deposits	短期存款	383,559	993,666
Cash on hand	手頭現金	23	92
Cash and bank deposits	現金及銀行存款	<b>8,238,516</b>	3,850,098

於二零二零年十二月三十一日，短期存款之加權平均實際年利率為0.88%（二零一九年：2.59%）。

現金及銀行存款之賬面值乃以下列貨幣列賬：

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
HK\$	港元	346,159	779,242
RMB	人民幣	7,872,978	2,981,146
US\$	美元	10,622	89,195
MOP	澳門幣	8,757	515
		<b>8,238,516</b>	3,850,098

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of cash and bank deposits.

於報告期終日須承受之最高信貸風險為現金及銀行存款之賬面值。

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### 26. SHARE CAPITAL

### 26. 股本

	2020 二零二零年		2019 二零一九年	
	Number of shares 股數 '000 千股	Amount 金額 HK\$'000 千港元	Number of shares 股數 '000 千股	Amount 金額 HK\$'000 千港元
Authorised: 法定：				
Ordinary shares of HK\$0.1 each 每股面值0.1港元普通股	10,000,000	1,000,000	10,000,000	1,000,000
Issued and fully paid: 已發行及實繳：				
Ordinary shares of HK\$0.1 each 每股面值0.1港元普通股				
Balance at beginning and end of the year 年初及年終結餘	3,346,908	334,691	3,346,908	334,691

### 27. RESERVES

### 27. 儲備

	Share premium 股份溢價 HK\$'000 千港元	Contributed surplus 實繳盈餘 HK\$'000 千港元 (note (a)) (附註(a))	Capital redemption reserve 資本贖回儲備 HK\$'000 千港元	Investments revaluation reserve 投資重估儲備 HK\$'000 千港元	Cash flow hedging reserve 現金流對沖儲備 HK\$'000 千港元	Revaluation reserve 重估儲備 HK\$'000 千港元	Other reserve 其他儲備 HK\$'000 千港元 (note (b)) (附註(b))	Exchange reserve 匯兌儲備 HK\$'000 千港元	Retained earnings 保留溢利 HK\$'000 千港元 (note (c)) (附註(c))	Total 總額 HK\$'000 千港元
			Capital redemption reserve 資本贖回儲備 HK\$'000 千港元	Investments revaluation reserve 投資重估儲備 HK\$'000 千港元	Cash flow hedging reserve 現金流對沖儲備 HK\$'000 千港元	Revaluation reserve 重估儲備 HK\$'000 千港元	Other reserve 其他儲備 HK\$'000 千港元 (note (b)) (附註(b))	Exchange reserve 匯兌儲備 HK\$'000 千港元	Retained earnings 保留溢利 HK\$'000 千港元 (note (c)) (附註(c))	
Balance as at 1 January 2019 於二零一九年一月一日之結餘	4,275,172	515,336	769	253,517	30,091	4,359	(311,448)	(1,035,105)	4,300,326	8,033,017
Fair value gain of financial assets at fair value through other comprehensive income 透過其他全面收益按公允值計量之財務資產所產生之公允值收益	—	—	—	587,698	—	—	—	—	—	587,698
Fair value loss on hedging instruments in cash flow hedges 現金流對沖之對沖工具之公允值虧損	—	—	—	—	(36,033)	—	—	—	—	(36,033)
Currency translation adjustments 匯兌調整	—	—	—	—	—	—	(402,048)	—	—	(402,048)
Gain on partial disposal of equity interest in a subsidiary 出售於一家附屬公司部份權益之收益	—	—	—	—	—	—	1,584	—	—	1,584
2018 final dividend paid 支付二零一八年末期股息	—	—	—	—	—	—	—	—	(267,753)	(267,753)
Profit for the year 年度溢利	—	—	—	—	—	—	—	—	942,689	942,689
Balance as at 31 December 2019 於二零一九年十二月三十一日之結餘	4,275,172	515,336	769	841,215	(5,942)	4,359	(309,864)	(1,437,153)	4,975,262	8,859,154
Fair value loss of financial assets at fair value through other comprehensive income 透過其他全面收益按公允值計量之財務資產所產生之公允值虧損	—	—	—	(576,174)	—	—	—	—	—	(576,174)
Fair value loss on hedging instruments in cash flow hedges 現金流對沖之對沖工具之公允值虧損	—	—	—	—	(53,904)	—	—	—	—	(53,904)
Currency translation adjustments 匯兌調整	—	—	—	—	—	—	1,177,689	—	—	1,177,689
Gain on partial disposal of equity interests in subsidiaries 出售於附屬公司部份權益之收益	—	—	—	—	—	—	12,878	—	—	12,878
2019 final dividend paid 支付二零一九年末期股息	—	—	—	—	—	—	—	—	(267,753)	(267,753)
Profit for the year 年度溢利	—	—	—	—	—	—	—	—	112,370	112,370
Balance as at 31 December 2020 於二零二零年十二月三十一日之結餘	4,275,172	515,336	769	265,041	(59,846)	4,359	(296,986)	(259,464)	4,819,879	9,264,260

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## 27. RESERVES (CONTINUED)

Notes:

- (a) Contributed surplus mainly represents the excess of the fair value of shares in Minmetals Land Investments Limited acquired by the Company over the nominal value of the new shares of the Company issued pursuant to the share exchange agreement.

Under the Companies Act of Bermuda, contributed surplus is distributable to shareholders, subject to the condition that the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if (i) it is, or would after the payment be, unable to pay its liabilities as they become due, or (ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities, issued share capital and share premium account.

- (b) Other reserve represents the differences between the amount by which non-controlling interests are adjusted and the fair value of consideration paid or received when the Group acquired or disposed of partial interests in existing subsidiaries.
- (c) As stipulated by regulations in Mainland China, the Company's subsidiaries established and operated in Mainland China are required to appropriate a portion of their after-tax profit (after offsetting prior year losses) to the statutory reserves at the rate of 10%. The appropriation as at 31 December 2020, amounting to approximately HK\$1,016,711,000 (2019: HK\$999,927,000), was included in retained earnings at 31 December 2020.

## 27. 儲備(續)

附註：

- (a) 實繳盈餘主要指本公司於收購Minmetals Land Investments Limited股份之公允值超出本公司根據股份交換協議發行新股份之股份面值之差額。

根據百慕達公司法，實繳盈餘可供分派予股東，但在下列情況下本公司不能宣派或派發股息或分派實繳盈餘：(i)倘本公司現時或於作出分派後將未能支付到期負債，或(ii)本公司資產之可變現價值將因而低於其負債、已發行股本及股份溢價賬之總和。

- (b) 其他儲備指非控股股東權益調整金額與本集團收購或出售現有附屬公司的部分權益時已付或已收的代價的公允值之間的差額。
- (c) 中國內地規例規定，本公司於中國內地成立及營運之附屬公司須將部分除稅後溢利(在抵銷往年虧損後)撥入法定儲備，比率為10%。於二零二零年十二月三十一日，有關撥款約為1,016,711,000港元(二零一九年：999,927,000港元)，已包括在二零二零年十二月三十一日的保留盈利之內。

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## 28. PERPETUAL CAPITAL INSTRUMENTS

## 28. 永久資本工具

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Perpetual loan (note (a))	永久貸款協議(附註(a))	2,378,366	2,234,464
Perpetual securities (note (b))	永久證券(附註(b))	1,569,173	1,569,183
		<b>3,947,539</b>	<b>3,803,647</b>



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### 28. PERPETUAL CAPITAL INSTRUMENTS

#### (CONTINUED)

Notes:

(a) On 28 December 2017, a wholly-owned subsidiary of the Company (the "Borrower"), a fellow subsidiary and a bank (the "Bank") have entered into an entrustment loan agreement (the "Perpetual Loan Agreement"), pursuant to which the fellow subsidiary shall entrust the Bank to lend RMB2,000 million (the "Perpetual Loan") to the Borrower. The Perpetual Loan bears interest at the benchmark interest rate for loans over five years as quoted by the People's Bank of China per annum. Interest payments on the Perpetual Loan are paid annually in arrears from 28 December 2017 and can be deferred at the discretion of the Borrower. Neither the fellow subsidiary nor the Bank could request for repayment of the principal and accrued interest save and except for when the Borrower elects to repay the principal and accrued interest at its sole discretion, or in the event of liquidation. Under the Perpetual Loan Agreement, no guarantee of any kind is required to be given by any member of the Group to either the fellow subsidiary or the Bank for the Perpetual Loan. As the Group has the right to defer the repayment of the principal and accrued interest at its sole discretion, it has no direct or indirect contractual financial obligation to pay cash or other financial asset in respect of the Perpetual Loan, thus, the instrument is therefore classified as equity in the consolidated statement of financial position.

(b) On 17 May 2018 ("Issue Date"), a wholly-owned subsidiary of the Company (the "Issuer") issued US\$ denominated senior perpetual capital securities (the "Perpetual Securities") with an aggregate principal amount of US\$200,000,000. The Perpetual Securities were issued at par value with initial distribution rate of 7.00% per annum. The Perpetual Securities were recorded as equity, after netting off related issuance costs of approximately US\$1,800,000.

The Perpetual Securities confer to the holders a right to receive distribution at the applicable distribution rate from the Issue Date semi-annually in arrears in equal instalments on 17 May and 17 November of each year, commencing on 17 November 2018, and may be deferred at the discretion of the Issuer unless compulsory distribution payment events (including distributions to shareholders of the Company) have occurred. The distribution rate shall be (i) in respect of the period from, and including, the Issue Date to, but excluding 17 May 2021 (the "First Call Date"), at 7.00% per annum and (ii) in respect of the periods (A) from and including the First Call Date to, but excluding the immediately following reset date and (B) from, and including, each reset date falling after the First Call Date to, but excluding, the immediately following reset date, the sum of (a) the initial spread of 4.338%, (b) the treasury rate and (c) 5% per annum. A reset date is defined as each of the First Call Date and each day falling on the expiry of every three calendar years after the First Call Date.

As the Group has the right to defer the repayment of the principal and accrued interest at its sole discretion, it has no direct or indirect contractual financial obligation to pay cash or other financial asset in respect of the Perpetual Securities, thus, the Perpetual Securities are therefore classified as equity in the consolidated statement of financial position.

### 28. 永久資本工具 (續)

附註：

(a) 於二零一七年十二月二十八日，本公司一家全資附屬公司（「借款人」）、一家同系附屬公司及一家銀行（「銀行」）訂立委託貸款協議（「永久貸款協議」），據此同系附屬公司委託銀行向借款人借出2,000,000,000元人民幣（「永久貸款」）。永久貸款按中國人民銀行所公佈超過五年期貸款的基準年利率計息。就永久貸款之利息付款由二零一七年十二月二十八日起計每年支付及可由借款人酌情遞延。除非借款人全權酌情選擇償還本金及應計利息或清盤，否則同系附屬公司或銀行均不可要求償還本金及應計利息。根據永久貸款協議，本集團任何成員公司毋須就永久貸款向同系附屬公司或銀行提供任何類別的擔保。因為本集團有權酌情遞延償還本金及應付利息，本集團就有關永久貸款，並無直接或間接合約財務責任以支付現金或財務資產，則有關工具於綜合財務狀況表歸類為權益。

(b) 於二零一八年五月十七日（「發行日」），本公司一家全資附屬公司（「發行人」）發行以美元列值的優先永久證券（「永久證券」），本金金額合共200,000,000美元。永久證券按票面價值發行，其初始分派率為每年7.00%。永久證券扣除相關發行費用約1,800,000美元後按權益記賬。

永久證券賦予持有者權利，按分派率收取分派。分派將自二零一八年十一月十七日起每年以每半年於五月十七日及十一月十七日按等額分期支付。發行人有權遞延分派付款，除非強制分派付款事件（包括分發予本公司股東）發生。適用於美元優先永久證券的分派率將會為：(i) 就自發行日（包括該日）起至二零二一年五月十七日（「首個贖回日期」）（惟不包括該日）期間而言，初始分派率為每年7.00%；及(ii) 就(A) 自首個贖回日期（包括該日）起至緊隨首個贖回日期後的重設日期（惟不包括該日）止期間；以及(B) 自首次贖回日期後的重設日期（包括該日）起至緊隨的下一個重設日期（惟不包括該日）止期間，分派率為(a) 初始價差4.338%；(b) 國庫券利率；及(c) 5% 年利率之總和。重置日期被定義為每個首次調用日期，並且每一日在首次調用日期之後的每三個日曆年到期。

因為本集團有權酌情遞延償還本金及應付利息，本集團就有關永久證券，並無直接或間接合約財務責任以支付現金或財務資產，則永久證券於綜合財務狀況表歸類為權益。

## 29. BORROWINGS

## 29. 借款

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Non-current	非流動		
Bank borrowings, secured (a)	銀行借款，有抵押(a)	<b>2,966,733</b>	2,730,917
Bank borrowings, unsecured (a)	銀行借款，無抵押(a)	<b>11,084,799</b>	3,464,076
Guaranteed bonds, unsecured (b)	擔保債券，無抵押(b)	<b>964,345</b>	3,296,288
		<b>15,015,877</b>	9,491,281
Current	流動		
Bank borrowings, secured (a)	銀行借款，有抵押(a)	—	6,788,084
Bank borrowings, unsecured (a)	銀行借款，無抵押(a)	<b>1,955,715</b>	293,542
Guaranteed bonds, unsecured (b)	擔保債券，無抵押(b)	<b>2,322,943</b>	—
Loan from a non-controlling shareholder of a subsidiary, unsecured (Note 43 (b))	一家附屬公司一名非控股股東之貸款，無抵押(附註43(b))	<b>276,588</b>	114,995
Loan from a fellow subsidiary, unsecured (Note 43 (b))	一家同系附屬公司之貸款，無抵押(附註43(b))	—	39,071
Other borrowing, unsecured	其他借款，無抵押	—	26,931
		<b>4,555,246</b>	7,262,623
		<b>19,571,123</b>	16,753,904

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### (a) Banking facilities

The Group's aggregate banking facilities, including bank borrowings, as at 31 December 2020 amounted to approximately HK\$24,141,578,000 (2019: HK\$19,460,138,000), of which approximately HK\$8,045,481,000 (2019: HK\$6,126,702,000) was unutilised. As at 31 December 2020, the collaterals for the banking facilities are as follows:

- (i) Properties under development with carrying amounts of approximately HK\$7,148,541,000 (2019: HK\$4,946,825,000);

### (a) 銀行融資

於二零二零年十二月三十一日，本集團之銀行融資總額(包括銀行借款)約為24,141,578,000港元(二零一九年：19,460,138,000港元)，其中未動用融資約為8,045,481,000港元(二零一九年：6,126,702,000港元)。於二零二零年十二月三十一日，本集團質押作為取得銀行融資之抵押品如下：

- (i) 賬面值約7,148,541,000港元(二零一九年：4,946,825,000港元)之發展中物業；

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### 29. BORROWINGS (CONTINUED)

#### (a) Banking facilities (Continued)

- (ii) 100% equity interest in a subsidiary; and
- (iii) Corporate guarantees given by the Company.

#### (b) Guaranteed bonds

- (i) On 26 April 2013, the Group issued the guaranteed bonds ("2013 Guaranteed Bonds") with a principal amount of US\$225,000,000 and US\$125,000,000 bearing interest at the coupon rate of 5.50% and 6.50%, per annum respectively, the 2013 Guaranteed Bonds of US\$125,000,000 will be matured on 26 April 2023. The 2013 Guaranteed Bonds with a principal amount of US\$225,000,000 were matured on 26 April 2018 and repaid accordingly. The 2013 Guaranteed Bonds were guaranteed by the Company and have the benefit of a keep well deed from China Minmetals, the ultimate controlling shareholder of the Company. Upon the occurrence of a change of control triggering event, the bondholders will have the right, at the bondholders' option, to require the Group to redeem all, but not some only, of the outstanding 2013 Guaranteed Bonds at 101% of their principal amounts, together with accrued interest. If the Group would be obliged to pay additional tax amounts in respect of the 2013 Guaranteed Bonds as a result of any change in, or amendment to, specified tax laws or regulations, all outstanding 2013 Guaranteed Bonds may be redeemed at the Group's option, in whole but not in part, at their principal amounts together with interest accrued up to but excluding the redemption date.

The Group may at its option redeem the 2013 Guaranteed Bonds at any time, in whole but not in part, at a Make Whole Price as of, and accrued and unpaid interest, if any, to (but excluding), the redemption date.

### 29. 借款(續)

#### (a) 銀行融資(續)

- (ii) 一間附屬公司之100%股本權益；及
- (iii) 本公司所作之公司擔保。

#### (b) 擔保債券

- (i) 於二零一三年四月二十六日，本集團發行擔保債券（「二零一三年擔保債券」），本金金額分別為225,000,000美元及125,000,000美元，票面年利率分別為5.50%和6.50%，125,000,000美元的二零一三年擔保債券將於二零一三年四月二十六日到期。本金金額225,000,000美元的二零一三年擔保債券已於二零一八年四月二十六日到期及償還。二零一三年擔保債券乃由本公司擔保，並受惠於本公司最終控股股東中國五礦提供的維好協議。於本公司發生控制權變化觸發之事件後，債券持有人有權按其選擇要求向本集團贖回全部（而非部分）未償還的二零一三年擔保債券之101%本金連同應計利息。倘因特定稅務法律或法規變動或修訂，導致本集團須就二零一三年擔保債券支付額外稅項，全部（完整而非部分）未償還的二零一三年擔保債券可應本集團之選擇被贖回，贖回金額為本金連同直至但不包括贖回日期之累計利息。

本集團可自行選擇在任何時間以整體而不是部分，以整體價格贖回二零一三年擔保債券，及由（但不包括）贖回日期開始計算應計及未付的利息（如有）。

## 29. BORROWINGS (CONTINUED)

### (b) Guaranteed bonds (Continued)

(i) (Continued)

“Make Whole Price” means with respect to the 2013 Guaranteed Bonds at any redemption date, the greater of (1) the present value of the principal amount of the 2013 Guaranteed Bonds, plus all required remaining scheduled interest payments due on the 2013 Guaranteed Bonds from the optional redemption date to the maturity date (but excluding accrued and unpaid interest to the option redemption date), computed using a discount rate, which the rate per annum equal to the semi-annual equivalent yield in maturity of the comparable treasury issue, plus 0.50 per cent., and (2) the principal amount of the 2013 Guaranteed Bonds.

Early redemption options are regarded as embedded derivatives not closely related to the host debt instrument. The Directors consider that the fair value of the above early redemption options is insignificant on initial recognition and as at 31 December 2020 and 2019.

The effective interest rates of the 2013 Guaranteed Bonds at the end of the reporting period were 6.73% for US\$125,000,000 as at 31 December 2020 and 2019.

## 29. 借款(續)

### (b) 擔保債券(續)

(i) (續)

「整體價格」是指二零一三年擔保債券於任何贖回日期的以下較高者(1)二零一三年擔保債券的本金現值，再加上二零一三年擔保債券已折現的贖回日期至到期日所需餘下利息(但不包括期權贖回日期的應計及未付利息)，使用的折現率為等期的已發行美國國庫券半年孳息率的年利率，加上百分之0.50及(2)二零一三年擔保債券的本金。

提早贖回權被視為與主借貸工具並無密切關係的嵌入式衍生工具。董事認為上述提早贖回權於初次確認時及於二零二零年及二零一九年十二月三十一日的公允值並不重大。

於二零二零年及二零一九年十二月三十一日，125,000,000美元之二零一三年擔保債券的實際利率為6.73%。

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### 29. BORROWINGS (CONTINUED)

#### (b) Guaranteed bonds (Continued)

- (ii) On 18 September 2018, the Group issued the guaranteed bonds ("2018 Guaranteed Bonds") with a principal amount of US\$300,000,000 bearing interest at the coupon rate of 6.40% per annum, the 2018 Guaranteed Bonds will be matured on 18 September 2021. The 2018 Guaranteed Bonds were guaranteed by the Company and have the benefit of a keep well deed from China Minmetals, the ultimate controlling shareholder of the Company. Upon the occurrence of a change of control triggering event, the bondholders will have the right, at the bondholders' option, to require the Group to redeem all, but not some only, of the outstanding 2018 Guaranteed Bonds at 101% of their principal amounts, together with accrued interest. If the Group would be obliged to pay additional tax amounts in respect of the 2018 Guaranteed Bonds as a result of any change in, or amendment to, specified tax laws or regulations, all outstanding 2018 Guaranteed Bonds may be redeemed at the Group's option, in whole but not in part, at their principal amounts together with interest accrued up to but excluding the redemption date.

The effective interest rates of the 2018 Guaranteed Bonds were 6.53% as at 31 December 2020 and 2019.

### 29. 借款(續)

#### (b) 擔保債券(續)

- (ii) 於二零一八年九月十八日，本集團發行擔保債券(「二零一八年擔保債券」)，本金金額為300,000,000美元，票面年利率為6.40%，二零一八年擔保債券將於二零二一年九月十八日到期。二零一八年擔保債券乃由本公司擔保，並受惠於本公司最終控股股東中國五礦提供的維好協議。於本公司發生控制權變化觸發之事件後，債券持有人有權按其選擇要求向本集團贖回全部(而非部分)未償還的二零一八年擔保債券之101%本金連同應計利息。倘因特定稅務法律或法規變動或修訂，導致本集團須就二零一八年擔保債券支付額外稅項，全部(完整而非部分)未償還的二零一八年擔保債券可應本集團之選擇被贖回，贖回金額為本金連同直至但不包括贖回日期之累計利息。

於二零二零年及二零一九年十二月三十一日，二零一八年擔保債券的實際利率為6.53%。

## 29. BORROWINGS (CONTINUED)

(c) The maturity of the Group's borrowings is as follows:

## 29. 借款(續)

(c) 本集團借款之到期情況如下：

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Bank borrowings	銀行借款		
Within one year	一年內	1,955,715	7,081,626
In more than one year but no more than two years	一年至兩年	6,307,136	286,894
In more than two years but no more than five years	兩年至五年	7,038,895	5,908,099
More than five years	五年以上	705,501	—
		<b>16,007,247</b>	13,276,619
Guaranteed bonds	擔保債券		
Within one year	一年內	2,322,943	—
In more than one year but no more than two years	一年至兩年	—	2,329,477
In more than two years but no more than five years	兩年至五年	964,345	966,811
		<b>3,287,288</b>	3,296,288

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### 29. BORROWINGS (CONTINUED)

(d) Bank borrowings totaling HK\$16,007,247,000 (2019: HK\$13,220,803,000) are on floating interest rate basis. The effective interest rates at the end of the reporting period were as follows:

		2020 二零二零年		2019 二零一九年	
		HK\$ 港元	RMB 人民幣	HK\$ 港元	RMB 人民幣
Non-current	非流動				
Bank borrowings	銀行借款	2.02%	4.78%	4.46%	5.19%
Current	流動				
Bank borrowings	銀行借款	1.67%	—	4.76%	6.80%
Loan from a non-controlling shareholder of a subsidiary	一家附屬公司一名非控股股東之貸款	—	6.18%	—	6.00%
Loan from a fellow subsidiary	一家同系附屬公司之貸款	—	—	—	6.00%
Other borrowing	其他借款	—	—	—	6.00%

### 29. 借款(續)

(d) 16,007,247,000港元(二零一九年: 13,220,803,000港元)之銀行借款按浮動利率計息。於報告期終日之實際利率如下:

- (e) The fair values of borrowings approximate their carrying amounts. The fair values are determined based on discounted cash flows.
- (f) The carrying amounts of the Group's borrowings are denominated in the following currencies:

- (e) 借款之公允值與其賬面值相若。公允值乃按已貼現現金流量釐定。
- (f) 本集團借款之賬面值乃以下列貨幣列賬:

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
HK\$	港元	14,200,829	12,816,183
RMB	人民幣	2,083,006	641,433
US\$	美元	3,287,288	3,296,288
		<b>19,571,123</b>	16,753,904

### 30. DEFERRED TAX

### 30. 遞延稅項

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Deferred tax assets	遞延稅項資產	442,890	639,144
Deferred tax liabilities	遞延稅項負債	(366,366)	(134,818)
		<b>76,524</b>	504,326

The movements in deferred tax assets and liabilities during the year are as follows:

年內遞延稅項資產及負債的變動如下：

#### Deferred tax assets

#### 遞延稅項資產

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Tax losses	稅項虧損		
At beginning of the year	年初	30,131	38,002
Exchange differences	匯兌差額	1,317	(624)
Recognised in the profit or loss	於損益確認	2,618	(7,247)
At end of the year	年終	<b>34,066</b>	30,131
Temporary difference on accruals and contract liabilities	應計費用及合約負債之臨時差額		
At beginning of the year	年初	609,013	740,608
Acquisition of a subsidiary (Note 38(a))	收購一家附屬公司(附註38(a))	57,847	—
Disposal of subsidiaries (Note 39)	出售附屬公司(附註39)	(1,302)	—
Exchange differences	匯兌差額	24,400	(14,205)
Recognised in the profit or loss	於損益確認	(315,073)	(117,390)
At end of the year	年終	<b>374,885</b>	609,013
Others	其他		
At beginning of the year	年初	—	—
Exchange differences	匯兌差額	1,822	—
Recognised in the profit or loss	於損益確認	32,117	—
At end of the year	年終	<b>33,939</b>	—

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**30. DEFERRED TAX (CONTINUED)**  
**Deferred tax liabilities**

**30. 遞延稅項 (續)**  
**遞延稅項負債**

		<b>2020</b> 二零二零年 <b>HK\$'000</b> 千港元	2019 二零一九年 HK\$'000 千港元
Fair value gain	公允價值收益		
At beginning of the year	年初	<b>3,244</b>	1,043
Acquisition of a subsidiary (Note 38(a))	收購一家附屬公司 (附註38(a))	<b>192,792</b>	—
Disposal of subsidiaries (Note 39)	出售附屬公司(附註39)	<b>14,802</b>	—
Exchange differences	匯兌差額	<b>12,232</b>	(315)
Recognised in the profit or loss	於損益確認	<b>39</b>	2,516
At end of the year	年終	<b>223,109</b>	3,244
Accelerated tax depreciation	加速稅項折舊		
At beginning of the year	年初	<b>25,432</b>	18,353
Recognised in the profit or loss	於損益確認	<b>1,524</b>	7,079
At end of the year	年終	<b>26,956</b>	25,432
Undistributed retained earnings	未分派保留盈利		
At beginning of the year	年初	<b>106,142</b>	113,892
Recognised in the profit or loss	於損益確認	<b>(28,122)</b>	(7,750)
At end of the year	年終	<b>78,020</b>	106,142
Others	其他		
At beginning of the year	年初	—	—
Exchange differences	匯兌差額	<b>2,053</b>	—
Recognised in the profit or loss	於損益確認	<b>36,228</b>	—
At end of the year	年終	<b>38,281</b>	—

### 30. DEFERRED TAX (CONTINUED)

#### Deferred tax liabilities (Continued)

Deferred tax liabilities of HK\$140,763,000 (2019: HK\$124,252,000) have not been recognised in respect of temporary difference associated with undistributed retained earnings of certain subsidiaries, as the Directors currently intend not to distribute the retained earnings outside Mainland China in the foreseeable future.

Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. Due to the unpredictability of future profit streams, as at 31 December 2020, the Group had unrecognised tax losses in Hong Kong of approximately HK\$1,076,081,000 (2019: HK\$919,542,000), which can be carried forward against future taxable income and have no expiry date, and unrecognised tax losses in Mainland China of approximately HK\$314,745,000 (2019: HK\$274,975,000) which will expire at various dates up to and including 2025.

At the end of the reporting period, the Group has deductible temporary differences of HK\$288,504,000 (2019: HK\$186,464,000) that have not been recognised as deferred tax assets as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

### 30. 遞延稅項(續)

#### 遞延稅項負債(續)

遞延稅項負債140,763,000港元(二零一九年:124,252,000港元)並無就若干附屬公司之未分派保留盈利有關的臨時差異作出確認,乃因董事現時並無意於可見未來將保留盈利分派出中國內地境外。

就結轉稅務虧損確認之遞延稅項資產乃以有關稅務利益很有可能透過未來應課稅溢利變現之情況為限。基於未來溢利流的不可預測性,故於二零二零年十二月三十一日,本集團於香港可結轉以抵銷未來應課稅收入之未確認稅務虧損約為1,076,081,000港元(二零一九年:919,542,000港元),且並無到期日,而在中國內地產生之未確認稅務虧損約為314,745,000港元(二零一九年:274,975,000港元),於直至二零二五年(包括該年)止之不同日期到期。

於報告期末,本集團尚未確認為遞延稅項資產的可扣減臨時差額為288,504,000港元(二零一九年:186,464,000港元),因為不大可能有應課稅溢利可供動用可扣減臨時差異以作抵銷。

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31. LEASE LIABILITIES

31. 租賃負債

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Lease liabilities payable	應付租賃負債		
Within one year	一年內	<b>30,069</b>	16,598
Within a period of more than one year but no more than two years	一年至兩年	<b>33,005</b>	28,093
Within a period of more than two years but no more than five years	兩年至五年	<b>14,669</b>	43,649
		<b>77,743</b>	88,340
Less: Amount due for settlement after 12 months shown under non-current liabilities	減：非流動負債項下之 12個月後應付之 金額	<b>(47,674)</b>	(71,742)
Amount due for settlement within 12 months shown under current liabilities	流動負債項下之12個月內 應付之金額	<b>30,069</b>	16,598

The weighted average incremental borrowing rates applied to lease liabilities range from 4.3% to 6.0% (2019: from 4.3% to 6.0%).

適用於租賃負債的加權平均增量借款利率範圍介乎4.3%至6.0% (二零一九年：4.3%至6.0%)。

### 32. TRADE AND OTHER PAYABLES

### 32. 貿易及其他應付款項

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Trade, bills and contract payables (b)	貿易、票據及合約應付款項(b)	<b>1,562,595</b>	1,234,045
Retention payables	應付保固金	<b>23,329</b>	44,635
Accrued construction costs, other accruals and other payables	應計建築費用、其他應計費用及應付款項	<b>5,290,427</b>	6,904,027
Rental deposits received	已收租金按金	<b>9,078</b>	17,288
Amounts due to fellow subsidiaries (Note 43(b))	應付同系附屬公司款項(附註43(b))	<b>1,543,209</b>	1,372,132
Amounts due to non-controlling shareholders of subsidiaries (Note 43(b))	應付附屬公司非控股股東款項(附註43(b))	<b>1,792,178</b>	394,732
Amounts due to associates (Note 43(b))	應付聯營公司款項(附註43(b))	<b>2,283,256</b>	940,026
		<b>12,504,072</b>	10,906,885
Less: Amounts due to a fellow subsidiary, for settlement after 12 months shown under non-current liabilities	減：非流動負債項下之12個月後應付一家同系附屬公司之金額	<b>(438,287)</b>	—
Amount due for settlement within 12 months shown under current liabilities	流動負債項下之12個月內應付之金額	<b>12,065,785</b>	10,906,885

(a) The carrying amounts of trade and other payables are denominated in the following currencies:

(a) 貿易及其他應付款項之賬面值乃以下列貨幣列賬：

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
HK\$	港元	<b>334,156</b>	284,082
RMB	人民幣	<b>12,100,296</b>	10,554,586
US\$	美元	<b>55,568</b>	54,110
MOP	澳門幣	<b>14,052</b>	14,107
		<b>12,504,072</b>	10,906,885



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### 32. TRADE AND OTHER PAYABLES (CONTINUED)

- (b) The aging analysis of trade, bills and contract payables of the Group based on invoice date is as follows:

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
0 to 90 days	0至90日	1,048,965	721,419
91 to 180 days	91至180日	65,538	120,425
181 days to 1 year	181日至一年	177,154	148,018
1 year to 2 years	一年至兩年	199,606	170,998
Over 2 years	兩年以上	71,332	73,185
		<b>1,562,595</b>	<b>1,234,045</b>

### 32. 貿易及其他應付款項(續)

- (b) 本集團貿易、票據及合約應付款項基於發票日期之賬齡分析如下：

### 33. CONTRACT LIABILITIES

Sales of properties	銷售物業

As at 1 January 2019, contract liabilities amounted to approximately HK\$6,119,742,000.

The Group receives the considerations in advance from sales of properties to customers. The advance receipts result in contract liabilities being recognised until the customer obtains control of the completed property.

During the year, HK\$3,715,013,000 (2019: HK\$5,078,766,000) of revenue recognised relates to brought-forward contract liabilities.

### 33. 合約負債

	2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Sales of properties	<b>12,787,885</b>	4,553,520

於二零一九年一月一日，合約負債之金額為約6,119,742,000港元。

本集團就向客戶銷售物業預收代價。預收款項導致確認合約負債，直至客戶取得已落成物業的控制。

於本年度，已確認收入中3,715,013,000港元(二零一九年：5,078,766,000港元)涉及結轉自前期的合約負債。

### 34. DEFERRED REVENUE

As at 31 December 2020, the Group had government subsidy of HK\$303,588,000 towards the cost of construction of its assets. The amount has been treated as deferred revenue, and will be transferred to income when the related assets are delivered to the buyers. As at 31 December 2020, HK\$303,588,000 remains to be amortised.

### 35. PENSION OBLIGATIONS

The Group participates in a defined contribution pension scheme and a Mandatory Provident Fund ("MPF") scheme for the eligible employees in Hong Kong. Before 1 December 2000, a defined contribution pension scheme was provided to certain eligible employees employed by the Group. The Group ceased the contributions since 1 December 2000, upon introduction of the MPF scheme.

Under the MPF scheme, the Company and each of the Hong Kong subsidiaries of the Company make monthly contributions to the MPF at 5% of the employees' cash income as defined under the MPF legislation. Contributions by both the Company/Hong Kong subsidiaries and their employees are subject to a maximum of HK\$1,500 per month per employee and thereafter contributions are voluntary. The Group's contributions to the pension scheme and MPF scheme are expensed as incurred.

As stipulated by rules and regulations in Mainland China, the Group contributes to a state-sponsored retirement plan for its employees in Mainland China as determined by the local government. The Group is required to contribute to the plan at a rate ranging from 7% to 12% of the basic salary of Mainland China employees in addition to contributions by employees at a rate ranging from 7% to 12% of the basic salary as specified by the local government, and the Group has no further obligations for the actual payment of the pensions or post-retirement benefits beyond the annual contributions made.

### 34. 遞延收入

於二零二零年十二月三十一日，本集團擁有政府補貼303,588,000港元作為其資產的建設成本。該款項已被視為遞延收入，並將於相關資產交付給買家時，確認有關收入。於二零二零年十二月三十一日，303,588,000港元仍需攤銷。

### 35. 退休金責任

本集團為其香港合資格僱員參與定額供款退休金計劃及強制性公積金（「強積金」）計劃。二零零零年十二月一日之前，本集團為其聘用之若干合資格僱員提供一項定額供款退休金計劃。於引進強積金計劃後，本集團自二零零零年十二月一日起已停止有關供款。

根據強積金計劃，本公司及本公司各香港附屬公司須每月按僱員根據強積金法例定義之現金收入之5%作出強積金供款。本公司／香港附屬公司及其僱員之每月供款上限均為每位僱員1,500港元，超過此金額之額外供款屬自願性質。本集團之退休金計劃及強積金計劃供款於產生時列支。

根據中國內地之法規規定，本集團為其中國內地僱員按當地政府規定向國家資助退休計劃作出供款。除僱員根據地方政府之規定按其基本薪金供款7%至12%外，本集團須按中國內地僱員之7%至12%基本薪金向該計劃供款。除該筆每年供款外，本集團並無其他繳付實際退休金或退休福利之責任。

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**36. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS****(a) Reconciliation of profit before tax to cash (used in)/generated from operations:****36. 綜合現金流量表附註****(a) 除稅前溢利與經營業務(所用)/所產生現金之對賬:**

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Profit before tax	除稅前溢利	<b>808,410</b>	2,260,099
Finance income	財務收入	<b>(222,799)</b>	(221,744)
Finance costs	財務成本	<b>69,471</b>	26,739
Depreciation	折舊	<b>39,106</b>	24,764
Fair value changes on investment properties	投資物業公允值變動	<b>50,586</b>	(107,550)
Bargain purchase gain on acquisition of interest in a subsidiary	收購一家附屬公司權益之議價購買收益	<b>(111,889)</b>	—
Bargain purchase gain on acquisition of interest in an associate	收購一家聯營公司權益之議價購買收益	<b>(159,729)</b>	—
Gain on disposal of subsidiaries	出售附屬公司之收益	<b>(955)</b>	—
Loss on revaluation of property, plant and equipment upon transferred to investment properties	物業、廠房及設備轉撥至投資物業後之重估虧損	—	3,888
Impairment losses recognised/(reversed) under expected credit loss model	預期信貸虧損模型下減值虧損/(減值回撥)	<b>14,534</b>	(3,832)
Allowance for impairment of inventories	存貨減值撥備	<b>299,894</b>	86,472
Share of results of associates	分佔聯營公司業績	<b>(4,469)</b>	3,761
Share of results of joint ventures	分佔合營公司業績	<b>2,260</b>	10,380
Operating profit before working capital changes	營運資金變動前之經營溢利	<b>784,420</b>	2,082,977
Increase in inventories	存貨增加	<b>(532,590)</b>	(703,554)
Increase in prepayments, trade and other receivables	預付款項、貿易及其他應收款項增加	<b>(3,846,169)</b>	(549,359)
Increase in contract assets	合約資產增加	<b>(21,473)</b>	(56,536)
Increase in contract costs	合約成本增加	<b>(76,504)</b>	(2,962)
(Decrease)/increase in trade and other payables	貿易及其他應付款項(減少)/增加	<b>(3,859,111)</b>	800,245
Increase/(decrease) in contract liabilities and deferred revenue	合約負債及遞延收益增加/(減少)	<b>6,078,341</b>	(1,433,600)
Decrease in other liabilities	其他負債減少	—	(223)
(Increase)/decrease in cash and bank deposits, restricted	受限制現金及銀行存款(增加)/減少	<b>(148,633)</b>	154,245
Exchange adjustments	匯兌調整	<b>386,702</b>	(119,058)
Cash (used in)/generated from operations	經營業務(所用)/所產生現金	<b>(1,235,017)</b>	172,175

### 36. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

#### (b) Reconciliation of liabilities arising from financing activities

		Non-cash changes 非現金變動							
		1 January 2020	Financing cash flows (i)	Exchanges adjustments	Acquisitions of a subsidiary and assets 收購一家 附屬公司及 資產	Disposal of subsidiaries 出售 附屬公司	Other changes (ii)	Interest expense	31 December 2020
		二零二零年 一月一日	融資現金 流量(i)	匯兌調整	附屬公司及 資產	出售 附屬公司	其他變動(ii)	利息開支	二零二零年 十二月 三十一日
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
Guaranteed bonds	擔保債券	3,296,288	—	(9,000)	—	—	—	—	3,287,288
Bank and other loans	銀行及其他借款	13,457,616	2,020,410	141,972	1,689,297	(993,430)	(32,030)	—	16,283,835
Amounts due to fellow subsidiaries	應付同系附屬公司款項	1,372,132	82,710	88,367	—	—	—	—	1,543,209
Amounts due to associates	應付聯營公司款項	940,026	1,282,690	60,540	—	—	—	—	2,283,256
Amounts due to non-controlling shareholders of subsidiaries	應付附屬公司非控股股東款項	394,732	1,355,306	25,421	—	—	—	16,719	1,792,178
Lease liabilities	租賃負債	88,340	(18,559)	3,980	—	—	3,982	—	77,743
		<b>19,549,134</b>	<b>4,722,557</b>	<b>311,280</b>	<b>1,689,297</b>	<b>(993,430)</b>	<b>(28,048)</b>	<b>16,719</b>	<b>25,267,509</b>

		Non-cash changes 非現金變動					
		1 January 2019	Financing cash flows (i)	Exchanges adjustments	New leases	Other changes (ii)	31 December 2019
		二零一九年 一月一日	融資現金 流量(i)	匯兌調整	新增租賃	其他變動(ii)	二零一九年 十二月 三十一日
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元
Guaranteed bonds	擔保債券	3,309,986	—	(13,698)	—	—	3,296,288
Bank and other loans	銀行及其他借款	11,744,651	1,733,020	(16,785)	—	(3,270)	13,457,616
Amounts due to fellow subsidiaries	應付同系附屬公司 款項	1,977,945	(561,955)	(43,858)	—	—	1,372,132
Amounts due to associates	應付聯營公司款項	965,979	(4,818)	(21,135)	—	—	940,026
Amount due to non-controlling shareholders of subsidiaries	應付附屬公司 非控股股東款項	184,721	214,052	(4,041)	—	—	394,732
Lease liabilities	租賃負債	42,933	(5,880)	(2,152)	50,002	3,437	88,340
		<b>18,226,215</b>	<b>1,374,419</b>	<b>(101,669)</b>	<b>50,002</b>	<b>167</b>	<b>19,549,134</b>

(i) The cash flows from bank loans and other borrowings make up the net amount of proceeds from borrowings and repayments to borrowings in the consolidated statement of cash flows.

(ii) Other changes include amortisation of front-end fee of interest-bearing bank borrowings and interest on lease liabilities.

(i) 來自銀行借款及其他借款之現金流量構成綜合現金流量表中借款所得款項及償還借款之淨額。

(ii) 其他變動包括計息銀行借款前端費用之攤銷及租賃負債之利息。

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### 36. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

#### (c) Major non-cash transaction

During the year, HK\$1,313,293,000 of contribution from a non-controlling shareholder of a subsidiary is transferred from other payables, which constitutes a non-cash transaction.

### 37. FINANCIAL GUARANTEES

As at 31 December 2020, guarantees given to banks for mortgage facilities granted to certain purchasers of the Group's properties amounted to HK\$6,804,623,000 (2019: HK\$2,580,145,000). Such guarantees will terminate upon the earlier of (i) the issuance of the property ownership certificate which will generally be available within one year after the purchasers take the possession of the relevant properties; or (ii) the repayment of mortgage loans by the purchasers. After taking into account the net realisable value of the related properties and the low default rate, the Directors consider that the fair value of the financial guarantee contracts at initial recognition and subsequently at the end of each reporting period is not significant.

### 38. ACQUISITIONS OF A SUBSIDIARY AND ASSETS

#### (a) Business combination

On 1 September 2020, the Group completed a major and connected transaction in related to capital injection in Minmetals Land Hunan Development Co., Ltd. ("Minmetals Land Hunan"), and Minmetals Land Hunan has become an indirect non-wholly owned subsidiary of the Group, of which the Group holds 51% of the equity interests, and its financial position and results was consolidated into the financial statements of the Group.

The acquisition contributes to business combination under common control. According to the Group's accounting policy, the acquisition has been accounted for as acquisition of business using the acquisition method because the consideration is determined based on arm's length negotiations between the parties.

### 36. 綜合現金流量表附註(續)

#### (c) 重大非現金交易

於本年間，附屬公司之一名非控股股東注資款1,313,293,000港元為自其他應付款轉撥的金額，構成非現金交易。

### 37. 財務擔保

於二零二零年十二月三十一日，就授予本集團物業買家之按揭融資而給予銀行之擔保達6,804,623,000港元(二零一九年：2,580,145,000港元)。該等擔保將於下列較早發生者終止：(i)獲發物業所有權證(一般於買家接管相關物業後一年內獲取)；或(ii)買家償付按揭款。考慮到該等物業的變現淨值及低違約比率，董事認為財務擔保在初始確認及後續各報告期末的公允價值並不重大。

### 38. 收購一家附屬公司及資產

#### (a) 業務合併

於二零二零年九月一日，本集團完成對五礦地產湖南開發有限公司(「五礦地產湖南」)增資的相關重大及關連交易，五礦地產湖南已成為本集團間接非全資附屬公司，本集團持有其51%股權，其財務狀況及業績將綜合計入本集團的財務報表。

此次收購於共同控制下的業務合併。根據本集團的會計政策，由於對價是根據雙方之間的公平磋商確定的，收購事項已應用收購法作為業務收購入帳。

### 38. ACQUISITIONS OF A SUBSIDIARY AND ASSETS (CONTINUED)

#### (a) Business combination (Continued) Consideration transferred

		HK\$'000 千港元
Cash	現金	1,199,579
Cash consideration payable (note (i))	應付現金代價(附註(i))	<u>299,894</u>
		<u>1,499,473</u>

Note:

- (i) 80% of the total capital injection of HK\$1,199,579,000 was paid on completion by the Group to Minmetals Land Hunan for acquisition of 51% of equity interest of Minmetals Land Hunan according to the Capital Injection Agreement; and HK\$299,894,000 has been paid in March 2021.

Acquisition-related costs amounting to HK\$12,258,000 have been excluded from the consideration transferred and have been recognised as an expense in the current year, within the "administrative and other expenses" line item in the consolidated statement of profit or loss.

### 38. 收購一家附屬公司及資產

(續)

#### (a) 業務合併(續) 已轉撥代價

		HK\$'000 千港元
Cash	現金	1,199,579
Cash consideration payable (note (i))	應付現金代價(附註(i))	<u>299,894</u>
		<u>1,499,473</u>

附註：

- (i) 根據增資協議，本集團已於完成時向五礦地產湖南支付增資總額的80% (1,199,579,000港元)，以收購五礦地產湖南51%的股權；而299,894,000港元已於二零二一年三月支付。

收購相關成本為12,258,000港元，已從已轉撥代價中剔除，並於本年度在綜合損益表的「行政及其他開支」項目中確認為開支。



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**38. ACQUISITIONS OF A SUBSIDIARY AND ASSETS (CONTINUED)**

**(a) Business combination (Continued)**

**Assets acquired and liabilities recognised at the date of acquisition**

		HK\$'000 千港元
Property, plant and equipment	物業、廠房及設備	6,397
Investment properties	投資物業	114,957
Interest in associates	於聯營公司之權益	332,515
Deferred tax assets	遞延稅項資產	57,847
Inventories	存貨	5,377,411
Prepayments, trade and other receivables	預付款項、貿易及其他應收款項	662,121
Cash and bank deposits	現金及銀行存款	2,879,496
Borrowings (Non-current)	借款(非流動)	(626,871)
Deferred revenue	遞延收入	(288,638)
Borrowings (Current)	借款(流動)	(785,837)
Trade and other payables	貿易及其他應付款項	(1,052,859)
Contract liabilities	合約負債	(3,012,506)
Taxation payable	應付稅項	(152,724)
Deferred tax liabilities	遞延稅項負債	(192,792)
Net assets	資產淨值	3,318,517
Less: Non-controlling interests	減：非控股股東權益	(158,984)
Net assets acquired	已收購資產之淨值	3,159,533

The receivables acquired (which principally comprised trade receivables and amounts due from related parties) with a fair value of HK\$426,415,000 at the date of acquisition had gross contractual amounts of HK\$440,520,000. The best estimate at acquisition date of the contractual cash flows not expected to be collected amounted to HK\$14,105,000.

**Non-controlling interests**

The non-controlling interests (49%) in Minmetals Land Hunan recognised at the acquisition date was measured by proportionate share of recognised amounts of net assets of Minmetals Land Hunan and amounted to HK\$1,548,171,000.

**38. 收購一家附屬公司及資產**

(續)

**(a) 業務合併(續)**

**於收購日收購之資產及確認之負債**

		HK\$'000 千港元
物業、廠房及設備		6,397
投資物業		114,957
於聯營公司之權益		332,515
遞延稅項資產		57,847
存貨		5,377,411
預付款項、貿易及其他應收款項		662,121
現金及銀行存款		2,879,496
借款(非流動)		(626,871)
遞延收入		(288,638)
借款(流動)		(785,837)
貿易及其他應付款項		(1,052,859)
合約負債		(3,012,506)
應付稅項		(152,724)
遞延稅項負債		(192,792)
資產淨值		3,318,517
減：非控股股東權益		(158,984)
已收購資產之淨值		3,159,533

於收購日，公允值為426,415,000港元的應收款項(主要包括貿易應收款項及應收關連方款項)的合約總額為440,520,000港元。於收購日，預期無法收取之合約現金流量之最佳估計為14,105,000港元。

**非控股股東權益**

於收購日確認的五礦地產湖南非控股股東權益(49%)按應佔五礦地產湖南資產淨值的已確認金額比例計量，金額為1,548,171,000港元。

### 38. ACQUISITIONS OF A SUBSIDIARY AND ASSETS (CONTINUED)

#### (a) Business combination (Continued)

##### *Bargain purchase gain arose in the acquisition of business*

		HK\$'000 千港元
Consideration	代價	1,499,473
Non-controlling interests at fair value	按公允值計量的非控股股東權益	1,548,171
Less: recognised amounts of net assets acquired	減：已確認收購資產之淨值	<u>(3,159,533)</u>
Bargain purchase gain	議價購買收益	<u>(111,889)</u>

Bargain purchase gain of HK\$111,889,000 on acquisition of Minmetals Land Hunan is recognised within the "other income, other gains and losses" line item in the consolidated statement of profit or loss. The bargain purchase gain represents the excess of the fair value of net assets acquired over the considerations transferred. The consideration is determined based on arm's length negotiations between the parties.

##### *Net cash inflow on acquisition of Minmetals Land Hunan*

		HK\$'000 千港元
Cash consideration paid	已付現金代價	(1,199,579)
Less: cash and bank balances acquired	減：已收購現金及銀行存款	<u>2,879,496</u>
		<u>1,679,917</u>

### 38. 收購一家附屬公司及資產

(續)

#### (a) 業務合併(續)

##### 業務收購產生的議價購買收益

收購五礦地產湖南的議價購買收益為111,889,000港元，於綜合損益表的「其他收入、其他收益及虧損」項目中確認。議價購買收益指已收購資產淨值之公允值超過已轉撥代價之差額。代價經訂約雙方公平磋商後釐定。

##### 收購五礦地產湖南的現金流入淨額

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### 38. ACQUISITIONS OF A SUBSIDIARY AND ASSETS (CONTINUED)

#### (a) Business combination (Continued)

##### *Impact of acquisition on the results of the Group*

Included in the profit for the year are HK\$2,563,000 attributable to the business generated by Minmetals Land Hunan, and HK\$111,889,000 attributable to bargain purchase gain. Revenue for the year included HK\$202,969,000 generated from Minmetals Land Hunan.

Had the acquisition of Minmetals Land Hunan been completed on 1 January 2020, revenue for the year of the Group from continuing operations would have been HK\$8,577,112,000, and profit for the year from continuing operations would have been HK\$559,615,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2020, nor is it intended to be a projection of future results.

#### (b) Assets acquisition

On 2 December 2020, the Group acquired 90% interest in Guangzhou Pincheng Real Estate Development Co., Ltd. ("Guangzhou Pincheng") at a cash consideration of HK\$380,026,000.

The Group elected to apply the optional concentration test in accordance with HKFRS 3 *Business Combinations* and concluded that the prepaid land cost was considered a single identifiable asset.

As there is no other asset (excluding cash) acquired, the Group considered that the acquired set of activities and assets is not a business.

### 38. 收購一家附屬公司及資產 (續)

#### (a) 業務合併(續)

##### *收購事項對本集團業績的影響*

年內溢利2,563,000港元歸屬於五礦地產湖南產生的業務，以及議價購買收益111,889,000港元。年內收入包括來自五礦地產湖南的202,969,000港元。

倘收購五礦地產湖南已於二零二零年一月一日完成，則本集團來自持續經營業務的年內收入將為8,577,112,000港元，而來自持續經營業務的年內溢利將為559,615,000港元。備考資料僅供說明用途，並非一定顯示倘收購事項於二零二零年一月一日完成，本集團將實際取得的收入及經營業績，亦不擬作為未來業績的預測。

#### (b) 資產收購

於二零二零年十二月二日，本集團收購廣州市品誠房地產開發有限公司(「廣州品誠」)90%權益，代價為380,026,000港元。

本集團根據香港財務報告準則第3號「業務合併」選擇應用選擇性集中測試，並認為預付土地成本被視為單一可識別資產。

由於並無收購其他資產(現金除外)，本集團認為所收購的活動及資產並非一項業務。

### 38. ACQUISITIONS OF A SUBSIDIARY AND ASSETS (CONTINUED)

#### (b) Assets acquisition (Continued)

*Assets and liabilities recognised at the date of acquisition*

		HK\$'000 千港元
Prepayments for land cost	預付土地成本	3,171,659
Cash and bank deposits	現金及銀行存款	11,840
Other payables	其他應付款項	(2,512,416)
Borrowings	借款	(276,589)
Net assets acquired	已收購資產淨額	394,494
Less: Non-controlling interests	減：非控股股東權益	(14,468)
		<u>380,026</u>

**Net cash outflow on acquisition of Guangzhou Pincheng**

收購廣州品誠之現金流出淨額

295

		HK\$'000 千港元
Cash consideration paid	已付現金代價	(380,026)
Less: Cash and bank deposits acquired	減：已收購現金及銀行存款	11,840
		<u>(368,186)</u>

### 39. DISPOSAL OF SUBSIDIARIES

During the year, the Group disposed of two subsidiaries, the net assets at the date of disposal were as follows:

#### Consideration

		HK\$'000 千港元
Cash consideration receivable (note)	應收現金代價(附註)	5,096
Total consideration	代價總額	<u>5,096</u>

Note: The deferred consideration was settled in cash on 27 January 2021.

### 39. 出售附屬公司

年內，本集團出售了兩家子公司，出售日的淨資產如下：

#### 代價

附註：遞延代價已於二零二一年一月二十七日以現金結付。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

For the year ended 31 December 2020 截至二零二零年十二月三十一日止年度

### 39. DISPOSAL OF SUBSIDIARIES (CONTINUED)

#### Analysis of assets and liabilities over which effective control was lost

### 39. 出售附屬公司(續)

#### 失去有效控制權之資產及負債分析

		Date of disposal 出售日 HK\$'000 千港元
Property, plant and equipment	物業、廠房及設備	17,838
Inventories	存貨	2,167,572
Prepayments, trade and other receivables	預付款項、貿易及其他應收款項	497,579
Contract assets	合約資產	350,995
Cash and bank deposits	現金及銀行存款	487,334
Deferred tax assets	遞延稅項資產	16,104
Trade and other payables	貿易及其他應付款項	(1,078,274)
Contract liabilities	合同負債	(1,134,883)
Borrowings (Current)	借款(流動)	(328,280)
Borrowings (Non-current)	借款(非流動)	(665,150)
Non-controlling interests	非控股股東權益	(163,347)
Net assets disposed of	已出售資產之淨值	<u>167,488</u>

#### Net cash outflow arising on disposal

#### 出售附屬公司之現金淨流出

		HK\$'000 千港元
Cash consideration received	已收現金代價	—
Less: Cash and bank deposits disposed of	減：已出售現金及銀行存款	<u>(487,334)</u>
		<u>(487,334)</u>

Gain of HK\$955,000 on disposal of subsidiaries is recognised within the "other income, other gains and losses" line item in the consolidated statement of profit or loss.

出售附屬公司之收益955,000港元已於綜合損益表的「其他收入、其他收益及虧損」項目中確認。

## 40. OPERATING LEASES ARRANGEMENTS

### The Group as lessor

All of the properties held by the Group for rental purposes have committed lessees for the next 13 years respectively. None of the Group's properties held for rental purposes have been disposed of since the end of the reporting period.

Undiscounted lease payments receivable on leases are as follows:

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Within one year	一年內	65,387	80,741
In the second year	第二年	44,401	59,873
In the third year	第三年	23,809	38,612
In the fourth year	第四年	13,946	24,084
In the fifth year	第五年	9,346	11,675
After five years	五年以上	45,338	50,908
		<b>202,227</b>	<b>265,893</b>

## 41. COMMITMENTS

(a) The Group had commitments as follows:

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Contracted but not provided for Expenditure in respect of acquisition of land use rights	已訂約但未撥備 有關土地使用權收購 之開支	—	2,498,928
Expenditure in respect of properties under development	有關發展中物業之 開支	8,428,650	3,610,082
		<b>8,428,650</b>	<b>6,109,010</b>

## 40. 經營租賃安排

### 本集團作為出租人

本集團持有的所有作租賃用途的物業均已承租，租期分別為未來13年。自報告期末以來，本集團並無出售任何作租賃用途的物業。

未貼現的應收租賃付款如下：

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## 41. 承擔

(a) 本集團有承擔如下：

For the year ended 31 December 2020 截至二零二零年十二月三十一日止年度

## 42. FINANCIAL RISK FACTORS AND MANAGEMENT

### (a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow interest-rate risk, fair value interest-rate risk and equity securities price risk for financial assets at fair value through other comprehensive income), credit risk and liquidity risk. These risks are managed by the Group's financial management policies and practices as described below to minimise potential adverse effects on the Group's financial performance.

#### (i) Market risk

Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. Majority of the subsidiaries of the Group operates in Mainland China, with most of their transactions denominated in RMB, functional currency of the respective group entities. The Group is exposed to foreign exchange risk arising from the exposure of RMB against US\$. It has not hedged its foreign exchange rate risk.

In addition, the conversion of RMB into foreign currencies is subject to the exchange rate, and rules and regulations of foreign exchange control promulgated by the PRC government.

At 31 December 2020, if RMB had weakened/strengthened by 5% against US\$ with all other variables held constant, post-tax profit for the year would have been HK\$2,000 (2019: HK\$2,945,000) higher/lower mainly as a result of foreign exchange gains/losses on translation of assets and liabilities denominated in a currency that is different from the functional currency of the Group's entities.

## 42. 財務風險因素及管理

### (a) 財務風險因素

本集團之營運活動承受各種財務風險：市場風險（包括外匯風險、現金流量利率風險、公允值利率風險以及透過其他全面收益按公允值計量之財務資產之股本證券價格風險）、信貸風險及流動資金風險。本集團透過下述財務管理政策及常規管理此等風險，以減低其對本集團財務表現之潛在不利影響。

#### (i) 市場風險

外匯風險

未來商業交易及已確認資產及負債均會產生外匯風險。本集團大多數附屬公司在中國內地營運，大部分交易以人民幣（相關集團實體的功能貨幣）結算。本集團承受之外匯風險來自人民幣兌換美元。本集團並無對沖其外幣匯率風險。

此外，人民幣兌換為外幣須受中國政府頒佈之匯率以及外匯管制規則及法規所規限。

於二零二零年十二月三十一日，倘人民幣兌美元貶值／升值5%，而所有其他變數維持不變，則本年度之除稅後溢利應增加／減少2,000港元（二零一九年：2,945,000港元），此乃主要由於換算以不同於集團實體功能貨幣之貨幣計值之資產及負債所產生之匯兌收益／虧損。



## 42. FINANCIAL RISK FACTORS AND MANAGEMENT (CONTINUED)

### (a) Financial risk factors (Continued)

#### (i) Market risk (Continued)

Cash flow interest-rate risk

The Group's cash flow interest-rate risk arises from the fluctuation of the prevailing market interest rate on restricted and unrestricted bank deposits, loans to non-controlling shareholders of subsidiaries and borrowings issued at variable rates. Other than the concentration of interest rate risk related to the movements in Hong Kong Interbank Offered Rate and the loan interest published by the People's Bank of China, the Group has no significant concentration of interest rate risk.

The Group maintains a close relationship and communicates regularly with its finance providers to explore financing alternatives to monitor and mitigate interest-rate risk. The Group has entered into interest rate swaps to hedge against its exposures to changes in cash flows of its certain interest payments of borrowings (see Note 23).

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates ("IBORs") with alternative nearly risk-free rates. Several of the Group's HIBOR bank loans may be subject to the interest rate benchmark reform. The Group is closely monitoring the transition to new benchmark interest rates.

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. No sensitivity analysis has been presented for bank balances as the Directors consider that the fluctuation in interest rates on bank balances is minimal.

## 42. 財務風險因素及管理(續)

### (a) 財務風險因素(續)

#### (i) 市場風險(續)

現金流量利率風險

本集團之現金流量利率風險源自受限及不受限銀行存款、貸款予附屬公司之非控股股東及按浮動利率計息之借款之當前市場利率波動。除與香港銀行同業拆息及中國人民銀行公佈的貸款利率變動有關的集中利率風險外，本集團概無重大集中利率風險。

本集團與其融資提供者保持密切關係並經常溝通，開拓融資方案，以監控及減輕利率風險。本集團已訂立利率掉期以對沖其若干借款的利息付款現金流變動之風險(見附註23)。

全球正在對主要的利率指標進行根本性的改革，包括用其他近乎無風險的利率取代部份銀行間同業拆息利率(「銀行同業拆息利率」)。本集團的數筆按香港銀行同業拆借計息之銀行借款可能會受到利率指標改革的影響。本集團正密切關注向新基準利率的過渡。

以下敏感性分析是基於報告期末非衍生工具的利率風險釐定。董事認為由於銀行存款的利率波動輕微，因此，並無對銀行存款呈列敏感性分析。

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## 42. FINANCIAL RISK FACTORS AND MANAGEMENT (CONTINUED)

### (a) Financial risk factors (Continued)

#### (i) Market risk (Continued)

Cash flow interest-rate risk (Continued)

If interest rates on HK dollar-denominated borrowings had been 100 basis points higher/lower with all other variables held constant, (i) post-tax profit for the year ended 31 December 2020 would have been Nil (2019: Nil) lower/higher in respect of the finance cost charged to the profit or loss; and (ii) properties under development would have increased/decreased by approximately HK\$119,319,000 (2019: HK\$107,490,000) for finance cost capitalised into properties under development.

If interest rates on RMB-denominated borrowings had been 100 basis points higher/lower with all other variables held constant, (i) post-tax profit for the year ended 31 December 2020 would have been HK\$8,466,000 (2019: HK\$883,000) lower/higher in respect of the finance cost charged to the profit or loss; and (ii) properties under development would have increased/decreased by approximately HK\$5,082,000 (2019: HK\$2,152,000) for finance cost capitalised into properties under development.

If interest rates on loans to non-controlling shareholders of subsidiaries had been 100 basis points higher/lower and all other variables were held constant, post-tax profit would have increased/decreased by approximately HK\$18,982,000 (2019: HK\$20,910,000) for the year ended 31 December 2020.

## 42. 財務風險因素及管理 (續)

### (a) 財務風險因素 (續)

#### (i) 市場風險 (續)

現金流量利率風險 (續)

倘以港元計值之借款之利率上調/下調100基點，而所有其他變數維持不變，則(i)截至二零二零年十二月三十一日止年度有關計入損益內之財務成本之除稅後溢利將減少/增加零元(二零一九年：零港元)；及(ii)發展中物業將增加/減少約119,319,000港元(二零一九年：107,490,000港元)並作為財務成本以資本化方式撥入發展中物業。

倘以人民幣計值之借款之利率上調/下調100基點，而所有其他變數維持不變，則(i)截至二零二零年十二月三十一日止年度有關計入損益內之財務成本之除稅後溢利將減少/增加8,466,000港元(二零一九年：883,000港元)；及(ii)發展中物業將增加/減少約5,082,000港元(二零一九年：2,152,000港元)並作為財務成本以資本化方式撥入發展中物業。

倘利率上升/下降100個基點(就貸款予附屬公司之非控股股東而言)，而所有其他變數維持不變，則截至二零二零年十二月三十一日止年度的除稅後溢利將增加/減少約18,982,000港元(二零一九年：20,910,000港元)。

## 42. FINANCIAL RISK FACTORS AND MANAGEMENT (CONTINUED)

### (a) Financial risk factors (Continued)

#### (i) Market risk (Continued)

Fair value interest-rate risk

The Group's fair value interest rate risk relates primarily to the guaranteed bonds issued at fixed rate.

The Directors consider that the carrying amounts of the financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate their respective fair values at the end of each reporting period.

#### *Equity securities price risk*

The Group is exposed to equity securities price risk because of investments held by the Group and carried at fair value on the consolidated statement of financial position. The Group's equity securities price risk is concentrated on equity instruments operating in property development industry sector quoted in the Stock Exchange. The Group will consider hedging the risk exposure should the need arise.

If the market value of the equity securities held by the Group increased or decreased by 10% and all other variables were held constant, the Group's equity would increase or decrease by approximately HK\$82,278,000 (2019: HK\$139,895,000) as at 31 December 2020.

## 42. 財務風險因素及管理(續)

### (a) 財務風險因素(續)

#### (i) 市場風險(續)

公允值利率風險

本集團的公允值利率風險主要與其按固定利率計息之擔保債券有關。

董事認為於綜合財務狀況表內按攤銷成本入賬的財務資產及財務負債之賬面值與其各自於各報告期末的公允值相若。

#### *股本證券價格風險*

本集團因其所持有於綜合財務狀況表按公允值列賬的投資而承受股本證券價格風險。本集團之股本證券價格風險集中於在聯交所掛牌買賣在物業發展行業運作的股本工具。本集團將在有需要時考慮對沖風險。

倘本集團持有之股本證券市值增加或減少10%，而所有其他變數維持不變，則於二零二零年十二月三十一日，本集團之權益會增加或減少約82,278,000港元(二零一九年：139,895,000港元)。

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## 42. FINANCIAL RISK FACTORS AND MANAGEMENT (CONTINUED)

### (a) Financial risk factors (Continued)

#### (ii) Credit risk and impairment assessment

The Group's credit risk primarily arises from deposits with banks, trade and other receivables, contract assets and guarantees provided in respect of mortgage facilities (Note 37).

The credit risk on deposits with banks is limited because the counterparties are banks with sound credit ratings assigned by credit-rating agencies.

In respect of trade and other receivables and contract assets, individual credit evaluations are performed for those debtors with impaired credit or related parties. These evaluations focus on the customer's financial position, past history of making payments and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. For the rest which consist of a number of customers with common risk characteristics, the Group uses aging to assess the impairment. Normally, the Group does not obtain collateral from customers. Monitoring procedures have been implemented to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade and other receivables at the end of the reporting period to ensure adequate provision for impairment losses are made for irrecoverable amounts.

The following table provides information about the exposure to credit risk for trade receivables which are collectively assessed based on provision matrix as at 31 December 2020 and 2019 within lifetime ECL (not credit impaired). Debtors or related parties with gross carrying amounts of HK\$179,927,000 as at 31 December 2020 (31 December 2019: HK\$348,710,000) were assessed individually.

## 42. 財務風險因素及管理 (續)

### (a) 財務風險因素 (續)

#### (ii) 信貸風險及減值評估

本集團之信貸風險主要來自銀行存款、貿易及其他應收款項、合約資產以及按揭提供之擔保(附註37)。

有關銀行存款之信貸風險非常有限，原因是交易方均為由信貸評級機構授予優良信貸評級之銀行。

就貿易及其他應收款項及合約資產而言，需要對信貸出現減值之應收款項或關聯方進行個別信貸評估。該等評估專注於客戶之財務狀況、過往還款記錄，並考慮客戶之特定資料以及與客戶經營業務相關之經濟環境。對於剩餘部份(包含眾多擁有相同風險特徵的客戶)，集團以賬齡評估有關之減值。一般而言，本集團不會向客戶取得任何抵押品。本集團已實施監控程序，確保採取跟進行動收回逾期債務。此外，本集團於報告期終日審閱各個別貿易及其他應收款項之可收回金額，以確保對不可收回金額作出足夠減值虧損撥備。

下表提供有關於全期預期信貸虧損(沒有出現信貸減值)內貿易應收款項(於二零二零及二零一九年十二月三十一日按撥備矩陣集體評估)信用風險之資料。對於二零二零年十二月三十一日賬面總額為179,927,000港元(二零一九年十二月三十一日：348,710,000港元)之債務人或關聯方單獨進行評估。

## 42. FINANCIAL RISK FACTORS AND MANAGEMENT (CONTINUED)

### (a) Financial risk factors (Continued)

#### (ii) Credit risk and impairment assessment (Continued)

Gross carrying amount

		2020 二零二零年		2019 二零一九年	
		Average loss rate	Trade receivables	Average loss rate	Trade receivables
		平均損失率	貿易應收款項	平均損失率	貿易應收款項
			HK\$'000 千港元		HK\$'000 千港元
Current (not past due)	即期(未逾期)	0.00%	—	0.00%	104,204
1 to 90 days past due	逾期1至90日	0.00%	—	0.00%	3,508
91 days to 1 year past due	逾期91日至1年	0.00%	—	5.00%	389
1 year to 2 years past due	逾期1年至2年	0.00%	—	10.00%	3,351
Over 2 years past due	逾期超過2年	0.00%	—	46.00%	1,710
			—	113,162	

The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

During the year ended 31 December 2020, the Group provided HK\$1,017,000 (2019: reversed, net of provision, HK\$204,000) and Nil (2019: reversed, net of provision, HK\$121,000) impairment allowance for trade receivables and contract assets respectively, based on the provision matrix. Impairment allowance of HK\$13,517,000 (2019: net reversal of impairment allowance HK\$3,507,000) were made on debtors with impaired credit.

The credit risk on other receivables is limited because most of the counterparties are related parties with sound credit.

## 42. 財務風險因素及管理(續)

### (a) 財務風險因素(續)

#### (ii) 信貸風險及減值評估(續)

賬面總值

管理層會定期審閱該分項，以確保更新關於特定債務人的相關資料。

於截至二零二零年十二月三十一日止年度，本集團根據撥備矩陣分別就貿易應收款項及合約資產撥備1,017,000港元(二零一九年：回撥減值(扣除撥備)204,000港元)及零港元(二零一九年：回撥減值(扣除撥備)121,000港元)。對出現信貸減值之債務人減值撥備13,517,000港元(二零一九年：回撥減值撥備淨值3,507,000港元)。

有關其他應收款項之信貸風險非常有限，原因是交易方均為優良信貸之交易方。

## 42. FINANCIAL RISK FACTORS AND MANAGEMENT (CONTINUED)

### (a) Financial risk factors (Continued)

#### (ii) Credit risk and impairment assessment (Continued)

Gross carrying amount (Continued)

The Group has arranged bank financings for certain purchasers of property units and provided guarantees to secure obligations of such purchasers for repayments. If a purchaser defaults on the payment of its mortgage during the term of the guarantee, the Group is able to retain the property sales proceeds received from the purchasers and sell the property to recover any amounts paid by the Group to the bank. The management considers the credit risk exposure to financial guarantees provided to property purchasers is limited because the facilities are secured by the properties and the market price of the properties is higher than the guaranteed amounts.

The Group has concentration of credit risk on loans to non-controlling shareholders of subsidiaries, but the exposure is considered limited as the counterparties are at a good financial position.

The Group has no significant concentration of credit risk on trade and other receivables and contract assets, with exposure spread over a number of customers.

The Group has concentration of credit risk on liquid funds which are deposited with several banks, which are mainly State-owned banks and with high credit ratings in Mainland China and Hong Kong.

## 42. 財務風險因素及管理 (續)

### (a) 財務風險因素 (續)

#### (ii) 信貸風險及減值評估 (續)

賬面總值 (續)

本集團已為若干物業單位之買家安排銀行融資，並對買家之償還義務提供擔保。倘買家在擔保期間拖欠按揭付款，則本集團可保留自客戶收取之物業銷售所得款項，並將物業出售以抵償本集團應付予銀行之金額。管理層認為向置業者提供的財務擔保的信貸風險有限，因為有關融資乃由物業擔保，且有關物業的市價高於擔保金額。

本集團就貸款予附屬公司之非控股股東承擔信貸集中風險，惟認為風險有限，因為交易方的財務狀況良好。

本集團並無就貿易及其他應收款項及合約資產承擔重大信貸集中風險，因為有關風險分散於多名客戶。

本集團就存放於若干銀行（主要為國有銀行及於中國內地及香港信貸評級高的銀行）的流動資金承擔信貸集中風險。



## 42. FINANCIAL RISK FACTORS AND MANAGEMENT (CONTINUED)

### (a) Financial risk factors (Continued)

#### (iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of credit facilities. Management aims to maintain flexibility in funding by keeping credit lines available. Management monitors the rolling forecasts of the Group's liquidity reserve (comprising undrawn borrowing facilities (Note 29(a)) and cash and bank balances (Note 25) on the basis of expected cash flow.

The table below analyses the Group's financial liabilities at amortised cost into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows (including both principal and interest). To the extent that interest flows are at variable-rate, the undiscounted amount is derived from interest rate at the end of each reporting period.

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual net cash (inflows) and outflows on derivative instruments that settle on a net basis. When the amount payable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of the reporting period. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual maturities as the management consider that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

## 42. 財務風險因素及管理(續)

### (a) 財務風險因素(續)

#### (iii) 流動資金風險

審慎之流動資金風險管理指維持充裕現金，以及透過足夠信貸融資維持備用資金。管理層致力透過可用信貸額度維持資金之靈活彈性。管理層按預期現金流量監控本集團之流動資金儲備之滾存預測(包括未提取之借款額度(附註29(a))以及現金及銀行存款(附註25)。

下表顯示本集團按攤銷成本入賬之財務負債，按照由報告期終日至合約到期日剩餘之相關到期組別分析。下表所披露金額為合約未貼現現金流量(包括本金及利息)。倘利息流為浮息，則未貼現金額乃按各報告期末之利率得出。

此外，下表詳述本集團就其衍生財務工具之流動性分析。該表乃根據以淨額基準結算的衍生工具未折現合約現金(流入)及流出淨額計算。如未確定應付金額，則披露金額會參考報告期末現有之收益曲線所顯示預期利率釐定。由於管理層認為合約期限對理解衍生工具現金流量之時間性而言屬必須，因此本集團之衍生財務工具之流動性分析乃根據合約期限編製。



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**42. FINANCIAL RISK FACTORS AND  
MANAGEMENT (CONTINUED)**

**(a) Financial risk factors (Continued)**  
**(iii) Liquidity risk (Continued)**

**42. 財務風險因素及管理 (續)**

**(a) 財務風險因素 (續)**  
**(iii) 流動資金風險 (續)**

	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total undiscounted cash flows 未貼現現金 流量總額	Carrying amount 賬面值
	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
<b>As at 31 December 2020</b>	<b>於二零二零年十二月三十一日</b>					
Non-derivative financial liabilities	非衍生財務負債					
Borrowings	5,113,299	6,698,728	8,548,757	766,457	21,127,241	19,571,123
Trade and other payables	5,777,702	—	—	—	5,777,702	5,777,702
Amounts due to fellow subsidiaries	應付同系附屬					
	公司款項					
	1,104,922	438,287	—	—	1,543,209	1,543,209
Amounts due to non-controlling shareholders of subsidiaries	應付附屬公司非控股股東款項					
	1,792,178	—	—	—	1,792,178	1,792,178
Amounts due to associates	應付聯營公司款項					
	2,283,256	—	—	—	2,283,256	2,283,256
Financial guarantee contracts	財務擔保合約					
	6,804,623	—	—	—	6,804,623	—
	<b>22,875,980</b>	<b>7,137,015</b>	<b>8,548,757</b>	<b>766,457</b>	<b>39,328,209</b>	<b>30,967,468</b>
Derivatives — net settlement	衍生工具 — 淨結算					
Interest rate swaps	利率掉期					
	33,448	27,779	(788)	—	60,439	59,846

## 42. FINANCIAL RISK FACTORS AND MANAGEMENT (CONTINUED)

### (a) Financial risk factors (Continued) (iii) Liquidity risk (Continued)

	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total undiscounted cash flows 未貼現現金 流量總額	Carrying amount 賬面值
	一年內 HK\$'000 千港元	一至兩年 HK\$'000 千港元	兩至五年 HK\$'000 千港元	五年以上 HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
<b>As at 31 December 2019</b>	<b>於二零一九年十二月三十一日</b>					
Non-derivative financial liabilities	非衍生財務負債					
Borrowings	7,940,657	3,057,757	7,207,822	—	18,206,236	16,753,904
Trade and other payables	6,147,791	—	—	—	6,147,791	6,147,791
Amounts due to fellow subsidiaries	應付同系附屬					
	1,372,132	—	—	—	1,372,132	1,372,132
Amounts due to non-controlling shareholders of subsidiaries	應付附屬公司非控股股東款項					
	394,732	—	—	—	394,732	394,732
Amounts due to associates	應付聯營公司款項					
	940,026	—	—	—	940,026	940,026
Financial guarantee contracts	財務擔保合約					
	2,580,145	—	—	—	2,580,145	—
	<u>19,375,483</u>	<u>3,057,757</u>	<u>7,207,822</u>	<u>—</u>	<u>29,641,062</u>	<u>25,608,585</u>
Derivatives — net settlement	衍生工具 — 淨結算					
Interest rate swaps	(12,449)	9,850	9,213	—	6,614	5,942

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

## 42. 財務風險因素及管理(續)

### (a) 財務風險因素(續) (iii) 流動資金風險(續)

上述財務擔保合同之金額為於擔保交易方索回有關款項時，本集團根據安排可能須就全部擔保金額償付的最高金額。根據報告期末的預期，本集團認為，毋須根據安排支付款項的可能性很大。然而，因持有已擔保財務應收款項的交易方遭受信貸損失而可能按擔保條款追討，有關估計或會改變。

若可變利率的變化與於報告期末釐定的利率估計不同，則上述非衍生財務負債可變利率工具的金額將會變化。

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### 42. FINANCIAL RISK FACTORS AND MANAGEMENT (CONTINUED)

#### (b) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The total equity and borrowings of the Group represents the capital structure of the Group. In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated statement of financial position) less cash and bank deposits.

The gearing ratios as at 31 December 2020 and 2019 are as follows:

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Total borrowings	借款總額	<b>19,571,123</b>	16,753,904
Less: Cash and bank deposits	減：現金及銀行存款	<b>(8,432,601)</b>	(3,892,800)
Net debt	債務淨額	<b>11,138,522</b>	12,861,104
Total equity	權益總額	<b>22,410,007</b>	16,266,718
Gearing ratio	負債比率	<b>50%</b>	79%

### 42. 財務風險因素及管理 (續)

#### (b) 資本風險管理

本集團管理資本之目標乃保障本集團持續經營之能力，藉此為股東帶來回報及使其他股權持有人受益，以及維持最理想之資本結構，以減低資金成本。

本集團之權益及借款總額反映本集團之資本結構。為維持或調整資本架構，本集團或會發行新股份或出售資產以減少債務。

與其他同業一致，本集團以負債比率作為監控資本之基準。該比率按債務淨值除以權益總額計算。債務淨值按借款總額(包括綜合財務狀況表中呈列流動及非流動借款)減現金及銀行存款計算。

於二零二零年及二零一九年十二月三十一日之負債比率如下：

## 42. FINANCIAL RISK FACTORS AND MANAGEMENT (CONTINUED)

### (c) Fair value estimation

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised costs approximate their fair values. The fair values are estimated using generally accepted pricing models based on discounted cash flows.

The financial assets at fair value through other comprehensive income represent equity securities listed in Hong Kong. As at 31 December 2020, equity securities amounting to HK\$822,778,000 (2019: HK\$1,398,952,000) are measured at fair value and based on quoted market prices of an active market (Level 1) at the end of the reporting period.

Other financial assets and liabilities represent interest rate swap contracts designated as highly effective hedging instruments in order to manage the Group's interest rate exposure in relation to the bank borrowings on a floating interest rate basis. As at 31 December 2020, fair value of other financial assets and liabilities amounting to Nil (2019: HK\$19,771,000) and HK\$59,846,000 (2019: HK\$25,713,000) are measured at the present value of future cash flows estimated based on the applicable yield curves derived from quoted interest rates at the end of the reporting period and contracted interest rate discounted at a rate that reflects the credit risk of various counterparties and categorised in Level 2.

## 42. 財務風險因素及管理(續)

### (c) 公允值估計

董事認為按攤銷成本計量的財務資產及財務負債的賬面值與其公允值相若。公允值乃使用公認定價模型根據貼現現金流估計。

透過其他全面收益按公允值計量之財務資產主要包括於香港上市之股本證券。於二零二零年十二月三十一日，股本證券822,778,000港元(二零一九年：1,398,952,000港元)乃以公允值按報告期終日活躍市場(第一級)之市場報價計算。

其他財務資產及負債為指定為高度有效對沖工具的利率掉期合約，其目的是管理本集團浮動利率銀行借款之利率風險。於二零二零年十二月三十一日，其他財務資產及負債之公允值分別為零港元(二零一九年：19,771,000港元)及59,846,000港元(二零一九年：25,713,000港元)，其乃按基於適用收益率曲線(自報告期末的所報利率得出)及按可反映多名交易方信貸風險的折現率折現的合約利率(分類為第二級)得出的未來現金流估計現值計算。

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### 43. RELATED PARTY TRANSACTIONS

The Group itself is part of a larger group of companies under China Minmetals, which is controlled by the PRC government. Apart from the transactions with the parent company and its subsidiaries which have been disclosed in other notes to the consolidated financial statements, the Group also conducts businesses with entities directly or indirectly owned or controlled, jointly controlled or significantly influenced by the PRC government ("government-related entities") in the ordinary course of business. The Directors consider those entities other than the China Minmetals and its subsidiaries are independent third parties as far as the Group's business transactions with them are concerned. Apart from the transactions in below (a), the Group also conducts business with other government-related entities. In establishing its pricing strategies and approval process for transactions with other government related entities, the Group does not differentiate whether the counter-party is a government-related entity or not. The Group is of the opinion that it has provided, in the best of its knowledge, adequate and appropriate disclosure of related party transactions in the consolidated financial statements.

The Group has entered into various transactions, including sales, purchases, borrowings and other operating expenses with other government-related entities during the year in which the Directors are of the opinion that it is impracticable to ascertain the identity of the counterparties and accordingly whether the counterparties are government-related entities.

Other than disclosed elsewhere in the consolidated financial statements, the Group had the following material transactions and balances with related parties, which were carried out in the ordinary and normal course of business of the Group:

### 43. 關聯方交易

本集團本身乃為中國五礦(該公司由中國政府控制)旗下一大型集團公司的組成部分。除綜合財務報表其他附註所披露的與母公司及其附屬公司進行的交易外,本集團亦於正常業務過程中與中國政府直接或間接擁有或控制、共同控制或受重大影響的實體(「政府相關企業」)進行業務往來。董事認為,就本集團與該等實體進行的業務交易而言,該等實體(除中國五礦及其附屬公司外)均為獨立第三方。除下文(a)之交易外,本集團亦與其他政府相關企業進行業務。本集團於與其他政府相關企業建立交易定價戰略及審批過程中並無分辨對方是否為政府相關企業。本集團認為,據其所深知,已於綜合財務報表內就關連方交易作出充足適當的披露。

本集團已於期間內與其他政府相關企業訂立多項交易(包括銷售、購買、借款及其他經營費用),而董事認為,確定對方的身份及該等交易是否為與其他政府相關企業進行乃不切實際。

除綜合財務報表其他地方所披露者外,本集團與關聯方於本集團日常及一般業務中進行之重大交易及結餘如下:

### 43. RELATED PARTY TRANSACTIONS

(CONTINUED)

#### (a) Transactions with related parties

### 43. 關聯方交易 (續)

#### (a) 與關聯方之交易

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Construction costs to fellow subsidiaries for real estate development projects (note (ii))	給予同系附屬公司有關房地產發展項目之建築成本(附註(ii))	1,408,206	1,195,094
Management fee income from fellow subsidiaries (note (iii))	向同系附屬公司收取管理費收入(附註(iii))	6,295	11,337
Rental and management fee income from fellow subsidiaries (note (iv))	向同系附屬公司收取租金及管理費收入(附註(iv))	10,090	10,650
Expenses relating to short-term leases to a fellow subsidiary (note (v))	給予一家同系附屬公司之短期租賃支出(附註(v))	—	2,880
Interest expenses on lease liabilities with a fellow subsidiary (note (v))	向一家同系附屬公司支付之租賃負債利息(附註(v))	375	127
Loan interest expenses to fellow subsidiaries (note (vi))	向同系附屬公司支付之貸款利息支出(附註(vi))	40,072	15,358
Loan interest expenses to non-controlling shareholders of subsidiaries (note (vi))	向附屬公司之非控股股東支付之貸款利息支出(附註(vi))	29,339	28,066
Interest income from a fellow subsidiary (note (ix))	收取一家同系附屬公司之利息收入(附註(ix))	27,427	30,175
Interest income from an associate (note (x))	收取一家聯營公司之利息收入(附註(x))	42,147	27,284
Interest income from joint ventures (note (x))	收取合營公司之利息收入(附註(x))	12,935	13,963
Interest income from non-controlling shareholders of subsidiaries (note (viii))	收取附屬公司之非控股股東之貸款利息收入(附註(viii))	129,508	132,234
Property management expenses to a fellow subsidiary (note (xii))	給予一家同系附屬公司之物業管理服務支出(附註(xii))	5,481	13,264

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43. RELATED PARTY TRANSACTIONS

(CONTINUED)

(b) Balances with related parties

43. 關聯方交易(續)

(b) 與關聯方之結餘

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Specialised construction costs payable to a fellow subsidiary (note (i))	應付一家同系附屬公司之專業建築成本(附註(i))	—	39,316
Contract payable to fellow subsidiaries for real estate development projects (note (ii))	應付同系附屬公司之房地產發展項目合約款項(附註(ii))	<b>314,488</b>	253,987
Management fee receivable from fellow subsidiaries (note (iii))	應收同系附屬公司之管理費收入(附註(iii))	—	9,489
Lease liabilities with a fellow subsidiary (note (v))	有關一家同系附屬公司之租賃負債(附註(v))	<b>6,645</b>	10,067
Amounts due to fellow subsidiaries (note (vii))	應付同系附屬公司款項(附註(vii))	<b>1,543,209</b>	1,372,132
Amounts due to non-controlling shareholders of subsidiaries (note (vii))	應付附屬公司非控股股東款項(附註(vii))	<b>1,792,178</b>	394,732
Amounts due to associates (note (vii))	應付聯營公司款項(附註(vii))	<b>2,283,256</b>	940,026
Loans to non-controlling shareholders of subsidiaries (note (viii))	貸款予附屬公司之非控股股東(附註(viii))	<b>2,530,870</b>	2,787,988
Amounts due from associates (note (vii))	應收聯營公司款項(附註(vii))	<b>981,496</b>	58,010
Amounts due from joint ventures (note (vii))	應收合營公司款項(附註(vii))	<b>4,453,634</b>	4,122,198
Current deposits placed in a fellow subsidiary (note (ix))	存置於一家同系附屬公司之活期存款(附註(ix))	<b>3,555,306</b>	1,362,320
Loan to an associate (note (x))	貸款予一家聯營公司(附註(x))	<b>106,939</b>	781,425
Loans to joint ventures (note (x))	貸款予合營公司(附註(x))	<b>186,077</b>	116,770
Loan from a non-controlling shareholder of a subsidiary (note (xi))	來自一家附屬公司之一名非控股股東之貸款(附註(xi))	<b>276,588</b>	114,995
Loan from a fellow subsidiary (note (xi))	來自一家同系附屬公司之貸款(附註(xi))	—	39,071
Perpetual loan with a fellow subsidiary (Note 28(a))	來自一家同系附屬公司之永久貸款(附註28(a))	<b>2,378,366</b>	2,234,464



## 43. RELATED PARTY TRANSACTIONS

(CONTINUED)

### (b) Balances with related parties (Continued)

Notes:

- (i) Specialised construction costs to a fellow subsidiary of the Company were based on terms mutually agreed by both parties.
- (ii) Construction costs to fellow subsidiaries for real estate development projects were based on terms mutually agreed by both parties.
- (iii) Management fee income and receivables from fellow subsidiaries of the Company was based on the terms in the agreements entered into between the parties involved.
- (iv) Rental and management fee income received from fellow subsidiaries of the Company were based on the terms in the agreements entered into between the parties involved.
- (v) In 2019, the Group entered into a lease agreement for the use of the office with a fellow subsidiary for three years. The Group has recognised an addition of right-of-use asset and lease liability of HK\$11,109,000 and HK\$11,109,000 respectively upon the lease commencement date.
- (vi) Loan interest expenses to fellow subsidiaries and non-controlling shareholders of subsidiaries were based on terms in the agreements entered into between both parties.
- (vii) The amounts due from/to fellow subsidiaries, non-controlling shareholders of subsidiaries, joint ventures and associates are unsecured, interest free. Except for an amount due to a fellow subsidiary of HK\$438,287,000 which is due in 2022, others are repayable on demand.
- (viii) The loans to non-controlling shareholders of subsidiaries are unsecured, bearing interest at the benchmark interest rate for a one-year loan quoted by the People's Bank of China per annum and repayable on demand.
- (ix) The interest rate of the current deposits placed in a fellow subsidiary ranges from 0.5% to 1.5% per annum.
- (x) The interest rates of the loans to an associate and joint ventures were 7.0% and 6.0% per annum, respectively. The loans are unsecured and repayable on demand.

## 43. 關聯方交易 (續)

### (b) 與關聯方之結餘 (續)

附註：

- (i) 給予本公司一家同系附屬公司之專業建築成本乃基於雙方共同協定之條款釐定。
- (ii) 就房地產發展項目給予同系附屬公司之建築成本乃按雙方共同協定之條款釐定。
- (iii) 應收本公司同系附屬公司之管理費收入乃根據有關訂約方所訂立多項協議之條款釐定。
- (iv) 向本公司同系附屬公司收取租金及管理費收入乃根據有關訂約方所訂立多項協議之條款釐定。
- (v) 於二零一九年，本集團已與一家同系附屬公司簽署了為期三年之辦公室租賃協議，本集團於租賃開始日，分別確認了11,109,000港元及11,109,000港元之使用權資產及租賃負債。
- (vi) 向同系附屬公司及附屬公司非控股股東支付之貸款利息支出乃根據有關訂約方所訂立多項協議之條款釐定。
- (vii) 應付／應收同系附屬公司、附屬公司非控股股東、聯營公司及合營公司之款項乃無抵押、免息及須應要求償還。除於二零二二年到期之應付一家同系附屬公司款項438,287,000港元外，其他應要求償還。
- (viii) 貸款予附屬公司之非控股股東之貸款為無抵押，須按中國人民銀行公佈之一年期貸款之基準年利率計息及須應要求償還。
- (ix) 存置於一家同系附屬公司之活期存款按實際年利率0.5%至1.5%計息。
- (x) 貸款予聯營公司及合資公司之年利率分別為7.0%及6.0%，貸款為無抵押及須應要求償還。

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**43. RELATED PARTY TRANSACTIONS**

(CONTINUED)

**(b) Balances with related parties (Continued)**

Notes: (Continued)

- (xi) The loans from a non-controlling shareholder of a subsidiary and a fellow subsidiary are unsecured, bearing interest at 6.2% (2019: 6.0%) per annum and repayable within one year.
- (xii) The property management expenses to a fellow subsidiary were based on the terms in the agreements entered into between the parties involved.

**(c) Key management compensation**

**43. 關聯方交易 (續)**

**(b) 與關聯方之結餘 (續)**

附註：(續)

- (xi) 來自一家附屬公司之一名非控股股東及一家同系附屬公司之貸款為無抵押，年利率為6.2% (二零一九年：6%) 及須於一年內償還。
- (xii) 向一家同系附屬公司支付之物業管理服務支出乃根據有關訂約方所訂立多項協議之條款釐定。

**(c) 主要管理人員之薪酬**

	<b>2020</b> 二零二零年 <b>HK\$'000</b> 千港元	2019 二零一九年 HK\$'000 千港元
Salaries and short-term employee benefits	<b>9,531</b>	10,757
Pension costs — defined contribution plans	<b>20</b>	282
	<b>9,551</b>	11,039

## 44. PARTICULARS OF PRINCIPAL SUBSIDIARIES

### (a) List of principal subsidiaries as at 31 December 2020:

## 44. 主要附屬公司詳情

### (a) 於二零二零年十二月三十一日，主要附屬公司列表：

Name of subsidiary 附屬公司名稱	Place of incorporation/ operation 註冊成立/營業地點	Particulars of issued share capital/paid up capital (note (ii)) 已發行股本/繳足股本詳情 (附註(ii))	Percentage of equity interest 股本權益百分比				Principal activity 主要業務
			2020 二零二零年		2019 二零一九年		
			Directly held by the Company 直接由 本公司持有	Indirectly held by the Company 間接由 本公司持有	Directly held by the Company 直接由 本公司持有	Indirectly held by the Company 間接由 本公司持有	
北京萬湖房地產開發有限公司 (Beijing Wanhu Property Development Co., Ltd.) (“Beijing Wanhu”) (notes (iii))	Mainland China	RMB2,338,120,000	—	51	—	51	Real estate development
北京萬湖房地產開發有限公司(「北京萬湖」) (附註(iii))	中國內地	2,338,120,000元人民幣					房地產發展
Best Pearl Development Limited	Hong Kong	HK\$1,000 1,000 shares with no par value	—	100	—	100	Property investment
慧珠發展有限公司	香港	1,000港元 1,000股無面值					物業投資
博羅縣碧華房地產開發有限公司 (Boluo County Bihua Property Development Company Limited “Boluo County Bihua”) (note (iii))	Mainland China	RMB778,013,150	—	100	—	100	Real estate development
博羅縣碧華房地產開發有限公司(「博羅碧華」) (附註(iii))	中國內地	778,013,150元人民幣					房地產發展
五礦盛世廣業(北京)有限公司 (Minmetals Shengshi Guangye (Beijing) Co., Ltd.)	Mainland China	RMB6,001,000,000	—	100	—	100	Provision of management service and investment holding
五礦盛世廣業(北京)有限公司	中國內地	6,001,000,000元人民幣					提供管理服務及投資控股
Bright Circle Limited	Hong Kong	HK\$10,000 10,000 shares with no par value	—	100	—	100	Property investment
輝中有限公司	香港	10,000港元 10,000股無面值					物業投資
Eastrend (Hong Kong) Limited	Hong Kong	HK\$2 2 shares with no par value	—	100	—	100	Property investment
東昌(香港)有限公司	香港	2港元 2股無面值					物業投資
佛山市礦盛房地產開發有限公司 (Foshan Kuangsheng Property Development Co., Ltd.)	Mainland China	RMB520,000,000	—	100	—	100	Real estate development
佛山市礦盛房地產開發有限公司	中國內地	520,000,000元人民幣					房地產發展
Excel Capital Global Ltd	British Virgin Islands	US\$1 1 share of US\$1 each	100	—	100	—	Fund raising
Excel Capital Global Ltd	英屬處女群島	1美元 1股每股面值1美元					集資
Expand Lead Limited	British Virgin Islands	US\$1 1 share of US\$1 each	100	—	100	—	Fund raising
拓利有限公司	英屬處女群島	1美元 1股每股面值1美元					集資

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44. PARTICULARS OF PRINCIPAL  
SUBSIDIARIES (CONTINUED)

(a) List of principal subsidiaries as at 31  
December 2020: (Continued)

44. 主要附屬公司詳情(續)

(a) 於二零二零年十二月三十一日，主要附屬公司列表：(續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ operation 註冊成立/營業地點	Particulars of issued share capital/paid up capital (note (i)) 已發行股本/繳足股本詳情 (附註(i))	Percentage of equity interest 股本權益百分比				Principal activity 主要業務
			2020 二零二零年		2019 二零一九年		
			Directly held by the Company 直接由 本公司持有	Indirectly held by the Company 間接由 本公司持有	Directly held by the Company 直接由 本公司持有	Indirectly held by the Company 間接由 本公司持有	
Great Way Properties Limited 鴻威置業有限公司	Hong Kong/Mainland China 香港/中國內地	HK\$2 2 shares with no par value 2港元 2股無面值	—	100	—	100	Property investment 物業投資
廣州市礦粵房地產開發有限公司 (Guangzhou Kuangyue Property Development Co., Ltd.) 廣州市礦粵房地產開發有限公司	Mainland China 中國內地	RMB120,000,000 120,000,000元人民幣	—	100	—	100	Real estate development 房地產發展
礦錦地產南京有限公司 (Kuangjin Property Development Nanjing Co., Ltd.) 礦錦地產南京有限公司	Mainland China 中國內地	RMB100,000,000 100,000,000元人民幣	—	100	—	100	Real estate development 房地產發展
礦美地產南京有限公司 (Kuangmei Property Development Nanjing Co., Ltd.) 礦美地產南京有限公司	Mainland China 中國內地	RMB100,000,000 100,000,000元人民幣	—	100	—	100	Real estate development 房地產發展
廊坊礦世基業房地產開發有限公司 (Langfang Kuangshi Jiye Property Development Co., Ltd. "Kuangshi Jiye") (notes (iii) & (iv)) 廊坊礦世基業房地產開發有限公司(「礦世基業」) (附註(iii)及(iv))	Mainland China 中國內地	US\$55,000,000 55,000,000美元	—	50	—	50	Real estate development 房地產發展
Linkcheer Limited 凌駿有限公司	Hong Kong 香港	HK\$2 2 shares with no par value 2港元 2股無面值	—	100	—	100	Property investment 物業投資
Luck Achieve Limited 幸達有限公司	British Virgin Islands/Hong Kong 英屬處女群島/香港	US\$2 2 shares of US\$1 each 2美元 2股每股面值1美元	—	100	—	100	Securities Investment 證券投資
Massive Leader Limited 宏悅有限公司	Hong Kong 香港	HK\$1 1 share with no par value 1港元 1股無面值	—	100	—	100	Real estate development 房地產發展
Minmetals Condo (Hong Kong) Engineering Company Limited 五礦瑞和(香港)工程有限公司	Hong Kong 香港	HK\$1 1 share with no par value 1港元 1股無面值	—	100	—	100	Design and installation of curtain walls 設計及安裝幕牆

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#### 44. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

##### (a) List of principal subsidiaries as at 31 December 2020: (Continued)

#### 44. 主要附屬公司詳情(續)

##### (a) 於二零二零年十二月三十一日，主要附屬公司列表：(續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ operation 註冊成立/營業地點	Particulars of issued share capital/paid up capital (note (ii)) 已發行股本/繳足股本詳情 (附註(ii))	Percentage of equity interest 股本權益百分比				Principal activity 主要業務
			2020 二零二零年		2019 二零一九年		
			Directly held by the Company 直接由 本公司持有	Indirectly held by the Company 間接由 本公司持有	Directly held by the Company 直接由 本公司持有	Indirectly held by the Company 間接由 本公司持有	
Minmetals Land Capital Limited 五礦建設資本有限公司	British Virgin Islands 英屬處女群島	US\$10 10 shares of US\$1 each 10美元 10股每股面值1美元	100	—	100	—	Fund raising 集資
Minmetals Land Investments Limited Minmetals Land Investments Limited	British Virgin Islands/Hong Kong 英屬處女群島/香港	US\$990 99 shares of US\$10 each 990美元 99股每股面值10美元	100	—	100	—	Investment holding 投資控股
五礦建設投資管理(北京)有限公司 (Minmetals Land Investment Management (Beijing) Co., Ltd.) 五礦建設投資管理(北京)有限公司	Mainland China 中國內地	RMB4,971,652,952 4,971,652,952元人民幣	—	100	—	100	Provision of management service and investment holding 提供管理服務及投資控股
五礦地產(武漢)開發有限公司 (Minmetals Land (Wuhan) Development Co., Ltd.) 五礦地產(武漢)開發有限公司	Mainland China 中國內地	RMB280,000,000 280,000,000元人民幣	—	100	—	100	Real estate development 房地產發展
五礦建設(營口)恒富置業有限公司 (Minmetals Land (Yingkou) Hengfu Properties Co., Ltd.) (note (ii)) 五礦建設(營口)恒富置業有限公司(附註(ii))	Mainland China 中國內地	US\$100,000,000 100,000,000美元	—	100	—	100	Real estate development 房地產發展
湖南礦代房地產開發有限公司 (Hunan Kuangdai Property Development Co., Ltd.) 湖南礦代房地產開發有限公司	Mainland China 中國內地	RMB600,000,000 600,000,000元人民幣	—	100	—	100	Real estate development 房地產發展
ONFEM Finance Limited ONFEM Finance Limited	British Virgin Islands/Hong Kong 英屬處女群島/香港	US\$1,000 1,000 shares of US\$1 each 1,000美元 1,000股每股面值1美元	100	—	100	—	Provision of financing for group companies 為集團公司提供融資
Oriental Dragon Construction Limited 東方龍建有限公司	Hong Kong/Hong Kong and Mainland China 香港/香港及中國內地	HK\$10,000 10,000 shares with no par value 10,000股無面值	—	71	—	71	Investment holding 投資控股
Texion Development Limited 企元國際有限公司	Hong Kong 香港	HK\$50,000,000 50,000,000 shares with no par value 50,000,000股無面值	—	100	—	100	Property investment 物業投資

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44. PARTICULARS OF PRINCIPAL  
SUBSIDIARIES (CONTINUED)

(a) List of principal subsidiaries as at 31  
December 2020: (Continued)

44. 主要附屬公司詳情(續)

(a) 於二零二零年十二月三十一日，主要附屬公司列表：(續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ operation 註冊成立/營業地點	Particulars of issued share capital/paid up capital (note (i)) 已發行股本/繳足股本詳情 (附註(i))	Percentage of equity interest 股本權益百分比				Principal activity 主要業務
			2020 二零二零年		2019 二零一九年		
			Directly held by the Company 直接由 本公司持有	Indirectly held by the Company 間接由 本公司持有	Directly held by the Company 直接由 本公司持有	Indirectly held by the Company 間接由 本公司持有	
Top Gain Properties Limited 溢成置業有限公司	Hong Kong/Mainland China 香港/中國內地	HK\$2 2 shares with no par value 2股無面值	—	100	—	100	Property investment 物業投資
Virtyre Limited Virtyre Limited	Hong Kong 香港	HK\$20 2 shares with no par value 2股無面值	—	100	—	100	Property investment 物業投資
武漢潤領房地產開發有限公司 (Wuhan Runling Property Development Co., Ltd.) 武漢潤領房地產開發有限公司	Mainland China 中國內地	RMB350,000,000 350,000,000元人民幣	—	100	—	100	Real estate development 房地產發展
廣州礦榮房地產開發有限公司 (Guangzhou Kuangrong Property Development Co., Ltd.) ("Guangzhou Kuangrong") (note (iii)) 廣州礦榮房地產開發有限公司(「廣州礦榮」) (附註(iii))	Mainland China 中國內地	RMB1,000,000,000 1,000,000,000元人民幣	—	51	—	51	Real estate development 房地產發展
礦中地產南京有限公司 (Kuangzhong Property Development Nanjing Co., Ltd.) 礦中地產南京有限公司	Mainland China 中國內地	RMB100,000,000 100,000,000元人民幣	—	100	—	100	Real estate development 房地產發展
湖南礦湘置業有限公司 (Hunan Kuangxiang Real Estate Co., Ltd.) (note (ii)) 湖南礦湘置業有限公司(附註(ii))	Mainland China 中國內地	USD45,000,000 45,000,000美元	—	100	—	100	Real estate development 房地產發展
廣州市礦茂房地產開發有限公司 (Guangzhou Kuangmao Property Development Co., Ltd.) ("Guangzhou Kuangmao") (notes (iii) & (v)) 廣州市礦茂房地產開發有限公司(「廣州礦茂」) (附註(iii)及(v))	Mainland China 中國內地	RMB2,400,000,000 2,400,000,000元人民幣	—	51	—	100	Real estate development 房地產發展
深圳市礦潤房地產開發有限公司 (Shenzhen Kuangrun Property Development Co., Ltd.) ("Shenzhen Kuangrun") (notes (iii) & (vi)) 深圳市礦潤房地產開發有限公司(「深圳礦潤」) (附註(iii)及(vi))	Mainland China 中國內地	RMB900,000,000 900,000,000元人民幣	—	51	—	100	Real estate development 房地產發展
廣州市礦譽投資有限公司 (Guangzhou Kuangyu Investment Co., Ltd.) (“Guangzhou Kuangyu”) (notes (iii) & (vii)) 廣州市礦譽投資有限公司(「廣州礦譽」) (附註(iii)及(vii))	Mainland China 中國內地	RMB2,500,000,000 2,500,000,000元人民幣	—	51	N/A	N/A	Real estate development 房地產發展

#### 44. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

##### (a) List of principal subsidiaries as at 31 December 2020: (Continued)

#### 44. 主要附屬公司詳情(續)

##### (a) 於二零二零年十二月三十一日，主要附屬公司列表：(續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ operation 註冊成立/營業地點	Particulars of issued share capital/paid up capital (note (i)) 已發行股本/繳足股本詳情 (附註(i))	Percentage of equity interest 股本權益百分比				Principal activity 主要業務
			2020 二零二零年		2019 二零一九年		
			Directly held by the Company 直接由 本公司持有	Indirectly held by the Company 間接由 本公司持有	Directly held by the Company 直接由 本公司持有	Indirectly held by the Company 間接由 本公司持有	
廣州市品誠房地產開發有限公司 (Guangzhou Pincheng Real Estate Development Co., Ltd) ("Guangzhou Pincheng") (notes (iii) & (viii))	Mainland China	RMB2,181,280,000	—	45.9	N/A	N/A	Real estate development
廣州市品誠房地產開發有限公司(「廣州品誠」) (附註(iii)及(viii))	中國內地	2,181,280,000元人民幣			不適用	不適用	房地產發展
成都盛礦置業有限公司 (Chengdu Shengkuang Real Estate Development Co., Ltd)	Mainland China	RMB300,000,000	—	100	N/A	N/A	Real estate development
成都盛礦置業有限公司	中國內地	300,000,000元人民幣			不適用	不適用	房地產發展
成都礦邑置業有限公司 (Chengdu Kuangyi Real Estate Development Co., Ltd)	Mainland China	RMB200,000,000	—	100	N/A	N/A	Real estate development
成都礦邑置業有限公司	中國內地	200,000,000元人民幣			不適用	不適用	房地產發展
五礦地產湖南開發有限公司 (Minmetals Land Hunan Development Co., Ltd.) (note (ix))	Mainland China	RMB612,244,900	—	51	N/A	N/A	Real estate development
五礦地產湖南開發有限公司(附註(ix))	中國內地	612,244,900元人民幣			不適用	不適用	房地產發展
五礦地產(湘潭)開發有限公司 (Minmetals Land (Xiangtan) Development Co., Ltd.) (note (ix))	Mainland China	RMB88,000,000	—	51	N/A	N/A	Real estate development
五礦地產(湘潭)開發有限公司(附註(ix))	中國內地	8,000,000元人民幣			不適用	不適用	房地產發展
五礦地產(泰安)開發有限公司 (Minmetals Land (Taian) Development Co., Ltd.) (note (ix))	Mainland China	RMB10,000,000	—	51	N/A	N/A	Real estate development
五礦地產(泰安)開發有限公司(附註(ix))	中國內地	10,000,000元人民幣			不適用	不適用	房地產發展
泰安潤領房地產開發有限公司 (Taian Runling Property Development Co., Ltd.) (note (ix))	Mainland China	RMB10,000,000	—	51	N/A	N/A	Real estate development
泰安潤領房地產開發有限公司(附註(ix))	中國內地	10,000,000元人民幣			不適用	不適用	房地產發展
五礦地產(西寧)開發有限公司 (Minmetals Land (Xining) Development Co., Ltd.) (note (ix))	Mainland China	RMB20,000,000	—	51	N/A	N/A	Real estate development
五礦地產(西寧)開發有限公司(附註(ix))	中國內地	20,000,000元人民幣			不適用	不適用	房地產發展

The above table lists the subsidiaries of the Group which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

董事認為上表列示之本集團附屬公司主要影響本集團的業績及資產。董事認為若列示其他附屬公司詳情，將會過於冗長。



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### 44. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

#### (a) List of principal subsidiaries as at 31 December 2020: (Continued)

Notes:

- (i) The class of shares held is ordinary unless otherwise stated. None of the subsidiaries had any loan capital in issue at any time during the year ended 31 December 2020.
- (ii) These are 台港澳法人獨資企業 established in Mainland China with operating periods ranging from 15 years to 40 years.
- (iii) These are 中外合資企業 established in Mainland China with operating periods ranging from 20 years to 30 years.
- (iv) Although the Group owns 50% equity interest in Kuangshi Jiye, it has control over Kuangshi Jiye by holding 60% of the voting power over the board of directors of Kuangshi Jiye, which require simple majority votes of the directors on making decision on relevant activities.
- (v) During 2020, the Group has received capital injection of RMB1,176,000,000 from a non-controlling shareholder, reducing its equity interest of Guangzhou Kuangmao to 51%.
- (vi) During 2020, the Group has received capital injection of RMB441,000,000 from a non-controlling shareholder, reducing its equity interest of Shenzhen Kuangrun to 51%.
- (vii) The subsidiary is newly formed during the year ended December 31, 2020.
- (viii) During 2020, the Group has acquired 90% interest in Guangzhou Pincheng through Guangzhou Kuangyu Investment Co., Ltd. (a subsidiary the Group holds 51% equity interest) at a cash consideration of RMB319,830,000. Details are set out in note 38(b).
- (ix) During 2020, the Group has acquired 51% equity interests of Minmetals Land Hunan and its subsidiaries by capital injection of RMB1,327,320,000. Details are set out in note 38(a).

### 44. 主要附屬公司詳情(續)

#### (a) 於二零二零年十二月三十一日，主要附屬公司列表：(續)

附註：

- (i) 除另有註明外，所持股份類別均屬普通股。截至二零二零年十二月三十一日止年度內任何時間，各附屬公司並無發行任何借貸股本。
- (ii) 該等為於中國內地成立之台港澳法人獨資企業，營運期為15年至40年不等。
- (iii) 該等為於中國內地成立之中外合資企業，營運期為20年至30年不等。
- (iv) 儘管本集團擁有曠世基業50%股權，其透過持有曠世基業董事會60%之投票權對其擁有控制權，即相關活動的決策需要過半數董事投票。
- (v) 於二零二零年，本集團收取一名非控股股東注資款1,176,000,000元人民幣，因而減少其於廣州礦茂之股本權益至51%。
- (vi) 於二零二零年，本集團收取一名非控股股東注資款441,000,000元人民幣，因而減少其於深圳礦潤之股本權益至51%。
- (vii) 該附屬公司於截至二零二零年十二月三十一日止年度新成立。
- (viii) 於二零二零年，本集團通過廣州市礦譽投資有限公司(本集團持有51%股本權益的附屬公司)以現金代價319,830,000元人民幣收購廣州品誠90%的權益。詳情載於附註38(b)。
- (ix) 於二零二零年，本集團通過注資1,327,320,000元人民幣，收購五礦地產湖南51%的股本權益。詳情載於附註38(a)。

#### 44. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

##### (b) Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary 附屬公司名稱	Place of incorporation and principal place of business 註冊成立及主要營業地點	Proportion of equity interest held by non-controlling interests 非控股股東權益所持股本權益百分比		Profit/(loss) allocated to non-controlling interests 向非控股股東權益分配之溢利/(虧損)		Accumulated non-controlling interests 累計非控股股東權益	
		31 December 2020 二零二零年十二月三十一日	31 December 2019 二零一九年十二月三十一日	2020 二零二零年 HK\$000 千港元	2019 二零一九年 HK\$000 千港元	31 December 2020 二零二零年十二月三十一日 HK\$000 千港元	31 December 2019 二零一九年十二月三十一日 HK\$000 千港元
		Kuangshi Jiye 曠世基業	Mainland China 中國內地	50%	50%	1,727	726
Beijing Wanhu 北京萬湖	Mainland China 中國內地	49%	49%	133,995	191,962	2,571,457	2,282,849
Guangzhou Kuangrong 廣州礦榮	Mainland China 中國內地	49%	49%	(7,994)	—	572,085	545,403
Guangzhou Kuangmao 廣州礦茂	Mainland China 中國內地	49%	N/A 不適用	(20,833)	—	1,368,718	—
Shenzhen Kuangrun 深圳礦潤	Mainland China 中國內地	49%	N/A 不適用	(3,327)	—	523,478	—
Minmetals Land Hunan 五礦地產湖南	Mainland China 中國內地	49%	N/A 不適用	1,256	—	1,630,210	—
Guangzhou Kuangyu 廣州礦譽	Mainland China 中國內地	49%	N/A 不適用	10	—	1,728,033	—
Individually immaterial subsidiaries with non-controlling interests 具有非控股股東權益的個別非重大附屬公司				(442)	(1,883)	37,626	36,912
				<b>104,392</b>	<b>190,805</b>	<b>8,863,517</b>	<b>3,269,226</b>

Summarised financial information in respect of each of the Company's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

#### 44. 主要附屬公司詳情 (續)

##### (b) 具有重大非控股股東權益的非全資附屬公司之詳情

下表呈列本集團具有重大非控股股東權益之非全資附屬公司之詳情：

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**44. PARTICULARS OF PRINCIPAL  
SUBSIDIARIES (CONTINUED)**

**(b) Details of non-wholly owned subsidiaries  
that have material non-controlling interests  
(Continued)**  
*Kuangshi Jiye*

		<b>2020</b> 二零二零年 <b>HK\$'000</b> 千港元	2019 二零一九年 HK\$'000 千港元
Current assets	流動資產	<b>1,993,517</b>	1,681,338
Non-current assets	非流動資產	<b>26,168</b>	25,733
Current liabilities	流動負債	<b>1,155,866</b>	898,947
Total equity	權益總額	<b>863,819</b>	808,124
		<b>2020</b> 二零二零年 <b>HK\$'000</b> 千港元	2019 二零一九年 HK\$'000 千港元
Revenue	收入	<b>5,839</b>	39,277
Expenses	開支	<b>(2,385)</b>	(37,825)
Profit for the year	本年度溢利	<b>3,454</b>	1,452
Other comprehensive income/(expense) for the year	本年度其他全面 收入/(開支)	<b>52,241</b>	(18,077)
Total comprehensive income/(expense) for the year	本年度全面收入/ (開支)總額	<b>55,695</b>	(16,625)
Net cash inflow/(outflow) from operating activities	經營活動產生現金 流入/(流出)淨額	<b>49,389</b>	(831,301)
Net cash (outflow)/inflow from investing activities	投資活動產生現金 (流出)/流入淨額	<b>(88,636)</b>	687,546
Net cash inflow from financing activities	融資活動產生現金 流入淨額	<b>86,248</b>	146,090
Net cash inflow	現金流入淨額	<b>47,001</b>	2,335

**44. 主要附屬公司詳情 (續)**

**(b) 具有重大非控股股東權益的  
非全資附屬公司之詳情 (續)**

*曠世基業*

#### 44. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

##### (b) Details of non-wholly owned subsidiaries that have material non-controlling interests

(Continued)

*Beijing Wanhu*

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Current assets	流動資產	5,855,611	6,605,133
Non-current assets	非流動資產	6,845	269,360
Current liabilities	流動負債	614,585	2,215,618
Total equity	權益總額	5,247,871	4,658,875
		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Revenue	收入	96,800	416,086
Tax refund	退稅	245,214	—
Expenses	開支	(68,555)	(24,326)
Profit for the year	本年度溢利	273,459	391,760
Other comprehensive income/(expense) for the year	本年度其他全面 收入/(開支)	315,537	(102,325)
Total comprehensive income for the year	本年度全面收入總額	588,996	289,435
Net cash outflow from operating activities	經營活動產生現金 流出淨額	(1,253,675)	(290,619)
Net cash inflow from investing activities	投資活動產生現金 流入淨額	1,203,508	309,092
Net cash (outflow)/inflow from financing activities	融資活動產生現金 (流出)/流入淨額	(37,210)	54,164
Net cash (outflow)/inflow	現金(流出)/流入 淨額	(87,377)	72,637

#### 44. 主要附屬公司詳情(續)

##### (b) 具有重大非控股股東權益的 非全資附屬公司之詳情(續)

*北京萬湖*

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Current assets	流動資產	5,855,611	6,605,133
Non-current assets	非流動資產	6,845	269,360
Current liabilities	流動負債	614,585	2,215,618
Total equity	權益總額	5,247,871	4,658,875
		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Revenue	收入	96,800	416,086
Tax refund	退稅	245,214	—
Expenses	開支	(68,555)	(24,326)
Profit for the year	本年度溢利	273,459	391,760
Other comprehensive income/(expense) for the year	本年度其他全面 收入/(開支)	315,537	(102,325)
Total comprehensive income for the year	本年度全面收入總額	588,996	289,435
Net cash outflow from operating activities	經營活動產生現金 流出淨額	(1,253,675)	(290,619)
Net cash inflow from investing activities	投資活動產生現金 流入淨額	1,203,508	309,092
Net cash (outflow)/inflow from financing activities	融資活動產生現金 (流出)/流入淨額	(37,210)	54,164
Net cash (outflow)/inflow	現金(流出)/流入 淨額	(87,377)	72,637

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**44. PARTICULARS OF PRINCIPAL  
SUBSIDIARIES (CONTINUED)**

**(b) Details of non-wholly owned subsidiaries  
that have material non-controlling interests  
(Continued)**

**Guangzhou Kuangrong**

		<b>2020</b> 二零二零年 <b>HK\$'000</b> 千港元	2019 二零一九年 HK\$'000 千港元
Current assets	流動資產	<b>3,218,716</b>	1,469,264
Non-current assets	非流動資產	<b>19,734</b>	249
Current liabilities	流動負債	<b>1,952,108</b>	356,445
Non-current liabilities	非流動負債	<b>118,821</b>	—
Total equity	權益總額	<b>1,167,521</b>	1,113,068
		<b>2020</b> 二零二零年 <b>HK\$'000</b> 千港元	2019 二零一九年 HK\$'000 千港元
Loss for the year	本年度虧損	<b>(16,315)</b>	(3,309)
Other comprehensive income for the year	本年度其他全面收入	<b>70,768</b>	56
Total comprehensive income/(expense) for the year	本年度全面收入/ (開支)總額	<b>54,453</b>	(3,253)
Net cash inflow/(outflow) from operating activities	經營活動產生現金 流入/(流出)淨額	<b>1,467,909</b>	(1,314,596)
Net cash outflow from investing activities	投資活動產生現金 流出淨額	<b>(54)</b>	(260)
Net cash (outflow)/inflow from financing activities	融資活動產生現金 (流出)/流入淨額	<b>(130,921)</b>	1,340,451
Net cash inflow	現金流入淨額	<b>1,336,934</b>	25,595

**44. 主要附屬公司詳情 (續)**

**(b) 具有重大非控股股東權益的  
非全資附屬公司之詳情 (續)**

**廣州礦榮**

#### 44. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

##### (b) Details of non-wholly owned subsidiaries that have material non-controlling interests (Continued)

*Guangzhou Kuangmao*

#### 44. 主要附屬公司詳情(續)

##### (b) 具有重大非控股股東權益的 非全資附屬公司之詳情(續)

廣州礦茂

		2020 二零二零年 HK\$'000 千港元
Current assets	流動資產	<b>5,302,198</b>
Non-current assets	非流動資產	<b>18,900</b>
Current liabilities	流動負債	<b>2,105,148</b>
Non-current liabilities	非流動負債	<b>422,647</b>
Total equity	權益總額	<b>2,793,303</b>
		2020 二零二零年 HK\$'000 千港元
Loss for the year	本年度虧損	<b>(42,516)</b>
Other comprehensive income for the year	本年度其他全面收入	<b>156,650</b>
Total comprehensive income for the year	本年度全面收入總額	<b>114,134</b>
Net cash inflow from operating activities	經營活動產生現金流入淨額	<b>1,155,690</b>
Net cash outflow from investing activities	投資活動產生現金流出淨額	<b>(767)</b>
Net cash inflow from financing activities	融資活動產生現金流入淨額	<b>178,288</b>
Net cash inflow	現金流入淨額	<b>1,333,211</b>

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**44. PARTICULARS OF PRINCIPAL  
SUBSIDIARIES (CONTINUED)**

**(b) Details of non-wholly owned subsidiaries  
that have material non-controlling interests  
(Continued)  
Shenzhen Kuangrun**

**44. 主要附屬公司詳情 (續)**

**(b) 具有重大非控股股東權益的  
非全資附屬公司之詳情 (續)**

深圳礦潤

		2020 二零二零年 HK\$'000 千港元
Current assets	流動資產	<b>3,526,918</b>
Non-current assets	非流動資產	<b>1,687</b>
Current liabilities	流動負債	<b>2,459,989</b>
Non-current liabilities	非流動負債	<b>293</b>
Total equity	權益總額	<b>1,068,323</b>
		2020 二零二零年 HK\$'000 千港元
Loss for the year	本年度虧損	<b>(10,540)</b>
Other comprehensive income for the year	本年度其他全面收入	<b>9,471</b>
Total comprehensive expense for the year	本年度全面開支總額	<b>(1,069)</b>
Net cash inflow from operating activities	經營活動產生現金流入淨額	<b>1,345,682</b>
Net cash outflow from investing activities	投資活動產生現金流出淨額	<b>(572)</b>
Net cash outflow from financing activities	融資活動產生現金流出淨額	<b>(1,338,601)</b>
Net cash inflow	現金流入淨額	<b>6,509</b>



#### 44. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

##### (b) Details of non-wholly owned subsidiaries that have material non-controlling interests (Continued)

*Minmetals Land Hunan*

#### 44. 主要附屬公司詳情 (續)

##### (b) 具有重大非控股股東權益的 非全資附屬公司之詳情 (續)

五礦地產湖南

		2020 二零二零年 HK\$'000 千港元
Current assets	流動資產	<b>7,069,236</b>
Non-current assets	非流動資產	<b>743,366</b>
Current liabilities	流動負債	<b>4,267,224</b>
Non-current liabilities	非流動負債	<b>218,418</b>
Total equity	權益總額	<b>3,326,960</b>
		From 1 September 2020 (Date of acquisition) to 31 December 2020 由二零二零年 九月一日 (收購日)至 二零二零年 十二月三十一日 HK\$'000 千港元
Revenue	收入	<b>202,969</b>
Expenses	開支	<b>(200,406)</b>
Profit for the year	本年度溢利	<b>2,563</b>
Other comprehensive income for the year	本年度其他全面收入	<b>5,880</b>
Total comprehensive income for the year	本年度全面收入總額	<b>8,443</b>
Net cash inflow from operating activities	經營活動產生現金流入淨額	<b>686,465</b>
Net cash outflow from investing activities	投資活動產生現金流出淨額	<b>(2,206,042)</b>
Net cash inflow from financing activities	融資活動產生現金流入淨額	<b>659,020</b>
Net cash outflow	現金流出淨額	<b>(860,557)</b>

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**44. PARTICULARS OF PRINCIPAL  
SUBSIDIARIES (CONTINUED)**

**(b) Details of non-wholly owned subsidiaries  
that have material non-controlling interests  
(Continued)  
Guangzhou Kuangyu**

**44. 主要附屬公司詳情 (續)**

**(b) 具有重大非控股股東權益的  
非全資附屬公司之詳情 (續)**

廣州礦譽

		2020 二零二零年 HK\$'000 千港元
Current assets	流動資產	<b>5,811,951</b>
Current liabilities	流動負債	<b>2,568,935</b>
Total equity	權益總額	<b>3,243,016</b>
Equity attributable to owners of the Company	本公司擁有人應佔股權	<b>1,514,983</b>
Non-controlling interests of Guangzhou Kuangyu	廣州礦譽非控股股東權益	<b>1,455,571</b>
Non-controlling interests of Guangzhou Kuangyu's subsidiary	廣州礦譽附屬公司之非控股股東權益	<b>272,462</b>

#### 44. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

(b) Details of non-wholly owned subsidiaries  
that have material non-controlling interests  
(Continued)  
*Guangzhou Kuangyu (Continued)*

#### 44. 主要附屬公司詳情 (續)

(b) 具有重大非控股股東權益的  
非全資附屬公司之詳情 (續)  
*廣州礦譽 (續)*

		From 23 October 2020 (Date of incorporation) to 31 December 2020 由二零二零年 十月二十三日 (註冊日)至 二零二零年 十二月三十一日 HK\$'000 千港元
Profit for the period	本期間溢利	<b>21</b>
Other comprehensive income for the period	本期間其他全面收入	<b>272,463</b>
Total comprehensive income for the period	本期間全面收入總額	<b>272,484</b>
Profit and total comprehensive income attributable to:	以下人士應佔溢利及全面 收入總額：	
The owners of the Company	本公司擁有人	<b>138,967</b>
Non-controlling interests of Guangzhou Kuangyu	廣州礦譽之非控股股東權益	<b>133,517</b>
Net cash outflow from operating activities	經營活動產生現金流出淨額	<b>(5,488,957)</b>
Net cash inflow from financing activities	融資活動產生現金流入淨額	<b>5,500,190</b>
Net cash inflow	現金流入淨額	<b>11,233</b>

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Notes to the Consolidated Financial Statements  
綜合財務報表附註

For the year ended 31 December 2020 截至二零二零年十二月三十一日止年度

**45. STATEMENT OF FINANCIAL POSITION  
AND RESERVES OF THE COMPANY**

**(a) Statement of financial position of the  
Company**

**45. 本公司之財務狀況及儲備報  
表**

**(a) 本公司之財務狀況**

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
<b>ASSETS</b>	<b>資產</b>		
Non-current asset	非流動資產		
Investments in subsidiaries	於附屬公司之投資	<b>794,080</b>	826,693
Current assets	流動資產		
Amounts due from subsidiaries	應收附屬公司款項	<b>18,823,181</b>	18,091,680
Other receivables	其他應收款項	<b>5,645</b>	6,579
Cash and bank deposits, unrestricted	不受限制現金及 銀行存款	<b>32,986</b>	542,401
		<b>18,861,812</b>	18,640,660
Total assets	資產總額	<b>19,655,892</b>	19,467,353
<b>EQUITY</b>	<b>權益</b>		
Share capital	股本	<b>334,691</b>	334,691
Reserves	儲備	<b>5,165,445</b>	5,129,905
Total equity	權益總額	<b>5,500,136</b>	5,464,596
<b>LIABILITIES</b>	<b>負債</b>		
Current liabilities	流動負債		
Amounts due to subsidiaries	應付附屬公司款項	<b>14,092,028</b>	13,935,710
Accruals and other payables	應計款項及其他 應付款項	<b>63,728</b>	67,047
Total liabilities	負債總額	<b>14,155,756</b>	14,002,757
Total equity and liabilities	權益及負債總額	<b>19,655,892</b>	19,467,353
Net current assets	流動資產淨值	<b>4,706,056</b>	4,637,903
Total assets less current liabilities	資產總額減流動負債	<b>5,500,136</b>	5,464,596

## 45. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

(CONTINUED)

### (b) Statement of reserves of the Company

## 45. 本公司之財務狀況及儲備報 表(續)

### (b) 本公司之儲備報表

		<b>Share premium</b>	<b>Contributed surplus</b>	<b>Capital redemption reserve</b>	<b>Retained earnings</b>	<b>Total</b>
		股份溢價	實繳盈餘	贖回儲備	保留盈利	總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
			(Note 27(a))			
			(附註27(a))			
Balance at 1 January 2019	於二零一九年 一月一日之結餘	4,275,172	491,773	769	622,360	5,390,074
2018 final dividend paid	支付二零一八年 末期股息	—	—	—	(267,753)	(267,753)
Profit for the year	本年度溢利	—	—	—	7,584	7,584
Balance at 31 December 2019	於二零一九年 十二月三十一日 之結餘	4,275,172	491,773	769	362,191	5,129,905
2019 final dividend paid	支付二零一九年 末期股息	—	—	—	(267,753)	(267,753)
Profit for the year	本年度溢利	—	—	—	303,293	303,293
Balance at 31 December 2020	於二零二零年 十二月三十一日 之結餘	4,275,172	491,773	769	397,731	5,165,445

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# INDEPENDENT AUDITOR'S REPORT

## 獨立核數師報告

# Deloitte.

# 德勤

### TO THE SHAREHOLDERS OF MINMETALS LAND LIMITED

(incorporated in Bermuda with limited liability)

### 致五礦地產有限公司股東

(於百慕達註冊成立之有限公司)

## OPINION

We have audited the consolidated financial statements of Minmetals Land Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 144 to 311, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") 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 Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. 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 HKICPA's 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.

## 意見

本核數師(以下簡稱「我們」)已審核列載於第144至311頁之五礦地產有限公司(「貴公司」)及其附屬公司(「貴集團」)的綜合財務報表，此綜合財務報表包括於二零一九年十二月三十一日的綜合財務狀況表與截至該日止年度的綜合損益表、綜合損益及其他全面收益表、綜合權益變動表及綜合現金流量表，以及綜合財務報表附註，包括主要會計政策概要。

我們認為，綜合財務報表根據香港會計師公會(「香港會計師公會」)頒佈的《香港財務報告準則》真實而中肯地反映貴集團於二零一九年十二月三十一日的綜合財務狀況及截至該日止年度的綜合財務表現及綜合現金流量，並根據香港《公司條例》的披露規定妥為編製。

## 意見的基礎

我們已根據香港會計師公會頒佈的《香港審計準則》進行審核。我們在該等準則下承擔的責任已在本報告「核數師就審核綜合財務報表承擔的責任」部分中作進一步闡述。根據香港會計師公會頒佈的《專業會計師道德守則》(「道德守則」)，我們獨立於貴集團，並已履行道德守則中的其他專業道德責任。我們相信，我們所獲得的審核憑證能充足及適當地為我們的審核意見提供基礎。

# INDEPENDENT AUDITOR'S REPORT

## 獨立核數師報告

### 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.

#### Key audit matter

##### 關鍵審核事項

#### Valuation of investment properties

##### 投資物業估值

We identified the valuation of investment properties as a key audit matter because the valuation process is based on an estimation of future results, a set of assumptions and a determination of key inputs, which are judgemental. Any changes to these inputs may have a significant impact on the fair value. Management determined the fair value of the Group's investment properties at 31 December 2019 with the assistance of independent external valuers.

我們將投資物業估值識別為關鍵審核事項，原因是估值過程乃以未來業績之估計、一套假設及釐定之主要輸入數據為基礎，有關因素皆屬於判斷性質。該等輸入數據之任何變動均可能對公允值造成重大影響。管理層在獨立外部估值師之協助下，釐定貴集團投資物業於二零一九年十二月三十一日之公允值。

Details of the investment properties and the related key estimation uncertainty are set out in Notes 15 and 4, respectively, to the consolidated financial statements.

有關投資物業及相關主要估計不明朗因素之詳情分別載於綜合財務報表附註15及4。

### 關鍵審核事項

關鍵審核事項是根據我們的專業判斷，認為對本期綜合財務報表的審核最為重要的事項。這些事項是在我們審核整體綜合財務報表及出具意見時處理，我們不會對這些事項提供單獨的意見。

#### How our audit addressed the key audit matter

##### 我們的審核如何對關鍵審核事項進行處理

Our procedures in relation to management's valuation of investment properties included:

我們就管理層對投資物業估值履行之程序主要包括以下各項程序：

- Evaluating the competence, capabilities and objectivity of the external valuers engaged by management.  
我們評估管理層所委聘的外部估值師之資格、能力及客觀性。
- Obtaining a copy of valuation report prepared by the external valuers and discussing with the external valuers to understand the basis of determination of valuation.  
我們取得由外部估值師編製的估值報告，並與外部估值師溝通，了解釐定估值的基準。
- Challenging the external valuers the methodologies and judgements used in valuing the investment properties and obtaining the market evidence that the external valuers used to support the key inputs.  
質疑外部估值師在估算投資物業時所採用的方法及判斷，並取得外部估值師用以支持主要輸入數據的市場憑證。



## KEY AUDIT MATTERS (CONTINUED)

## 關鍵審核事項(續)

### Key audit matter

#### 關鍵審核事項

### How our audit addressed the key audit matter

#### 我們的審核如何對關鍵審核事項進行處理

### Revenue from sales of properties

#### 銷售物業收入

We identified the revenue from sales of properties as a key audit matter due to the significance of the amount and volume of sales transactions recognised during the year. 我們將銷售物業收入識別為關鍵審核事項，原因是年內確認的銷售交易金額及數量重大。

Details of revenue from sales of properties are set out in Note 5 to the consolidated financial statements. 有關銷售物業收入詳情載於綜合財務報表附註5。

Our procedures in relation to revenue from sales of properties included:

我們就銷售物業收入履行之程序主要包括：

- Testing key internal controls over revenue recognition on a sample basis.  
通過抽樣測試與收入確認相關的主要內部控制。
- Selecting property sales transactions on a sample basis and:  
通過抽樣挑選物業銷售交易，並且：
  - reading the signed sales and purchase agreements to understand the relevant terms of the timing of property delivery and title transfer.  
閱讀已簽署買賣協議，以了解物業交付及業權轉讓的時間的相關條款。
  - obtaining evidence regarding the property delivery and title transfer.  
取得物業交付及業權轉讓的憑證。
  - reconciling the monetary amounts of recorded transactions and related payments to the signed sales and purchase agreements.  
將已記錄交易的貨幣金額及相關付款與已簽署買賣協議對賬。

# INDEPENDENT AUDITOR'S REPORT

## 獨立核數師報告

### OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include 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.

### RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE 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 HKFRSs issued by the HKICPA 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 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 either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### 其他資料

貴公司董事須對其他資料負責。其他資料包括年報內的資料，但不包括綜合財務報表及我們的核數師報告。

我們對綜合財務報表的意見並不涵蓋其他資料，我們亦不對該等其他資料發表任何形式的鑒證結論。

結合我們對綜合財務報表的審核，我們的責任是閱讀其他資料，在此過程中，考慮其他資料是否與綜合財務報表或我們在審核過程中所了解的情況存在重大抵觸或者似乎存在重大錯誤陳述的情況。基於我們已執行的工作，如果我們認為其他資料存在重大錯誤陳述，我們需要報告該事實。在這方面，我們沒有任何報告。

### 董事及負責管治人員就綜合財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會頒佈的《香港財務報告準則》及香港《公司條例》的披露規定編製真實而中肯的綜合財務報表，並對其認為使綜合財務報表的編製不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

在編製綜合財務報表時，董事負責評估貴集團持續經營的能力，並在適用情況下披露與持續經營有關的事項，以及使用持續經營為會計基礎，除非董事有意將貴集團清盤或停止經營，或別無其他實際的替代方案。

負責管治人員須負責監督貴集團之財務報告過程。

## 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 solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, 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 HKSAs 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 HKSAs, we exercise professional judgement and maintain professional skepticism 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.

## 核數師就審核綜合財務報表承擔的責任

我們的目標，是根據《百慕達公司法》第90條對綜合財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並僅向閣下（作為整體）出具載有我們意見的核數師報告，除此之外，本報告別無其他目的。本核數師並不會就本報告之內容對任何其他人士負責或承擔任何責任。合理保證是高水平的保證，但不能保證按照《香港審計準則》進行的審核，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或滙總起來可能影響綜合財務報表使用者依賴綜合財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

在根據《香港審計準則》進行審核的過程中，我們運用了專業判斷，保持了專業懷疑態度。我們亦：

- 識別及評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審核程序以應對這些風險，以及獲取充足和適當的審核憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
- 了解與審核相關的內部控制，以設計適當的審核程序，但目的並非對貴集團內部控制的有效性發表意見。
- 評價董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。



# INDEPENDENT AUDITOR'S REPORT

## 獨立核數師報告

### 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 those charged with governance 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 those charged with governance 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, related safeguards.

### 核數師就審核綜合財務報表承 擔的責任(續)

- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審核憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對貴集團的持續經營能力產生重大疑慮。如果我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。假若有關的披露不足，則修訂我們的意見。我們的結論是基於核數師報告日止所取得的審核憑證。然而，未來事項或情況可能導致貴集團不能持續經營。
- 評價綜合財務報表的整體列報方式、結構和內容，包括披露，以及綜合財務報表是否中肯反映交易和事項。
- 就貴集團內實體或業務活動的財務資料獲取充足、適當的審核憑證，以便對綜合財務報表發表意見。我們負責貴集團審核工作的指導、監督和執行。我們須為我們的審核意見承擔全部責任。

除其他事項外，我們與負責管治人員溝通了計劃的審核範圍、時間安排、重大審核發現等，包括我們在審核中識別出內部控制的任何重大缺陷。

我們還向負責管治人員提交聲明，說明我們已符合有關獨立性的相關專業道德要求，並與他們溝通有可能合理地被認為會影響我們獨立性的所有關係和其他事項，以及在適用的情況下，相關的防範措施。

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

From the matters communicated with those charged with governance, 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 the independent auditor's report is Mok Sau Fan.

### **Deloitte Touche Tohmatsu**

*Certified Public Accountants*  
Hong Kong

26 March 2020

## 核數師就審核綜合財務報表承 擔的責任(續)

從與負責管治人員溝通的事項中，我們確定哪些事項對本期間的綜合財務報表的審核最為重要，因而構成關鍵審核事項。我們在核數師報告中描述這些事項，除非法律法規不允許公開披露這些事項，或在極端罕見的情況下，如果合理預期在我們報告中溝通某事項造成的負面後果超過產生的公眾利益，我們決定不應在報告中溝通該事項。

負責此審核項目及簽發本獨立核數師報告的審核項目合夥人為莫秀芬。

### **德勤•關黃陳方會計師行**

*執業會計師*  
香港

二零二零年三月二十六日

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

## 綜合損益表

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

		NOTES	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
		附註		
<b>Revenue</b>	收入	5	<b>11,261,431</b>	10,930,824
Cost of sales	銷售成本		<b>(8,588,071)</b>	(7,044,153)
<b>Gross profit</b>	毛利		<b>2,673,360</b>	3,886,671
Other income, other gains and losses	其他收入、其他收益及虧損	7	<b>103,616</b>	126,207
Fair value changes on investment properties	投資物業公允值變動	15	<b>107,550</b>	134,052
Selling and marketing expenses	銷售及營銷費用		<b>(242,035)</b>	(175,506)
Administrative and other expenses	行政及其他開支		<b>(567,088)</b>	(539,148)
Impairment losses reversed/(recognised) under expected credit loss model, net of reversal	預期信貸虧損模型項下減值回撥/(減值虧損)，扣除撥回	10	<b>3,832</b>	(6,514)
Finance income	財務收入	9	<b>221,744</b>	189,019
Finance costs	財務成本	9	<b>(26,739)</b>	(137,524)
Share of results of associates	分佔聯營公司業績	16	<b>(3,761)</b>	(10,531)
Share of results of joint ventures	分佔合營公司業績	17	<b>(10,380)</b>	(3,310)
<b>Profit before tax</b>	除稅前溢利		<b>2,260,099</b>	3,463,416
Income tax expense	所得稅開支	11	<b>(907,516)</b>	(1,716,273)
<b>Profit for the year</b>	本年度溢利	6	<b>1,352,583</b>	1,747,143
<b>Profit for the year attributable to:</b>	本年度溢利歸屬於：			
Equity holders of the Company	本公司股權持有人		<b>942,689</b>	934,964
Holders of perpetual capital instruments	永久資本工具持有人		<b>219,089</b>	184,362
Non-controlling interests	非控股股東權益		<b>190,805</b>	627,817
			<b>1,352,583</b>	1,747,143
<b>Earnings per share for profit attributable to equity holders of the Company, in HK cents</b>	本公司股權持有人應佔溢利之每股盈利，港仙			
Basic	基本	12	<b>28.17</b>	27.94
Diluted	攤薄	12	<b>28.17</b>	27.93

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

## 綜合損益及其他全面收益表

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

		NOTE 附註	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Profit for the year	本年度溢利		<u>1,352,583</u>	<u>1,747,143</u>
<b>Other comprehensive income/ (expense):</b>	<b>除稅後其他全面收入/ (支出):</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>	<i>其後可能重新分類至 損益之項目:</i>			
Currency translation differences	匯兌差額		<b>(485,635)</b>	(902,215)
Fair value loss on hedging instruments in cash flow hedges	現金流對沖的對沖工具 之公允值虧損		<b>(36,033)</b>	(45,994)
Share of other comprehensive expense of associates	分佔聯營公司其他全面 支出		<b>(25,155)</b>	(55,635)
Share of other comprehensive expense of joint ventures	分佔合營公司其他全面 支出		<b>(1,947)</b>	(4,407)
			<u><b>(548,770)</b></u>	<u>(1,008,251)</u>
<i>Item that will not be reclassified subsequently to profit or loss:</i>	<i>其後不會重新分類至損益之 項目:</i>			
Fair value gain on financial assets at fair value through other comprehensive income	透過其他全面收益按 公允值計量之財務 資產重估所產生之收益	22	<u><b>587,698</b></u>	<u>18,437</u>
Other comprehensive income/(expense) for the year	本年度其他全面收入/ (支出)		<u><b>38,928</b></u>	<u>(989,814)</u>
<b>Total comprehensive income for the year</b>	<b>本年度除稅後全面 收入總額</b>		<u><b>1,391,511</b></u>	<u>757,329</u>
<b>Total comprehensive income for the year attributable to:</b>	<b>本年度除稅後全面收入 總額歸屬於:</b>			
Equity holders of the Company	本公司股權持有人		<b>1,092,306</b>	214,924
Holders of perpetual capital instruments	永久資本工具持有人		<b>168,525</b>	71,312
Non-controlling interests	非控股股東權益		<b>130,680</b>	471,093
			<u><b>1,391,511</b></u>	<u>757,329</u>



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## 綜合財務狀況表

As at 31 December 2019 於二零一九年十二月三十一日

			2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
	NOTES 附註			
<b>ASSETS</b>		<b>資產</b>		
<b>Non-current assets</b>		<b>非流動資產</b>		
Property, plant and equipment	14	物業、廠房及設備	262,791	196,512
Investment properties	15	投資物業	2,366,668	2,256,393
Interests in associates	16	於聯營公司之權益	1,123,361	1,152,277
Interests in joint ventures	17	於合營公司之權益	84,701	97,028
Financial assets at fair value through other comprehensive income	22	透過其他全面收益按公允價值計量之財務資產	1,398,952	811,254
Other financial assets	23	其他財務資產	—	30,091
Deferred tax assets	30	遞延稅項資產	639,144	778,610
			<b>5,875,617</b>	5,322,165
<b>Current assets</b>		<b>流動資產</b>		
Inventories	18	存貨	24,723,350	25,787,021
Prepayments, trade and other receivables	19	預付款項、貿易及其他應收款項	13,934,151	11,868,354
Contract assets	20	合約資產	500,439	453,833
Contract costs	21	合約成本	15,237	12,275
Other financial assets	23	其他財務資產	19,771	—
Cash and bank deposits, restricted	24	受限制現金及銀行存款	42,702	201,353
Cash and bank deposits, unrestricted	25	不受限制現金及銀行存款	3,850,098	3,607,776
			<b>43,085,748</b>	41,930,612
<b>Total assets</b>		<b>資產總額</b>	<b>48,961,365</b>	47,252,777
<b>EQUITY</b>		<b>權益</b>		
Share capital	26	股本	334,691	334,691
Reserves	27	儲備	8,859,154	8,033,017
<b>Equity attributable to equity holders of the Company</b>		<b>本公司股權持有人應佔之權益</b>	<b>9,193,845</b>	8,367,708
<b>Perpetual capital instruments</b>	28	<b>永久資本工具</b>	<b>3,803,647</b>	3,854,289
<b>Non-controlling interests</b>		<b>非控股股東權益</b>	<b>3,269,226</b>	2,588,454
<b>Total equity</b>		<b>權益總額</b>	<b>16,266,718</b>	14,810,451

			2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
		NOTES 附註		
<b>LIABILITIES</b>	<b>負債</b>			
<b>Non-current liabilities</b>	<b>非流動負債</b>			
Borrowings	借款	29	<b>9,491,281</b>	14,039,272
Deferred tax liabilities	遞延稅項負債	30	<b>134,818</b>	133,288
Lease liabilities	租賃負債	33	<b>71,742</b>	—
Other financial liabilities	其他財務負債	23	<b>25,713</b>	—
Other liabilities	其他負債		—	223
			<b>9,723,554</b>	14,172,783
<b>Current liabilities</b>	<b>流動負債</b>			
Borrowings	借款	29	<b>7,262,623</b>	1,015,365
Trade and other payables	貿易及其他應付款項	31	<b>10,906,885</b>	10,682,838
Contract liabilities	合約負債	32	<b>4,553,520</b>	6,119,742
Deferred revenue	遞延收入		<b>4,064</b>	5,461
Lease liabilities	租賃負債	33	<b>16,598</b>	—
Taxation payable	應付稅項		<b>227,403</b>	446,137
			<b>22,971,093</b>	18,269,543
<b>Total liabilities</b>	<b>負債總額</b>		<b>32,694,647</b>	32,442,326
<b>Total equity and liabilities</b>	<b>權益及負債總額</b>		<b>48,961,365</b>	47,252,777
<b>Net current assets</b>	<b>流動資產淨值</b>		<b>20,114,655</b>	23,661,069
<b>Total assets less current liabilities</b>	<b>資產總額減流動負債</b>		<b>25,990,272</b>	28,983,234

The consolidated financial statements on pages 144 to 311 were approved and authorised for issue by the Board of directors on 26 March 2020 and are signed on its behalf by:

第144第311頁的綜合財務報表已於二零二零年三月二十六日獲董事會批准並授權刊發，並由下列人士代表簽署：

**He Jianbo 何劍波**  
DIRECTOR 董事

**Chen Xingwu 陳興武**  
DIRECTOR 董事

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## 綜合權益變動表

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

		Attributable to equity holders of the Company 本公司股權持有人應佔			Perpetual capital instruments	Non- controlling interests	Total equity
		Share capital	Reserves	Total	永久 資本工具	非控股 股東權益	權益總額
		股本 HK\$'000 千港元	儲備 HK\$'000 千港元 (Note 27) (附註27)	總額 HK\$'000 千港元	資本工具 HK\$'000 千港元 (Note 28) (附註28)	股東權益 HK\$'000 千港元	權益總額 HK\$'000 千港元
As at 1 January 2018	於二零一八年一月一日	334,503	8,018,174	8,352,677	2,393,903	2,855,958	13,602,538
Profit for the year	年內溢利	—	934,964	934,964	184,362	627,817	1,747,143
Other comprehensive expense for the year	年內其他全面支出	—	(720,040)	(720,040)	(113,050)	(156,724)	(989,814)
Total comprehensive income for the year, net of tax	本年度除稅後全面收入 總額	—	214,924	214,924	71,312	471,093	757,329
Issue of shares	發行股份	188	658	846	—	—	846
Issue of perpetual capital instruments	發行永久資本工具	—	—	—	1,554,622	—	1,554,622
Distributions paid to holders of perpetual capital instruments	向永久資本工具持有人 支付之股息	—	—	—	(165,548)	—	(165,548)
Dividends paid to a non-controlling shareholder of a subsidiary	向一家附屬公司之一名 非控股股東支付之股息	—	—	—	—	(738,597)	(738,597)
Dividends paid to shareholders of the Company	向本公司股東支付之股息	—	(200,739)	(200,739)	—	—	(200,739)
		188	(200,081)	(199,893)	1,389,074	(738,597)	450,584
As at 31 December 2018	於二零一八年十二月 三十一日	334,691	8,033,017	8,367,708	3,854,289	2,588,454	14,810,451
Profit for the year	年內溢利	—	942,689	942,689	219,089	190,805	1,352,583
Other comprehensive income/(expense) for the year	年內其他全面收入/ (支出)	—	149,617	149,617	(50,564)	(60,125)	38,928
Total comprehensive income for the year, net of tax	本年度除稅後全面收入 總額	—	1,092,306	1,092,306	168,525	130,680	1,391,511
Contributions from non-controlling shareholders of subsidiaries	非控股股東之注資	—	—	—	—	551,676	551,676
Gain on partial disposal of a subsidiary	出售於一家附屬公司部份 權益之收益	—	1,584	1,584	—	(1,584)	—
Distributions paid to holders of perpetual capital instruments	向永久資本工具持有人 支付之股息	—	—	—	(219,167)	—	(219,167)
Dividends paid to shareholders of the Company	向本公司股東支付之股息	—	(267,753)	(267,753)	—	—	(267,753)
		—	(266,169)	(266,169)	(219,167)	550,092	64,756
As at 31 December 2019	於二零一九年十二月 三十一日	334,691	8,859,154	9,193,845	3,803,647	3,269,226	16,266,718

# CONSOLIDATED STATEMENT OF CASH FLOWS

## 綜合現金流量表

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

			2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
	NOTE 附註			
<b>Operating activities</b>		<b>經營活動</b>		
Cash generated from operations	35(a)	經營業務所產生現金	172,175	582,653
Income tax paid		已付所得稅	(1,135,910)	(1,548,661)
Interest paid		已付利息	(796,405)	(691,371)
<b>Net cash used in operating activities</b>		<b>經營活動所用現金淨額</b>	<b>(1,760,140)</b>	<b>(1,657,379)</b>
<b>Investing activities</b>		<b>投資活動</b>		
Purchase of property, plant and equipment		購買物業、廠房及設備	(13,408)	(16,217)
Proceeds on disposal of property, plant and equipment		出售物業、廠房及設備所得款項	462	266
Repayment from/(advance to) an associate		還款自/(墊資予)一家聯營公司	761,180	(747,193)
Loans to an associate		貸款予一家聯營公司	(781,425)	—
Repayment from loans to a non-controlling shareholder of a subsidiary		還款自一家附屬公司之一名非控股股東貸款	98,480	625,156
Interest received		已收利息	221,744	189,019
Investments in joint ventures		投資合營公司	—	(5,680)
Repayment from/(advances to) joint ventures		還款自/(墊資予)合營公司	276,254	(83,865)
Repayment from a non-controlling shareholder of a subsidiary		還款自一家附屬公司之一名非控股股東	—	125,058
<b>Net cash generated from investing activities</b>		<b>投資活動所得現金淨額</b>	<b>563,287</b>	<b>86,544</b>



# CONSOLIDATED STATEMENT OF CASH FLOWS

## 綜合現金流量表

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

	NOTE 附註	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
<b>Financing activities</b>			
Proceeds from issue of shares		—	846
New borrowings		<b>4,015,711</b>	4,194,480
Repayments of borrowings		<b>(2,282,691)</b>	(3,918,373)
Issue of perpetual capital instruments		—	1,554,622
Repayment to a fellow subsidiary		<b>(561,955)</b>	(1,179,969)
Repayment to an associate		<b>(4,818)</b>	—
Advance from a non-controlling shareholder of a subsidiary		<b>214,052</b>	—
Dividends paid to the shareholders of the Company		<b>(267,753)</b>	(200,739)
Dividends paid to a non-controlling shareholder of a subsidiary		—	(738,597)
Distributions paid to holders of perpetual capital instruments		<b>(219,167)</b>	(165,548)
Repayments of lease liabilities		<b>(5,880)</b>	—
Contributions from non-controlling shareholders of subsidiaries		<b>551,676</b>	—
<b>Net cash generated from/(used in) financing activities</b>		<b>1,439,175</b>	(453,278)
Increase/(decrease) in cash and cash equivalents		<b>242,322</b>	(2,024,113)
Cash and cash equivalents at beginning of the year		<b>3,607,776</b>	5,631,889
Cash and cash equivalents at end of the year	25	<b>3,850,098</b>	3,607,776

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

### 1. GENERAL INFORMATION

Minmetals Land Limited (the “Company”) and its subsidiaries (collectively, the “Group”) are principally engaged in real estate development, specialised construction, property investment and securities investment. The People’s Republic of China is the major market for the Group’s businesses.

The Company is a limited liability company incorporated in Bermuda. The Company is listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its immediate holding company is June Glory International Limited (incorporated in the British Virgin Islands) and its ultimate holding company is China Minmetals Corporation (incorporated in Mainland China).

The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information section to the annual report.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$” or “HK dollar(s)”), unless otherwise stated, which is also the functional currency of the Company.

### 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

#### New and Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time in the current year.

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

### 1. 一般資料

五礦地產有限公司(「本公司」)及其附屬公司(統稱「本集團」)之主要業務為房地產發展、專業建築、物業投資及證券投資。中華人民共和國為本集團業務之主要市場。

本公司為一家在百慕達註冊成立之有限公司。本公司在香港聯合交易所有限公司(「聯交所」)上市。其直接控股公司為 June Glory International Limited，一家在英屬處女群島成立的公司，而其最終控股公司為中國五礦集團有限公司，一家在中國內地成立的公司。

本公司的註冊辦事處及主要營業地點披露於年報的「公司資料」章節。

除非另有註明，此綜合財務報表以港元(「港元」)列值，與本公司之功能貨幣相同。

### 2. 新訂及經修訂的香港財務報告準則(「香港財務報告準則」)的應用

#### 於本年度強制生效之新訂及經修訂香港財務報告準則

於本年度，本集團首次採納以下香港會計師公會(「香港會計師公會」)頒佈之新訂及經修訂香港財務報告準則。

香港財務報告準則第16號	租賃
香港(國際財務報告詮釋委員會)一詮釋第23號	所得稅處理的不確定因素
香港財務報告準則第9號之修訂	具有負補償的提前還款特性
香港會計準則第19號之修訂	計劃修改、縮減或結算
香港會計準則第28號之修訂	於聯營公司或合營公司之長期權益
香港財務報告準則之修訂	香港財務報告準則二零一五年至二零一七年週期之年度改進

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

### New and Amendments to HKFRSs that are mandatorily effective for the current year (Continued)

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

#### 2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 *Leases* (“HKAS 17”), and the related interpretations.

##### Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

## 2. 新訂及經修訂的香港財務報告準則（「香港財務報告準則」）的應用（續）

於本年度強制生效之新訂及經修訂香港財務報告準則（續）

除下文所述外，採納本年度新訂及經修訂的香港財務報告準則不會對本集團於本年及過往年度的財務表現及狀況及／或此等綜合財務報表所載披露構成任何重大影響。

#### 2.1 應用香港財務報告準則第16號租賃導致的影響及會計政策的變動

本集團已於本年度首次採納香港財務報告準則第16號。香港財務報告準則第16號取代香港會計準則第17號「租賃」（「香港會計準則第17號」）及有關詮釋。

##### 租賃的定義

本集團已選擇可行權宜方法，就先前應用香港會計準則第17號及香港（國際財務報告詮釋委員會）— 詮釋第4號「釐定安排是否包括租賃」識別為租賃的合約應用香港財務報告準則第16號，而並無對先前並未識別為包括租賃的合約應用該準則。因此，本集團並未重新評估於首次應用日前已存在的合約。

就於二零一九年一月一日或之後訂立或修訂的合約而言，本集團根據香港財務報告準則第16號所載規定應用租賃的定義評估合約是否包括租賃。



## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

### New and Amendments to HKFRSs that are mandatorily effective for the current year (Continued)

#### 2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid or accrued lease payments by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. relied on the assessment of whether leases are onerous by applying HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as an alternative of impairment review;
- ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

## 2. 新訂及經修訂的香港財務報告準則（「香港財務報告準則」）的應用（續）

於本年度強制生效之新訂及經修訂香港財務報告準則（續）

#### 2.1 應用香港財務報告準則第16號租賃導致的影響及會計政策的變動（續）

作為承租人

本集團已追溯應用香港財務報告準則第16號，而累計影響於首次應用日（二零一九年一月一日）確認。

於二零一九年一月一日，本集團應用香港財務報告準則第16號C8(b)(ii)過渡條文，按金額相等於經任何預付或應計租賃付款調整的相關租賃負債確認額外租賃負債及使用權資產。於首次應用日的任何差額於期初留存溢利確認，且並無重列比較資料。

於過渡期間根據香港財務報告準則第16號應用經修定追溯法時，本集團對先前根據香港會計準則第17號分類為經營租賃的租賃，按逐項租賃安排為基準，在相關租賃合約範圍內應用以下可行權宜方法：

- i. 應用香港會計準則第37號「撥備、或然負債及或然資產」作為減值審閱的替代方法，以評估租賃是否屬虧損性租賃；
- ii. 就租期為自首次應用之日起12個月內結束的租賃，選擇不確認使用權資產及租賃負債；

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

### 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

#### New and Amendments to HKFRSs that are mandatorily effective for the current year (Continued)

##### 2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

As a lessee (Continued)

- iii. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of properties in the Mainland China was determined on a portfolio basis; and
- iv. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group’s leases with extension and termination options.

### 2. 新訂及經修訂的香港財務報告準則（「香港財務報告準則」）的應用（續）

於本年度強制生效之新訂及經修訂香港財務報告準則（續）

#### 2.1 應用香港財務報告準則第16號租賃導致的影響及會計政策的變動（續）

作為承租人（續）

- iii. 對於相若經濟環境中，相若類別相關資產的相若剩餘條款的租賃組合應用單一貼現率。具體而言，於中國內地的若干物業租賃的貼現率乃以組合基準釐定；及
- iv. 本集團根據於首次應用日的事實及情況，以釐定租賃條款中的具有延期及終止選擇權。

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

### New and Amendments to HKFRSs that are mandatorily effective for the current year (Continued)

#### 2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

As a lessee (Continued)

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 5.39%.

## 2. 新訂及經修訂的香港財務報告準則（「香港財務報告準則」）的應用（續）

於本年度強制生效之新訂及經修訂香港財務報告準則（續）

#### 2.1 應用香港財務報告準則第16號租賃導致的影響及會計政策的變動（續）

作為承租人（續）

於確認先前分類為經營租賃的租賃負債時，本集團於首次應用日已應用有關集團實體的增量借款利率。應用的加權平均增量借款利率為5.39%。

	At 1 January 2019 於二零一九年 一月一日 HK\$'000 千港元
Operating lease commitments disclosed as at 31 December 2018	於二零一八年十二月三十一日所披露的經營租約承擔 <b>58,934</b>
Lease liabilities discounted at relevant incremental borrowing rates	按相關增量借款利率折現的租賃負債 <b>52,678</b>
Less: Recognition exemption — short-term leases	減：確認豁免 — 短期租賃 <b>(9,745)</b>
Lease liabilities relating to operating leases recognised upon application of HKFRS 16	應用香港財務報告準則第16號確認經營租賃相關的租賃負債 <b>42,933</b>
Lease liabilities as at 1 January 2019	於二零一九年一月一日的租賃負債 <b>42,933</b>
Analysed as	
Current	分析為流動 <b>1,455</b>
Non-current	非流動 <b>41,478</b>
	<b>42,933</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

### New and Amendments to HKFRSs that are mandatorily effective for the current year (Continued)

#### 2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

As a lessee (Continued)

Effective from 1 January 2019, leasehold lands which were classified as properties under development and properties for sale are measured under HKFRS 16 at cost less any accumulated depreciation and any impairment losses.

As a lessor

In accordance with the transitional provisions in HKFRS 16, except for sub-leases in which the Group acts as an intermediate lessor, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1 January 2019. The application has had no impact on the Group’s consolidated statement of financial position at 1 January 2019. However, effective 1 January 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.

## 2. 新訂及經修訂的香港財務報告準則（「香港財務報告準則」）的應用（續）

於本年度強制生效之新訂及經修訂香港財務報告準則（續）

#### 2.1 應用香港財務報告準則第16號租賃導致的影響及會計政策的變動（續）

作為承租人（續）

自二零一九年一月一日起，以往分類為在建物業及可供出售物業的租賃土地根據香港財務報告準則第16號按成本減任何累計折舊及任何減值虧損計量。

作為出租人

根據香港財務報告準則第16號之過渡條文，除本集團擔任中介出租人的分租外，本集團毋須就本集團作為出租人之租賃對過渡作出任何調整，但須自首次應用日起根據香港財務報告準則第16號將該等租賃入賬，且比較資料並無重列。

於應用香港財務報告準則第16號後，與現有租賃合約下相同相關資產有關的已訂立但於首次應用日後開始的新租賃合約按猶如現有租賃於二零一九年一月一日修訂的方式入賬。該應用對本集團於二零一九年一月一日的綜合財務狀況表概無影響。然而，於二零一九年一月一日生效，修訂後，已修訂租賃期的租賃款項於延長的租賃期內按直線法確認為收入。



## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

### New and Amendments to HKFRSs that are mandatorily effective for the current year (Continued)

#### 2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

##### Sale and leaseback transactions

*The Group acts as a seller-lessee*

In accordance with the transition provisions of HKFRS 16, sale and leaseback transactions entered into before the date of initial application were not reassessed. Upon application of HKFRS 16, the Group applies the requirements of HKFRS 15 to assess whether sales and leaseback transaction constitutes a sale.

##### Subleases

At the date of initial application, leased properties under subleases were assessed and classified as an operating lease or a finance lease individually based on the remaining contractual terms and conditions of the head lease and the sublease at that date.

There was no material impact of transition to HKFRS 16 on the retained earnings at 1 January 2019.

## 2. 新訂及經修訂的香港財務報告準則（「香港財務報告準則」）的應用（續）

於本年度強制生效之新訂及經修訂香港財務報告準則（續）

#### 2.1 應用香港財務報告準則第16號租賃導致的影響及會計政策的變動（續）

##### 售後回租交易

*本集團擔任賣方承租人*

根據香港財務報告準則第16號的過渡條文，初次應用日前訂立的售後回租交易並無重新評估。應用香港財務報告準則第16號後，本集團應用香港財務報告準則第15號的規定以評估售後回租交易是否構成銷售。

##### 分租

於初始應用日，分租項下租賃物業乃根據主租約及分租約於當日之餘下合約期及條件，個別評估及分類為經營租賃或融資租賃。

過渡至香港財務報告準則第16號對二零一九年一月一日的保留溢利並無重大影響。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

### 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

#### New and Amendments to HKFRSs that are mandatorily effective for the current year (Continued)

##### 2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

Subleases (Continued)

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

### 2. 新訂及經修訂的香港財務報告準則（「香港財務報告準則」）的應用（續）

於本年度強制生效之新訂及經修訂香港財務報告準則（續）

##### 2.1 應用香港財務報告準則第16號租賃導致的影響及會計政策的變動（續）

分租（續）

於二零一九年一月一日的綜合財務狀況表確認的金額已作下列調整。概無載列不受變動影響的項目。

		Carrying amounts previously reported at 31 December 2018	Adjustments	Carrying amounts under HKFRS 16 at 1 January 2019
		先前匯報於二 零一八年十二 月三十一日的 賬面值 HK\$'000 千港元	調整 HK\$'000 千港元	於二零一九年 一月一日根據 香港財務報告 準則第16號的 賬面值 HK\$'000 千港元
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	196,512	42,933	239,445
Non-current liabilities	非流動負債			
Lease liabilities	租賃負債	—	41,478	41,478
Current liabilities	流動負債			
Lease liabilities	租賃負債	—	1,455	1,455



## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

### New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts <sup>1</sup>
Amendments to HKFRS 3	Definition of a Business <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKAS 1 and HKAS 8	Definition of Material <sup>4</sup>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2021.

<sup>2</sup> Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2020.

## 2. 新訂及經修訂的香港財務報告準則（「香港財務報告準則」）的應用（續）

### 已頒佈但尚未生效之新訂及經修訂香港財務報告準則

本集團並無提早應用以下已頒佈但尚未生效之新訂及經修訂香港財務報告準則：

香港財務報告準則第17號	保險合約 <sup>1</sup>
香港財務報告準則第3號之修訂	業務的定義 <sup>2</sup>
香港財務報告準則第10號及香港會計準則第28號之修訂	投資者與其聯營公司或合營公司間之資產銷售或注資 <sup>3</sup>
香港會計準則第1號及香港會計準則第8號之修訂	重大的定義 <sup>4</sup>
香港財務報告準則第9號、香港會計準則第39號及香港財務報告準則第7號之修訂	利率指標變革 <sup>4</sup>

<sup>1</sup> 於二零二一年一月一日或之後開始的年度期間生效。

<sup>2</sup> 就收購日期為二零二零年一月一日或之後開始的首個年度期間之開始日或之後的業務合併及資產收購生效。

<sup>3</sup> 於待定日期或之後開始的年度期間生效。

<sup>4</sup> 於二零二零年一月一日或之後開始的年度期間生效。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

### 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

#### New and amendments to HKFRSs in issue but not yet effective (Continued)

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, *the Amendments to References to the Conceptual Framework in HKFRS Standards*, will be effective for annual periods beginning on or after 1 January 2020.

Except for the new HKFRSs mentioned below, the directors of the Company (the “Directors”) anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the Group’s consolidated financial statements in the foreseeable future.

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

The amendments provide refinements to the definition of material by including additional guidance and explanations in making materiality judgments. In particular, the amendments:

- include the concept of “obscuring” material information in which the effect is similar to omitting or misstating the information;
- replace threshold for materiality influencing users from “could influence” to “could reasonably be expected to influence”; and
- include the use of the phrase “primary users” rather than simply referring to “users” which was considered too broad when deciding what information to disclose in the financial statements.

The amendments also align the definition across all HKFRSs and will be mandatorily effective for the Group’s annual period beginning on 1 January 2020. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

### 2. 新訂及經修訂的香港財務報告準則（「香港財務報告準則」）的應用（續）

#### 已頒佈但尚未生效之新訂及經修訂香港財務報告準則（續）

除上述新訂香港財務報告準則及修訂本外，經修訂財務報告概念框架已於二零一八年頒佈。其後續修訂《香港財務報告準則中對概念框架的提述的修訂》將於二零二零年一月一日或之後開始之年度期間生效。

除以下新訂香港財務報告準則，本公司董事（「董事」）預料，於可預見未來，應用所有其他新訂香港財務報告準則及詮釋及其修訂將不會對本集團的綜合財務報表造成重大影響。

#### **香港會計準則第1號及香港會計準則第8號（修訂本）「重大的定義」**

該等修訂本透過載入作出重大判斷時的額外指引及解釋，對重大的定義進行修訂。尤其是有關修訂本：

- 包含「掩蓋」重要資料的概念，其與遺漏或誤報資料有類似效果；
- 就影響使用者重要性的範圍以「可合理預期影響」取代「可影響」；及
- 包含使用詞組「主要使用者」，而非僅指「使用者」，於決定於財務報表披露何等資料時，該用語被視為過於廣義。

該等修訂本與各香港財務報告準則的定義一致，並將在本公司於二零二零年一月一日開始的年度期間強制生效。預期應用該等修訂本不會對本集團的財務狀況及表現造成重大影響，惟可能影響綜合財務報表中的呈列及披露。

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

### New and amendments to HKFRSs in issue but not yet effective (Continued)

#### *Conceptual Framework for Financial Reporting 2018 (the “New Framework”) and the Amendments to References to the Conceptual Framework in HKFRS Standards*

The New Framework:

- reintroduces the terms stewardship and prudence;
- introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument;
- discusses historical cost and current value measures, and provides additional guidance on how to select a measurement basis for a particular asset or liability;
- states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances other comprehensive income will be used and only for income or expenses that arise from a change in the current value of an asset or liability; and
- discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements.

Consequential amendments have been made so that references in certain HKFRSs have been updated to the New Framework, whilst some HKFRSs are still referred to the previous versions of the framework. These amendments are effective for annual periods beginning on or after 1 January 2020, with earlier application permitted. Other than specific standards which still refer to the previous versions of the framework, the Group will rely on the New Framework on its effective date in determining the accounting policies especially for transactions, events or conditions that are not otherwise dealt with under the accounting standards.

## 2. 新訂及經修訂的香港財務報告準則（「香港財務報告準則」）的應用（續）

已頒佈但尚未生效之新訂及經修訂香港財務報告準則（續）

二零一八年財務報告概念框架（「新框架」）及提述香港財務報告準則概念框架的修訂

新框架：

- 重新引入管理及審慎此等術語；
- 引入著重權利的新資產定義以及範圍可能比所取代定義更廣的新負債定義，惟不會改變負債與權益工具之間的區別；
- 討論歷史成本及現值計量，並就如何為某一資產或負債選擇計量基準提供額外指引；
- 指出財務表現主要計量標準為損益，且於特殊情況下方會使用其他全面收益，且僅用於資產或負債現值產生變動的收入或開支；及
- 討論不確定因素、終止確認、會計單位、報告實體及合併財務報表。

相應修訂已作出，致使有關若干香港財務報告準則中的提述已更新至符合新框架，惟部分香港財務報告準則仍參考該框架的先前版本。該等修訂於二零二零年一月一日或之後開始的年度期間生效，並可提早應用。除仍參考該框架先前版本的特定準則外，本集團將於其生效日期按新框架決定會計政策，尤其是會計準則未有處理的交易、事件或條件。



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”) and by the Hong Kong Companies Ordinance.

#### Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16 (since 1 January 2019) or HKAS 17 (before application of HKFRS 16), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

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.

### 3. 主要會計政策概要

綜合財務報表乃按照香港會計師公會頒佈的香港財務報告準則編製。此外，綜合財務報表包括聯交所證券上市規則（「上市規則」）及香港公司條例規定的適用披露。

#### 編製基準

綜合財務報表乃根據歷史成本法編製，惟若干物業及財務工具於各報告期終日誠如以下所載會計政策所闡釋作出公允值計量。

歷史成本通常按交換貨品及服務所付代價之公允值計算。

公允值為市場參與者於計量日期在有序交易中出售資產所收取的價格或轉讓負債所支付的價格，不論該價格是否可直接觀察到或採用其他估值技巧估計。於估計資產或負債的公允值時，本集團所考慮資產或負債的特色為資產或負債於計量日期定價時，市場參與者可考慮資產或負債的特色。於綜合財務報表內計量及／或披露的公允值按此基準釐定，惟屬於香港財務報告準則第2號「以股份為基礎之付款」內以股份為基礎之交易、香港財務報告準則第16號（自二零一九年一月一日）或香港會計準則第17號（於應用香港財務報告準則第16號前）內租賃之租賃交易及與公允值類似但並非公允值之計量（如香港會計準則第2號「存貨」之可變現淨值或香港會計準則第36號「資產減值」之使用價值）除外。

非財務資產的公允值計量會參考市場參與者透過按最高及最佳用途使用資產或向另一名市場參與者（而其將按最高及最佳用途使用該資產）出售資產的方式產生經濟利益的能力。

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Basis of preparation (Continued)

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as below:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The preparation of financial statements in accordance with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 3. 主要會計政策概要(續)

#### 編製基準(續)

按公允值交易之財務工具及投資物業，凡於其後期間應用以不可觀察數據計量公允值之估值方法，估值方法應予校正，以致估值方法之結果相等於交易價格。

此外，就財務報告而言，根據可觀察公允值計量的輸入參數及公允值計量的輸入參數對其整體的重要性程度，公允值計量分為第一、第二及第三級，於下文有所說明：

- 第1級輸入數據乃企業於計量日可得出之相同資產或負債於活躍市場中所報的未調整價格；
- 第2級輸入數據乃根據與資產或負債相關的可觀察資料，除第1級所含報價以外，直接或間接獲得；及
- 第3級輸入數據乃資產或負債的不可觀察輸入數據。

編製符合香港財務報告準則之財務報表要求使用若干關鍵會計估計。亦要求管理層在應用本集團之會計政策時作出判斷。涉及高度判斷性及複雜性或假設或估計對綜合財務報表重要之處均披露於附註4。

用於編製該等綜合財務報表之主要會計政策載列如下。除非另有指明，該等政策持續運用於呈列的所有年度。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses 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 listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of the subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributable to the equity holders of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributable to the equity holders of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to ensure conformity 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.

### 3. 主要會計政策概要(續)

#### 綜合賬目

綜合財務報表包括本公司及本公司控制的實體(包括結構實體)及其附屬公司的財務報表。當本公司有權監管如下時，即存在控制權：

- 可對被投資方行使權力；
- 自參與被投資方業務所得的可變回報面對風險或擁有的權利；及
- 有能力使用其權力影響其回報。

倘有事實及情況顯示上述三項控制權要素有一項或以上出現變動，本集團會重新評估其是否對被投資方擁有控制權。

綜合附屬公司賬目於本集團取得對附屬公司控制權時開始，並於本集團失去對附屬公司控制權時終止。尤其是，於年內收購或出售附屬公司的收入及開支，會由本集團取得控制權之日直至本集團失去附屬公司控制權之日期間計入綜合損益表。

收益或虧損及其他全面收益的每一項屬於公司股權持有人及非控股股東權益所有。附屬公司之全面收益總額歸屬本公司股權持有人及非控股權益所有，即使此舉導致非控股股東權益結餘出現虧損。

如有需要，會對附屬公司之財務報表作出調整，使其符合本集團之會計政策。

所有集團內公司之間交易相關之資產及負債、權益、收入、開支及現金流於綜合賬目時對銷。



### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Consolidation (Continued)

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

#### *Changes in the Group's interests in existing subsidiaries*

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to equity holders of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interests and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the equity holders of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on the initial recognition for subsequent accounting under HKFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

### 3. 主要會計政策概要(續)

#### 綜合賬目(續)

於附屬公司的非控股權益與本集團於其中所佔的股權分開呈列，後者指於清盤時持有人可按比例獲得的相關附屬公司淨資產份額的現時所有權權益。

#### 本集團於現有附屬公司之權益變動

倘本集團於附屬公司的權益變動不會導致本集團失去對附屬公司的控制權，則按權益交易列賬。本集團相關股權組成部分及非控股權益的賬面值會作調整，以反映其於附屬公司的相關權益，包括根據本集團及非控股權益的權益佔比在本集團與非控股權益之間重新分配相關儲備。

非控股權益調整金額與已付或已收代價公允值之間的任何差額直接於權益確認及歸屬予本公司股權持有人。

當本集團失去一家附屬公司之控制權時，該附屬公司的資產及負債及非控股權益(如有)終止確認。盈虧於損益內確認，並按：(i)已收代價公允值及任何保留權益公允值總額與(ii)本公司股權持有人應佔之附屬公司之資產(包括商譽)及負債以及任何非控股權益之賬面值之差額計算。所有先前於其他全面收益確認之有關該附屬公司之款項，將按猶如本集團已直接出售該附屬公司之相關資產或負債入賬(即按適用香港財務報告準則之規定/許可條文重新分類至損益或轉撥至另一類權益)。於失去控制權當日於前附屬公司保留之任何投資之公允值將根據香港財務報告準則第9號，於其後入賬時被列作初步確認之公允值，或(如適用)於初步確認時於聯營公司或合營公司之投資成本。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Investments in associates and joint ventures

An associate is an entity 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 joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. 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 results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances.

Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

### 3. 主要會計政策概要(續)

#### 投資於聯營公司及合營公司

聯營公司指本集團對其有重大影響力之實體。重大影響力乃指參與制定被投資方之財務及經營政策之權力，但並非控制或共同控制該等政策。

合營公司為合營安排，據此，對安排擁有共同控制權的訂約方對合營安排資產淨值擁有權利。共同控制為按合約協議分佔安排的控制權，其僅於涉及有關活動的決策需要共同控制方一致同意時方存在。

對聯營公司及合營公司的業績、資產及負債按權益法會計納入該等綜合財務報表。按權益法核算的聯營公司及合營公司的財務報表是用在相似情況下與集團類似交易及事項統一的會計政策來編製的。

根據權益會計法，於聯營公司或合營公司的投資初步於綜合財務狀況表按成本確認及其後予以調整，以確認本集團應佔聯營公司或合營公司的損益及其他全面收益。聯營公司／合營公司資產淨值變動(損益及其他全面收入除外)不予入賬，除非有關變動導致本集團持有的擁有權權益變動。當本集團應佔聯營公司或合營公司虧損超出本集團於聯營公司或合營公司的權益(包括實際上組成本集團於聯營公司或合營公司投資淨額一部分任何長期權益)，則本集團終止確認應佔額外虧損。額外虧損僅於本集團已產生法律或推定責任或代表聯營公司或合營公司付款時確認。

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) Investments in associates and joint ventures (Continued)

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

### 3. 主要會計政策概要(續)

#### 投資於聯營公司及合營公司(續)

自被投資方成為聯營公司或合營公司當日起，對聯營公司或合營公司之投資以權益法入賬。收購聯營公司或合營公司投資時，任何投資成本超逾本集團應佔收購當日所確認聯營公司或合營公司可識別資產及被投資方負債公允淨值之任何差額均確認為商譽，而有關商譽乃計入投資之賬面值。任何本集團應佔可識別資產及負債之公允淨值超逾投資成本之差額，在重估後於收購投資期間內隨即在損益內確認。

本集團評估是否有客觀證據顯示聯營公司或合營公司之權益可能已減值。如有任何客觀證據存在，投資(包括商譽)的全部賬面值將視作單一資產並按香港會計準則第36號透過將其可收回金額(即使用價值和公允值減出售成本之較高者)與賬面值作比較以進行減值測試。任何已確認之減值虧損(被未分配至任何資產，包括商譽)會成為投資賬面值的一部分。倘投資之可收回金額其後回升，減值虧損之任何撥回會按照香港會計準則第36號確認。



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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Investments in associates and joint ventures (Continued)

When the Group ceases to have significant influence over an associate or a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to the associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

### 3. 主要會計政策概要(續)

#### 投資於聯營公司及合營公司(續)

當本集團不再對聯營公司或合營公司有重大影響力時，將入賬列作出售其於該被投資方之全部權益，而所產生之收益或虧損則於損益確認。當本集團保留其於前聯營公司或合營公司權益，且保留的權益符合香港財務告準則第9號界定的財務資產範疇時，本集團於當日按公允值計量保留權益，而該公允值視為其初次確認公允值。聯營公司或合營公司的賬面值、任何保留權益公允值及出售於聯營公司或合營公司相關權益之任何所得款項的差額計入出售聯營公司或合營公司損益結果。此外，本集團將先前於其他全面收益確認與該聯營公司或合營公司有關之所有金額按該聯營公司或合營公司直接出售有關資產或負債所規定之基準入賬。因此，倘該聯營公司或合營公司先前於其他全面收益確認之收益或虧損將重新分類至出售有關資產或負債之收益或虧損，當出售／部分出售相關聯營公司或合營公司時，本集團自權益之收益或虧損重新分類至損益(作為重新分類調整)。

當於聯營公司之投資成為於合營公司之投資，或於合營公司之投資成為於聯營公司之投資時，本集團繼續採用權益法。出現該等擁有權權益變動後不會重新計量公允值。

倘本集團減少其於聯營公司或合營公司之擁有權權益但本集團繼續使用權益法，則本集團於出售有關資產或負債時會將該收益或虧損重新分類至損益之情況下，會將先前就該等擁有權權益減少而於其他全面收益確認之收益或虧損按比例重新分類至損益。

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Investments in associates and joint ventures (Continued)

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

#### Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that make strategic decisions.

#### Foreign currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency").

Foreign currency transactions are translated into the functional currency of respective entities of the Group using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

### 3. 主要會計政策概要(續)

#### 投資於聯營公司及合營公司(續)

倘一集團實體與本集團一家聯營公司或合營公司進行交易，與該聯營公司或合營公司進行交易所產生的損益僅於該聯營公司或合營公司的權益與本集團無關的情況下，才會在本集團的綜合財務報表確認。

#### 分部報告

經營分部之報告方式與向主要營運決策者提供之內部報告方式一致。作出策略決定之本公司執行董事為主要營運決策者，負責分配資源並評核經營分部之表現。

#### 外幣匯兌

本集團各個實體之財務報表所列項目均以該實體營運所在主要經濟環境之貨幣（「功能貨幣」）計量。

外幣交易採用交易日之匯率換算為集團附屬公司之功能貨幣。於各報告期終日，以外幣計值之貨幣項目按現行匯率於有關日期重新換算。當公允值已釐定時，按公允值計算並以外幣計值之非貨幣項目按有關日期以現行匯率換算。按歷史成本計算並以外幣計值之非貨幣項目並不重新換算。

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Foreign currencies (Continued)

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the Group's interests.

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;
- income and expenses for each statement of profit or loss are translated at average exchange rates (unless exchange rates fluctuate significantly during the period, in which case income and expenses are translated at the dates of the transactions); and

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint venture or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Company are reclassified to profit or loss.

### 3. 主要會計政策概要(續)

#### 外幣匯兌(續)

因結付貨幣項目及重新換算貨幣項目而產生的匯兌差異於產生期間於損益確認，惟以下各項除外：

- 當有關日後生產使用之在建資產之外幣借貸匯兌差額被視為外幣借貸之利息成本之調整時，匯兌差額計入該等資產之成本；及
- 應收或應付一項海外業務之貨幣項目匯兌差額，既無計劃結算，發生結算之可能性亦不大，因而構成海外業務投資淨額之一部份，並初步於其他全面收入確認及於出售或部分出售本集團權益時由權益重新分類至損益。

功能貨幣與列賬貨幣不同之所有集團實體(當中概無嚴重通脹貨幣)之業績及財務狀況按下列方法換算為列賬貨幣：

- 所呈列各份財務狀況表之資產及負債按報告日期之收市匯率換算；
- 各損益表內之收入及支出按平均匯率換算，除非此匯率於期內大幅波動；在此情況下，收入及支出按交易日之匯率換算；及

於出售海外業務(即出售本集團於海外業務之全部權益，或出售涉及失去包含海外業務附屬公司之控制權或出售於合營公司或聯營公司(包含海外業務)之部份權益，當中的保留權益成為財務資產時)時，就本公司股益持有人應佔之業務於權益累計之所有匯兌差額重新分類至損益。



### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Foreign currencies (Continued)

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposal of associates or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

#### Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates and enhances an asset that the customer controls as the Group performs; or

### 3. 主要會計政策概要(續)

#### 外幣匯兌(續)

此外，有關出售附屬公司之部份權益，卻不會導致本公司喪失對附屬公司的控制權時，累計匯兌差額比例份額重新計入非控股權益且不於損益確認。其他之部分出售(即部分出售聯營公司或合營公司，卻不會導致本公司喪失重大影響力或共同控制)，累計匯兌差額比例部分重新分類至損益。

收購海外業務所產生可識別資產之商譽及公允值調整視為該海外業務之資產及負債處理，並按各報告期終的當時匯率換算。所產生之匯兌差額於其他全面收益確認。

#### 客戶合約收入

當(或於)滿足履約義務時，本集團確認收入，即於特定履約義務的相關貨品或服務的控制權轉讓予客戶時確認。

履約責任指一項可明確區分的貨品或服務(或一批貨品或服務)或一系列大致相同的明確貨品或服務。

倘符合以下其中一項準則，則控制權隨時間轉移，而收入則參照完成相關履約責任的進展情況而隨時間確認：

- 隨本集團履約，客戶同時取得並耗用本集團履約所提供的利益；
- 本集團之履約創建或強化一資產，該資產於創建或強化之時即由客戶控制；或

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Revenue from contracts with customers (Continued)

- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

#### **Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation**

Input method

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depicts the Group's performance in transferring control of goods or services.

### 3. 主要會計政策概要(續)

#### 客戶合約收入(續)

- 本集團的履約並未產生對本集團有替代用途的資產，且本集團對迄今已完成履約之款項具有可執行之權利。

否則，收入於客戶獲得貨品或服務控制權的時間點確認。

合約資產指本集團就向客戶換取本集團已轉讓的貨品或服務收取代價的權利(尚未成為無條件)。其根據香港財務報告準則第9號評估減值。相反，應收款項指本集團收取代價的無條件權利，即代價付款到期前僅需時間推移。

合約負債指本集團因已自客戶收取對價(或已可自客戶收取對價)，而須轉讓貨品或勞務予客戶之義務。

與同一合約有關的合約資產及合約負債以淨額列賬。

#### **隨時間確認收入：衡量完成履約責任的進展情況**

投入法

完成履行履約責任的進展情況乃根據投入法衡量，即根據本集團為履行履約責任的付出或投入相比履行有關履約責任的總預期投入而確認收入，最能說明本集團於轉讓貨品或服務控制權時的表現。

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Revenue from contracts with customers (Continued)

##### *Existence of significant financing component*

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

For advance payments received from customers before the transfer of the associated goods or services in which the Group adjusts for the promised amount of consideration for a significant financing component, the Group applies a discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception.

##### *Principal versus agent*

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

### 3. 主要會計政策概要(續)

#### 客戶合約收入(續)

##### *存在重大融資成分*

於釐定交易價格時，倘向客戶就轉移貨品或服務(不論以明示或暗示方式)而協定之付款時間為客戶或本集團帶來重大融資利益，則本集團就金錢時間值之影響而調整已承諾之代價金額。於該等情況下，合約存在重大融資成分。不論於合約中以明示呈列或合約訂約方協定之支付條款暗示融資承諾，合約中均存在重大融資成分。

就相關貨品或服務之支付與轉移期間少於一年之合約而言，本集團就任何重大融資成分應用不調整交易價格之可行權宜方法。

在轉移相關貨品或服務前，本集團將對已收取客戶之預收款項進行調整，本集團將採用與客戶之間於合約開始時獨立融資交易中反映之折現率，就重大融資成分而調整已承諾之代價金額。

##### *主事人與代理*

倘向客戶提供貨品或服務涉及另一方，本集團會釐定其承諾性質是否為其本身提供指定貨品或服務的履約責任(即本集團為主事人)，抑或是安排另一方提供該等貨品或服務(即本集團為代理)。

倘本集團於指定貨品或服務轉交客戶前控制該貨品或服務，則本集團為主事人。



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Revenue from contracts with customers (Continued)

##### *Principal versus agent (Continued)*

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

##### *Incremental costs of obtaining a contract*

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

The Group recognises such costs (sales commissions) as an asset if it expects to recover these costs. The asset so recognised is subsequently amortised 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 assets relate.

The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

### 3. 主要會計政策概要(續)

#### 客戶合約收入(續)

##### *主事人與代理(續)*

倘本集團之履約責任為安排另一方提供指定貨品或服務，則本集團為代理。在此情況下，本集團於另一方所提供指定貨品或服務轉交客戶前並無控制該貨品或服務。倘本集團以代理身分行事，會就其預期於安排其他方提供指定貨品或服務時有權收取之任何費用或佣金金額確認收入。

##### *獲得合約之增量成本*

獲得合約之增量成本指本集團取得客戶合約所產生之成本，倘未獲得該合約，則不會產生有關成本。

倘預期可收回有關成本，則本集團確認該等成本(銷售佣金)為一項資產。所確認資產隨後按與向客戶轉移有關該資產之貨品或服務一致之系統基準攤銷至損益。

倘該等成本將在一年內悉數攤銷至損益，則本集團將應用可行權宜方法，支銷所有獲得合約之增量成本。

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Leases

##### **Definition of a lease (upon application of HKFRS 16 in accordance with transitions in Note 2)**

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.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

##### **The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in Note 2)**

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

### 3. 主要會計政策概要 (續)

#### 租賃

##### **租賃的定義 (根據附註2過渡應用香港財務報告準則第16號)**

倘合約為換取代價轉讓已識別資產於一段時間內的控制使用權，則該合約為租賃或包含租賃。

對於首次應用日或之後訂立或修訂或源於業務合併的合約，本集團根據香港財務報告準則第16號的定義，於開始日、修訂日或收購日(如適用)評估合約是否為一項租賃或包含一項租賃。除非合約條款及條件其後發生變更，否則不會對此類合約進行重新評估。

##### **本集團作為承租人 (根據附註2過渡應用香港財務報告準則第16號)**

分配代價至合約組成部分

就含有租賃成分以及一項或多項額外租賃或非租賃成分的合約而言，本集團根據租賃成分的相對獨立價格及非租賃成分的獨立價格總額將合約代價分配至各租賃成分。

作為實際權宜之計，當本集團合理預測對綜合財務報表的影響與組合內個別租賃並無重大差異時，具有類似特徵的租賃乃按組合基準入賬。

短期租賃及低價值資產租賃

本集團將短期租賃確認豁免應用於租期自開始日期起為12個月或以下的租賃，且並不包括購買選擇權。其亦對低價值資產租賃應用確認豁免。短期租賃及低價值資產租賃之租賃付款於租期內按直線法或其他有系統的基準確認為開支。

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Leases (Continued)

#### *The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in Note 2) (Continued)*

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received; and
- any initial direct costs incurred by the Group.

Except for those that are classified as investment properties and measured under fair value model, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property or inventory in "property, plant and equipment", the same line item within which the corresponding underlying assets would be presented if they were owned. Right-of-use assets that meet the definition of investment property and inventory are presented within "investment properties" and "inventories" respectively.

### 3. 主要會計政策概要(續)

#### 租賃(續)

#### *本集團作為承租人(根據附註2過渡應用香港財務報告準則第16號)(續)*

使用權資產

使用權資產成本包括：

- 租賃負債的初始計量金額；
- 於開始日或之前所作的任何租賃付款，減去所得的任何租賃優惠；及
- 本集團招致的任何初始直接成本。

除分類為投資物業及根據公允值模型計量者外，使用權資產按成本減任何累計折舊及減值虧損計量，並就任何重新計量租賃負債作出調整。

本集團可於租賃期末合理確定取得相關租賃資產擁有權的使用權資產自使用年期開始至結束折舊。否則，使用權資產則於估計使用年期及租賃期(以較短者為準)按直線法折舊。

本集團將不符合投資物業或存貨定義的使用權資產呈列為「物業、廠房及設備」，倘對應相關資產為自有，其亦呈列至上述同一項目內。符合投資物業及存貨定義的使用權資產分別列入「投資物業」及「存貨」。



### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Leases (Continued)

##### *The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in Note 2) (Continued)*

##### Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

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, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) when the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

### 3. 主要會計政策概要 (續)

#### 租賃 (續)

##### *本集團作為承租人 (根據附註2過渡應用香港財務報告準則第16號) (續)*

##### 租賃負債

於租賃開始日，本集團按當日未付的租賃付款現值確認及計量租賃負債。在計算租賃付款的現值時，倘租賃中內涵的利率不易確定，則本集團使用租賃開始日的增量借款利率計算。

租賃付款包括：

- 固定付款 (包括實質上之固定付款) 減任何應收租賃獎勵；
- 取決於指數或利率的可變租賃付款，初始計量以開始日的指數或匯率釐定；
- 預計將根據剩餘價值擔保支付的金額；
- 合理確定本集團將行使的購買選擇權的行使價；及
- 倘租期反映本集團行使終止選擇權，則終止租賃而需支付的罰款。

於開始日後，租賃負債通過利息增加及租賃付款進行調整。

當租賃條款發生變化或行使購買選擇權的評估發生變化，本集團重新計算租賃負債 (並對相關的使用權資產作出相應調整)，在此等情況下，通過使用重新評估日的經修訂折現率貼現經修訂租賃付款重新計量相關的租賃負債。

本集團於綜合財務狀況表將租賃負債呈列為獨立項目。

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Leases (Continued)

#### *The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in Note 2) (Continued)*

##### Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities and lease incentives from lessor by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

### 3. 主要會計政策概要(續)

#### 租賃(續)

#### *本集團作為承租人(根據附註2過渡應用香港財務報告準則第16號)(續)*

##### 租賃修改

在下列情況下，本集團將租賃修改作為單獨租賃入賬：

- 該修改通過增加一項或多項相關資產的使用權利擴大租賃範圍；及
- 租賃代價增加的金額相當於範圍擴大對應的獨立價格，及按照特定合約的情況對獨立價格進行的任何適當調整。

就未作為單獨租賃入賬的租賃修改而言，本集團根據經修改租賃條款，通過使用修改生效日的經修訂貼現率貼現經修訂租賃付款並重新計量租賃負債。

本集團透過對相關使用權資產作出相應調整將租賃負債及來自出租人的租賃獎勵的重新計量入賬。倘一份經修訂合約包含租賃部份及一個或以上額外租賃或非租賃部份，本集團按租賃部份的相對獨立價格及非租賃部份的獨立價格總額基準將經修訂合約代價分配至各租賃部份。

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Leases (Continued)

##### *The Group as a lessee (prior to 1 January 2019)*

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

##### Leasehold land and building

When the Group makes payments for a property interest which includes both leasehold land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire property is accounted as an operating lease. Specifically, the entire considerations (including any lump-sum upfront payments) are allocated between the leasehold land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element at initial recognition.

When the lease payments cannot be allocated reliably between the leasehold land and building elements, the entire lease is generally classified as if the leasehold land is under finance lease.

##### *The Group as a lessor*

##### Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

### 3. 主要會計政策概要(續)

#### 租賃(續)

##### *本集團作為承租人(二零一九年一月一日前)*

經營租賃付款於租期按直線法確認為開支。已收訂立經營租賃的租賃獎勵確認為負債。獎勵福利總額按直線基準確認為租金開支減少。

##### 租賃土地及樓宇

當本集團為物業權益付款，而其包括租賃土地及樓宇部分，本集團會根據各部分所有權附帶的絕大部分風險及回報是否轉移至本集團之評估，獨立評估各部分以分類為融資或經營租賃，惟兩部分為經營租賃，則整個物業入賬為經營租賃。特別是，整筆代價(包括任何一次性預付款)於初始確認時，按租賃土地與樓宇部分的租賃權益的相關公允值的比例在租賃土地與樓宇部分間進行分配。

當租賃款項不能可靠地在租賃土地及樓宇部分之間進行分配，整個租賃一般會按租賃土地為融資租賃的假設分類。

##### *本集團作為出租人*

##### 租賃之分類及計量

本集團為出租人的租賃分類為融資或經營租賃。倘租賃條款將與相關資產所有權有關的絕大部分風險及回報轉移予承租人，合約則被分類為融資租賃。所有其他租賃均分類為經營租賃。

經營租賃租金收入以直線法按相關租賃期於損益內確認。就經營租賃進行磋商和作出安排所產生的初始直接成本，會加入租賃資產的賬面值，而有關成本以直線法按租賃期確認為開支，惟本集團的投資物業按公允值模型計量除外。



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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Leases (Continued)

##### *The Group as a lessor (Continued)*

Classification and measurement of leases (Continued)

Rental income which are derived from the Group's ordinary course of business are presented as revenue.

##### *The Group as a lessor (upon application of HKFRS 16 in accordance with transitions in Note 2)*

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies HKFRS 15 to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

##### Sublease

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

##### Lease modification

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

##### *Sale and leaseback transactions (upon application of HKFRS 16 since 1 January 2019)*

The Group applies the requirements of HKFRS 15 to assess whether sale and leaseback transaction constitutes a sale by the Group.

##### The Group as a seller-lessee

For a transfer that satisfies the requirements as a sale, the Group as a seller-lessee measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset and recognises any gain or loss that relates to the rights transferred to the buyer-lessor only.

### 3. 主要會計政策概要(續)

#### 租賃(續)

##### 本集團作為出租人(續)

租賃之分類及計量(續)

來自本集團日常業務過程的租金收入呈列為收益。

##### 本集團作為出租人(根據附註2過渡應用香港財務報告準則第16號)

分配代價至合約的部分

倘合約包括租賃及非租賃部分，則本集團應用香港財務報告準則第15號將合約的代價分配予租賃及非租賃部分。非租賃部分根據其相對獨立售價與租賃部分分開。

##### 分租

當本集團為中介出租人時，目標集團會將主租賃與分租賃入賬列為兩項獨立合約。本集團參照主租賃所產生之使用權資產(而非相關資產)將分租賃分類為融資或經營租賃。

##### 租賃修訂

本集團由經營租賃修訂之生效日期起將修改入賬列為新租賃，當中會將任何就原租賃預付或累計之租賃付款視為新租賃之租賃付款的一部分。

##### 售後回租交易(自二零一九年一月一日起應用香港財務報告準則第16號)

本集團應用香港財務報告準則第15號規定評估售後回租交易是否構成本集團的銷售。

##### 本集團作為賣方承租人

就符合銷售規定的轉讓而言，本集團作為賣方承租人按該資產先前賬面值比例計量由回租產生的使用權資產並僅就轉讓予購買出租人的權利涉及的任何盈虧予以確認。

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Leases (Continued)

##### *Sale and leaseback transactions (prior to 1 January 2019)*

The accounting treatment of a sale and leaseback transaction depends on the type of lease involved. The leaseback may be a finance lease if it meets the condition that substantially all the risks and rewards of ownership remain with the lessee, or it may be an operating lease (in which case, some significant risks and rewards of ownership have been transferred to the purchaser).

The Group as a seller-lessee

For a leaseback that satisfies the requirements of an operating lease, and the lease payments and the sale price are at fair value, there has in effect been a normal sale transaction and any profit or loss is recognised immediately.

If the fair value at the time of a sale and leaseback transaction is less than the carrying amount of the asset, a loss equal to the amount of the difference between the carrying amount and fair value shall be recognised immediately, except that, if the loss is compensated for by future lease payments at below market price, it is deferred and amortised in proportion to the lease payments over the period for which the asset is expected to be used.

If the sale price is above fair value, the excess over fair value is deferred and amortised over the period for which the asset is expected to be used.

### 3. 主要會計政策概要(續)

#### 租賃(續)

##### *售後回租交易(二零一九年一月一日前)*

售後回租交易的會計處理取決於所涉及租賃類別。倘符合承租人保留所有權絕大部分風險及回報的條件，回租可能屬融資租賃，或倘部分重大所有權風險及回報已轉讓予買方，則可能為經營租賃。

本集團作為賣方承租人

就符合經營租賃規定且租賃付款及出售價均為公允值的回租而言，於生效時成為正常銷售交易，並立即確認任何盈虧。

倘售後回租交易當時的公允值低於資產賬面值，則即時確認相等於賬面值與公允值之間差異金額的虧損，惟倘虧損透過按低於市價的未來租賃付款彌補，則按租賃付款於預期使用資產期間的比例遞延及攤銷。

倘售價高於公允值，超出公允值的部分於預期使用資產期間遞延及攤銷。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Effective 1 January 2019, any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

### 3. 主要會計政策概要(續)

#### 借款成本

可直接歸屬且需經較長時間進行購建活動方能達至預定可使用或出售狀態之合資格資產購建或生產之借款成本，計入該等資產之成本，直至達至其預定可使用或出售狀態為止。

自二零一九年一月一日起，任何於相關資產準備用於其擬定用途或出售後仍未償還的特定借款會計入一般借款組別，以計算一般借款的資本化比率。在特定借款撥作合資格資產支出前之暫時投資所賺取之投資收入，須自合資格資本化之借款成本中扣除。

所有其他借款成本於其產生期間於損益確認。

#### 政府補助金

政府補助金不會被確認，直至在能夠合理確保本集團將會遵守附加於其上之條件以及確保可收到補助金時確認。

政府補助金乃就本集團確認有關成本為開支(預期補助金旨在補償之開支)期間按系統化之基準於損益中確認。須明確的是，政府補助金首要條件為本集團購買、建造或以其他方式取得非流動資產，政府補助金於綜合財務狀況表確認為遞延收入，並按有關資產可使用年期按系統化之基準轉撥至損益。



### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are expensed in the profit or loss during the period in which they are incurred.

Leasehold land classified as finance lease commences amortisation from the time when the land interest becomes available for its intended use. Amortisation on leasehold land classified as finance lease and depreciation on other assets is calculated using the straight-line method to allocate cost to the residual values over the estimated useful lives with annual rates as follows:

Leasehold land and buildings	2%–5%
Leasehold improvements	Over the remaining period of the lease
Machinery	5%–25%
Furniture, fixtures and equipment	15%–25%
Motor vehicles	20%–30%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Gain and loss on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the profit or loss.

### 3. 主要會計政策概要(續)

#### 物業、廠房及設備

物業、廠房及設備按歷史成本減累計折舊及減值虧損列賬。歷史成本包括收購該項目直接應佔之開支。

其後成本僅在與該項目相關之未來經濟利益很有可能流入本集團，且該項目之成本能可靠計量時，方計入資產之賬面值或確認為獨立資產(視適用情況而定)。已更換部分之賬面值會終止確認。所有其他維修及保養成本在產生期間內於損益列支。

劃分為融資租賃之租賃土地於土地權益可供擬定用途時起開始攤銷。劃分為融資租賃之租賃土地攤銷及其他資產折舊乃採用直線法以估計可使用年期按下列年率將成本攤至其剩餘價值計算：

租賃土地及樓宇	2%–5%
租賃物業裝修	剩餘租賃期
機器	5%–25%
傢具、裝置及設備	15%–25%
車輛	20%–30%

估計可使用年期、餘值及折舊法於各報告期末檢討，任何估計變動的影響按未來適用基準列賬。

出售收益及虧損乃按賬面值與所得款項之比較而定，並於損益內確認。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including properties under construction for such purposes).

Effective 1 January 2019, investment properties also include leased properties which are being recognised as right-of-use assets upon application of HKFRS 16 and subleased by the Group under operating leases.

Investment properties are measured initially at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair value, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

If a property becomes an investment property because its use has been changed as evidenced by end of owner-occupation, any differences between the carrying amount and the fair value of that item (including the relevant leasehold land under HKFRS 16 or prepaid lease payments under HKAS 17) at the date of transfer is recognised in other comprehensive income and accumulated in property revaluation reserve. On the subsequent sale or retirement of the property, the relevant revaluation reserve will be transferred directly to retained earnings.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Effective 1 January 2019, a leased property which is recognised as a right-of-use asset upon application of HKFRS 16 is derecognised if the Group as intermediate lessor classifies the sublease as a finance lease. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

### 3. 主要會計政策概要(續)

#### 投資物業

投資物業指持作賺取租金及／或資本升值之物業(包括就該用途的在建中物業)。

自二零一九年一月一日起，投資物業亦包括租賃物業，該等租賃物業於應用香港財務報告準則第16號時確認為使用權資產，並由本集團根據經營租賃分租。

投資物業最初按成本計量(包括任何直接應佔支出)。在首次確認後，投資物業按其公允值計量，就撇除任何預付或應計營運租賃收入而作出調整。

投資物業公允值變動產生的收益或虧損於其產生期間計入損益。

在建投資物業所產生之建造成本資本化為在建中投資物業賬面值之部分。

如有物業因用途改變(以業主終止佔用為證)而變成投資物業，則該項目賬面值與轉撥日公允價值間之差額(包括香港財務報告準則第16號的相關租賃土地或香港會計準則第17號的預付租賃付款)於其他全面收入確認及於物業重估儲備中累計。其後物業出售或報廢時，相關重估儲備將直接轉移至保留盈利。

投資物業於出售或永久作廢時且預期出售並無未來經濟收益時終止確認。自二零一九年一月一日起，倘本集團(作為中間出租人)將分租分類為融資租賃，則終止確認應用香港財務報告準則第16號後確認為使用權資產的租賃物業。終止確認物業產生的任何收益或虧損(按出售所得淨款及資產賬面值差額計算)於物業終止確認期間計入損益。

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Investment properties (Continued)

##### *Transfer from inventories to investment properties carried at fair value*

The Group transfers a property from inventories to investment properties when there is a change in use to hold the property to earn rentals or/and for capital appreciation rather than for sale in the ordinary course of business, which is evidenced by the inception of an operating lease to another party. Any difference between the fair value of the property at the date of transfer and its previous carrying amount is recognised in profit or loss.

##### **Impairment on property, plant and equipment, right-of-use assets, contract costs and intangible assets other than goodwill**

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, contract costs and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In addition, the Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

### 3. 主要會計政策概要(續)

#### 投資物業(續)

##### *從存貨轉撥至以公允值列賬的投資物業*

當持有物業的目的發生改變，以賺取租金或／及實現資本增值，而非於日常業務過程中出售(以向另一方提供經營租賃開始為證)時，本集團將存貨轉至投資物業。於轉撥日期之物業公允值與其先前賬面金額之間的任何差異於損益表確認。

##### **物業、廠房及設備、使用權資產、合約成本及無形資產(商譽除外)的減值**

於報告期末，本集團對使用年限釐定的物業、廠房及設備、使用權資產、合約成本及無形資產之賬面值進行審閱，以釐定該等資產是否出現減值跡象。倘出現任何有關跡象，則對該等相關資產之可收回金額進行估算，以釐定減值虧損之程度(如有)。

物業、廠房及設備、使用權資產及無形資產的可收回金額個別估計。倘若不大可能個別估計可收回金額，則本集團估計資產所屬現金產生單位的可收回金額。

此外，本集團對是否有跡象顯示公司資產可能出現減值進行評估。倘存在有關跡象，於可識別合理一致的分配基準時，公司資產亦會分配至個別現金產生單位，或於其他情況下彼等被分配至現金產生單位的最小組合，而該現金產生單位的合理及一致分配基準可予識別。



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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Impairment on property, plant and equipment, right-of-use assets, contract costs and intangible assets other than goodwill (Continued)

Before the Group recognises an impairment loss for assets capitalised as contract costs under HKFRS 15, the Group assesses and recognises any impairment loss on other assets related to the relevant contracts in accordance with applicable standards. Then, impairment loss, if any, for assets capitalised as contract costs is recognised to the extent the carrying amounts exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services that have not been recognised as expenses. The assets capitalised as contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

### 3. 主要會計政策概要(續)

#### 物業、廠房及設備、使用權資產、合約成本及無形資產(商譽除外)的減值(續)

在本集團根據香港財務報告準則第15號將資本化為合約成本之資產確認減值虧損前，本集團按適用準則評估和確認任何與相關合約有關的其他資產減值虧損。屆時，倘賬面值超過本集團預期收取以換取相關貨品或服務的對價餘額減與直接關於提供該等貨品或服務的成本(已確認為開支)，則就作為合約成本的資本化資產而言之減值虧損(如有)得以確認。作為合約成本的資本化資產屆時就評估相關現金產生單位減值，而計入它們所屬的現金產生單位之賬面值。

可收回金額為公允值減去銷售成本及使用價值兩者中之較高者。於評估使用價值時，估計未來現金流量乃以稅前貼現率貼現至現值，該貼現率能反映當前市場所評估之貨幣時間值及資產(或現金產生單位)特定風險(就此而言，未來現金流量估計尚未作出調整)。

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Impairment on property, plant and equipment, right-of-use assets, contract costs and intangible assets other than goodwill (Continued)

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

### 3. 主要會計政策概要(續)

#### 物業、廠房及設備、使用權資產、合約成本及無形資產(商譽除外)的減值(續)

倘資產(或現金產生單位)之估計可收回金額低於其賬面值，則有關資產(或現金產生單位)之賬面值將減低至其可收回金額。就未能按合理一致的基準分配至現金產生單位的企業資產或部分企業資產，本集團會比較一個組別的現金產生單位賬面值(包括已分配至該組現金產生單位的企業資產或部分企業資產的賬面值)與該組現金產生單位的可收回金額。分配減值虧損時，首先分配減值虧損以減少商譽(倘適用)的賬面值，其後根據有關單位內各項資產或一組現金產生單位之賬面值按比例分配至其他資產。一項資產之賬面值不會減至其公允值減出售成本(倘可計量)、其使用價值(倘可釐定)與零之最高者以下。原本會分配至資產之減值虧損金額會按比例分配至該單位內其他資產或一組現金產生單位。減值虧損即時於損益中確認。

倘減值虧損其後撥回，則資產賬面值(或現金產生單位或一組現金產生單位)增至其可收回數額之經修訂估算，惟所增加之賬面值不得高於在往年並未確認資產(或現金產生單位或一組現金產生單位)減值虧損時釐定之賬面值。減值虧損撥回即時於損益中確認。

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Inventories

Inventories are stated at the lower of cost and net realisable value. Inventories represent properties under development and completed properties held for sale.

Properties under development which are intended to be sold upon completion of development and properties for sale are classified as current assets. Except for the leasehold land element which is measured at cost model in accordance with the accounting policies of right-of-use assets upon the application of HKFRS 16, properties under development/properties for sale are carried at the lower of cost and net realisable value. Cost is determined on a specific identification basis including allocation of the related development expenditure incurred and where appropriate, borrowing costs capitalised. Net realisable value represents the estimated selling price for the properties less estimated cost to completion and costs necessary to make the sales.

Properties under development for sale are transferred to properties for sale upon completion.

#### Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

### 3. 主要會計政策概要(續)

#### 存貨

存貨以成本及可變現淨值的較低者呈列。存貨指發展中物業及持作銷售之已落成物業。

擬於發展完成後出售的發展中物業及待售物業被分類為流動資產。除租賃土地部分於應用香港財務報告準則第16號後按照使用權資產之會計政策計量外，發展中物業／待售物業以成本及可變現淨值兩者之較低者入賬。成本按特定識別基準釐定，包括分配所產生之有關開發成本及(倘適用)資本化借貸成本。可變現淨值指物業估計售價減完成銷售之估計成本及作出銷售之必要成本。

發展中待售物業於落成後轉撥至持作出售物業。

#### 財務工具

倘集團實體成為該工具合約條文之訂約方，應確認財務資產及財務負債。所有以常規方式購入或出售財務資產乃按交易日期基準確認及終止確認。以常規方式購入或出售指須於市場規定或慣例所訂時限內交付資產的財務資產購入或出售。

財務資產及財務負債初步按公允值計量，源於客戶合約的貿易應收款項按香港財務報告準則第15號初步計量。收購或發行財務資產及財務負債(透過損益按公允值列賬的財務資產及財務負債除外)直接應佔之交易成本於初始確認時從財務資產或財務負債之公允值加入或扣除(如適用)。收購透過損益按公允值列賬的財務資產或財務負債直接應佔的交易成本即時於損益確認。



### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Financial instruments (Continued)

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

#### Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income:

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

### 3. 主要會計政策概要(續)

#### 財務工具(續)

實際利率法為計算財務資產或財務負債的攤銷成本及按有關期間攤分利息收入及利息開支之方法。實際利率是按財務資產或財務負債之預計年期或較短期間(如適用)，將估計未來現金收入及付款(包括支付或收取構成實際利率組成部份的所有費用及點數、交易成本及其他溢價或折價)準確折讓至初步確認時的賬面淨值之比率。

#### 財務資產

財務資產的分類及期後計量

滿足以下條件其後按攤銷成本計量的財務資產：

- 以收取合約現金流量為目的而持有資產之經營模式下持有之財務資產；及
- 合約條款於指定日期產生之現金流量純粹為支付本金及未償還本金之利息。

滿足以下條件其後透過其他全面收益按公允值計量的財務資產：

- 同時以收取合約現金流量及出售為目的而持有資產之經營模式下持有之財務資產；及
- 合約條款於指定日期產生之現金流量純粹為支付本金及未償還本金之利息。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Financial instruments (Continued)

##### Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

All other financial assets are subsequently measured at fair value through profit or loss, except that at the date of initial application of HKFRS 9/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

### 3. 主要會計政策概要(續)

#### 財務工具(續)

##### 財務資產(續)

財務資產的分類及期後計量(續)

所有其他財務資產其後按公允值計入損益計量，惟在首次應用香港財務報告準則第9號當日／初始確認財務資產之日，倘該股本投資並非持作買賣，亦非收購方在香港財務報告準則第3號業務合併所適用的業務合併中確認的或然代價，本集團可不可撤銷地選擇於其他綜合收益呈列股本投資公允值的其後變動。

倘符合下列條件，則財務資產乃視作為持作買賣：

- 其主要取得目的為於短期內出售；或
- 於初步確認時，其為本集團共同管理之可識別財務工具組合的一部分，並具有短期套利的近期實際模式；或
- 其屬於並非指定及作為有效對沖工具的衍生工具。

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Financial instruments (Continued)

##### Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or fair value through other comprehensive income as measured at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch.

(i) *Amortised cost and interest income*

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

### 3. 主要會計政策概要(續)

#### 財務工具(續)

##### 財務資產(續)

財務資產的分類及期後計量(續)

此外，倘如此可消除或大幅減少會計錯配，則本集團可不可撤銷地指定符合按攤銷成本或透過其他全面收益按公允值計量之財務資產按公允值計入損益計量。

(i) *攤銷成本及利息收入*

其後按攤銷計量的財務資產乃使用實際利息法予以確認利息收入。利息收入乃對一項財務資產賬面總值應用實際利率予以計算，惟其後出現信用減值的財務資產除外。就其後出現信用減值的財務資產而言，自下一報告期起，利息收入乃對財務資產攤銷成本應用實際利率予以確認。倘出現信用減值之財務工具的信用風險好轉，使財務資產不再出現信用減值，於釐定資產不再出現信用減值後，自報告期開始起利息收入乃對財務資產賬面總值應用實際利率予以確認。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Financial instruments (Continued)

##### Financial assets (Continued)

Classification and subsequent measurement of financial assets  
(Continued)

(ii) *Equity instruments designated as at fair value through other comprehensive income*

Investments in equity instruments at fair value through other comprehensive income are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income, other gains and losses" line item in profit or loss.

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and other receivables), and other items (lease receivables, contract assets and financial guarantee contracts) which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

### 3. 主要會計政策概要(續)

#### 財務工具(續)

##### 財務資產(續)

財務資產的分類及期後計量(續)

(ii) *指定為透過其他全面收益按公允價值計量之權益工具*

指定為透過其他全面收益按公允價值計量之權益工具的投資其後按公允價值計量，其公允價值變動產生的收益及虧損於其他綜合收益確認及於投資重估儲備累積；無須作減值評估。累計損益將不會重新分類至出售股本投資之損益，並將轉撥至留存盈利。

當本集團確認收取股息的權利時，該等權益工具投資的股息於損益中確認，除非股息明確表示為收回部分投資成本。股息計入損益中「其他收入、其他收益及虧損」的項目中。

財務資產減值及香港財務報告準則第9號項下須進行減值評估的其他項目

本集團就財務資產(包括貿易及其他應收款項)及其他項目(應收租賃款項、合約資產及財務擔保合約)(須根據香港財務報告準則第9號作出減值)進行預期信貸虧損(「預期信貸虧損」)模型項下的減值評估。預期信貸虧損金額於各報告日期更新，以反映信貸風險自初始確認以來的變動。



### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Financial instruments (Continued)

##### Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The ECL on these assets are assessed individually for debtors with impaired credit or related parties and collectively for the rest using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

### 3. 主要會計政策概要 (續)

#### 財務工具 (續)

##### 財務資產 (續)

財務資產減值及香港財務報告準則第9號項下須進行減值評估的其他項目 (續) 全期預期信貸虧損指於相關工具於預計壽命內所有可能的違約事件而導致的預期信貸虧損。相反，12個月預期信貸虧損 (「12個月預期信貸虧損」) 則指預期於報告日期後12個月內可能發生的違約事件而導致的部分全期預期信貸虧損。評估乃根據本集團過往信貸虧損經驗，並根據債務人特定因素、綜合經濟狀況以及對於報告日期之當時狀況及未來狀況預測的評估作調整。

本集團一直就貿易應收款項、合約資產及應收租賃款項確認全期預期信貸虧損。該等資產的預期信貸虧損對於信貸出現減值之應收款項或關聯方進行個別評估及對於剩餘其他資產使用具有適當分組的撥備矩陣而進行集體評估。

就所有其他工具而言，本集團計量虧損撥備等於12個月預期信貸虧損，除非當信貸風險自初始確認以來顯著上升，則本集團確認全期預期信貸虧損。評估是否應確認年期預期信貸虧損乃根據自初始確認以來發生違約的可能性或風險顯著上升而定。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Financial instruments (Continued)

##### Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)

(i) *Significant increase in credit risk*

In assessing whether the credit risk has increased significantly since initial recognition, 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. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

### 3. 主要會計政策概要(續)

#### 財務工具(續)

##### 財務資產(續)

財務資產減值及香港財務報告準則第9號項下須進行減值評估的其他項目(續)

(i) *信貸風險顯著增加*

於評估信貸風險是否自初始確認以來已顯著增加時，本集團比較財務工具於報告日出現違約的風險與該財務工具於初始確認日出現違約的風險。進行此評估時，本集團會考慮合理及有理據的定量及定性資料，包括過往經驗及毋須付出不必要成本或努力即可獲得的前瞻性資料。

特別是，在評估信貸風險是否顯著增加時，會考慮下列資料：

- 財務工具的外部(如有)或內部信貸評級的實際或預期顯著惡化；
- 外部市場信貸風險指標顯著惡化，例如信貸息差及債務人的信貸違約掉期價格顯著增加；
- 業務、財務或經濟狀況出現或預期出現不利變動，預期將導致債務人履行其債務責任的能力顯著下降；
- 債務人經營業績出現實際或預期出現顯著惡化；
- 債務人監管、經濟或技術環境出現實際或預期出現重大不利變動，導致債務人履行其債務責任的能力大幅下降。



### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Financial instruments (Continued)

##### Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)

(i) *Significant increase in credit risk (Continued)*

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) *Definition of default*

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

### 3. 主要會計政策概要(續)

#### 財務工具(續)

##### 財務資產(續)

財務資產減值及香港財務報告準則第9號項下須進行減值評估的其他項目(續)

(i) *信貸風險顯著增加(續)*

儘管如此，倘一項債務工具於報告日期確定為信貸風險較低，則本集團假設該債務工具的信貸風險自初始確認以來並無顯著增加。倘一項債務工具i) 違約風險較低；ii) 借款人近期具充分償付合約現金流量負債的能力；及iii) 長遠而言經濟及業務狀況的不利變動可能但未必會降低借款人償付合約現金流量負債的能力，則該項債務工具可確定為信貸風險較低。

就財務擔保合約而言，本集團成為不可撤銷承擔條文之訂約方的日期被視為財務工具之初始確認日期並用作日後評估財務工具之減值。於評估財務擔保合約之信貸風險是否自初始確認以來已顯著上升時，本集團考慮風險轉變導致特定債務人於該合約違約的情況。

本集團定期監控用以識別信用風險有否顯著增加的標準之效益，且修訂標準(如適當)來確保標準能在金額逾期前識別信用風險顯著增加。

(ii) *違約定義*

就內部信貸風險管理而言，本集團認為，違約事件在內部制訂或得自外界來源的資料顯示債務人不大可能悉數向債權人(包括本集團)還款(未計及本集團所持任何抵押品)時發生。

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Financial instruments (Continued)

##### Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)

##### (iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

##### (iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

### 3. 主要會計政策概要(續)

#### 財務工具(續)

##### 財務資產(續)

財務資產減值及香港財務報告準則第9號項下須進行減值評估的其他項目(續)

##### (iii) 出現信用減值之財務資產

財務資產在一項或以上違約事件(對該財務資產估計未來現金流量構成不利影響)發生時出現信用減值。財務資產出現信用減值的證據包括有關下列事件的可觀察數據:

- (a) 發行人或借款人的重大財困;
- (b) 違反合約(如違約或逾期事件);
- (c) 借款人的貸款人因有關借款人財困的經濟或合約理由而向借款人批出貸款人不會另行考慮的優惠;
- (d) 借款人將可能陷入破產或其他財務重組;或
- (e) 該財務資產因財政困難而失去活躍市場。

##### (iv) 撇銷政策

資料顯示交易方處於嚴重財困及無實際收回可能時(例如交易方被清盤或已進入破產程序時),本集團則撇銷財務資產。經考慮法律意見後(倘合適),遭撇銷的財務資產可能仍須按本集團收回程序進行強制執行活動。撇銷構成終止確認事項。任何其後收回在損益中確認。

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Financial instruments (Continued)

##### Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)

(v) *Measurement and recognition of ECL*

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16 (since 1 January 2019) or HKAS 17 (prior to 1 January 2019).

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the expected losses is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For ECL on financial guarantee contracts for which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

### 3. 主要會計政策概要(續)

#### 財務工具(續)

##### 財務資產(續)

財務資產減值及香港財務報告準則第9號項下須進行減值評估的其他項目(續)

(v) *預期信貸虧損的計量及確認*

預期信貸虧損的計量乃違約概率、違約虧損率(即違約造成虧損的幅度)及違約風險的函數。違約概率及違約虧損率的評估基於歷史數據並結合前瞻性資料調整。預期信貸虧損的預估乃無偏概率加權平均金額，以各自發生違約的風險為權重確定。

一般而言，預期信貸虧損為根據合約應付本集團的所有合約現金流與本集團預期收取的現金流量之間的差額，並以初始確認時釐定的貼現率貼現。就應收租賃款項而言，釐定預期信貸虧損所用的現金流量與根據香港財務報告準則第16號(於二零一九年一月一日後)或香港會計準則第17號(於二零一九年一月一日前)計量應收租賃所用的現金流量一致。

就財務擔保合約而言，本集團僅須在債務人違約時根據其給予擔保之合約條款償付款項。因此，預期信貸虧損為本集團為債務人償還之款項的現值扣除預期從債務人或其他訂約方收取之款項。

就無法釐定實際利率的財務擔保合約的預期信貸虧損而言，本集團將採納一個能夠反映當前市場所評估之貨幣時間值及現金流特定風險的貼現率估計預期信貸虧損。在考慮現金流特定風險時，其風險將在貼現率調整反映而非透過調整該被折現的現金流量。



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Financial instruments (Continued)

##### Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)

##### (v) Measurement and recognition of ECL (Continued)

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables, lease receivables and contract assets are each assessed as a separate group. Loans to related parties are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with HKFRS 9; and the amount initially recognised less, where appropriate, cumulative amount of income recognised over the guarantee period.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by recognising the corresponding adjustment through a loss allowance account, with the exception of financial guarantee contracts where the Group recognises an impairment gain or loss by adjusting their carrying amount.

### 3. 主要會計政策概要(續)

#### 財務工具(續)

##### 財務資產(續)

財務資產減值及香港財務報告準則第9號項下須進行減值評估的其他項目(續)

##### (v) 預期信貸虧損的計量及確認(續)

倘預期信用損失按集體基準計量或迎合個別工具水平證據未必存在的情況，則財務工具按以下基準歸類：

- 財務工具性質(即本集團貿易及其他應收款項、應收租賃款項及合約資產各自評為獨立組別。貸款予關聯方個別作預期信貸虧損評估)；
- 逾期狀況；
- 債務人的性質；及
- 外部信貸評級(倘有)。

歸類工作經管理層定期檢討，以確保各組別成份繼續分擔類似信貸風險特性。

利息收入按財務資產的總賬面值計算，倘財務資產信貸減值，則利息收入按財務資產的攤銷成本計算。

就財務擔保合約而言，虧損撥備按根據香港財務報告準則第9號釐定的虧損撥備，與首次確認的金額減(如適用)於擔保期間確認的累計收入款項的較高者確認。

本集團通過調整所有財務工具的虧損撥備於損益確認其減值收益或虧損，惟財務擔保合約除外，本集團通過調整其賬面值確認減值損益。

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Financial instruments (Continued)

##### Financial assets (Continued)

###### Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

##### Financial liabilities and equity instruments

###### Classification as debt or equity

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

###### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Perpetual capital instruments, where there is no contractual obligation for the Group to deliver cash or another financial asset to the holders or to exchange financial assets or financial liabilities with the holders under conditions that are potentially unfavourable to the Group, are classified as equity instruments and are initially recorded at the proceeds received, net of direct issue costs.

### 3. 主要會計政策概要(續)

#### 財務工具(續)

##### 財務資產(續)

###### 終止確認財務資產

僅於資產現金流量之合約權利屆滿時，或將財務資產擁有權絕大部分風險及回報轉讓予另一實體時，本集團方會終止確認財務資產。

於終止確認按攤銷本計量之財務資產時，資產賬面值與已收或應收代價之總和之差額，將於損益確認。

於終止確認時本集團於初始確認時選擇透過其他全面收益按公允值計量的股本工具投資時，先前於投資重估儲備累計之累計溢利或虧損不會重新分類至損益，惟會轉撥至保留盈利。

##### 財務負債及權益工具

###### 債務或權益工具之分類

由本集團發行之債務及權益工具，按合約之安排性質，以及財務負債及權益工具的定義分類為財務負債或權益工具。

###### 權益工具

權益工具是一種合約，可以證明在本集團扣除所有負債之後所剩的資產權益。由本集團發行之權益工具以扣減直接發行成本後所收之款項確認。

就永久資本工具，本集團並無合約責任按可能對本集團不利的條件交付現金或其他財務資產予持有人，或與持有人交換財務資產或財務負債，其分類為股本工具及按已收所得款項(扣除直接發行成本)初始記錄。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Financial instruments (Continued)

##### *Financial liabilities and equity instruments (Continued)*

##### Financial liabilities

Financial liabilities including borrowings and trade and other payables are subsequently measured at amortised cost using effective interest method.

##### Derecognition/Substantial modification of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

The Group accounts for an exchange with a lender of a financial liability with substantially different terms as an extinguishment of the original financial liability and the recognition of a new financial liability. A substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the Group) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent.

### 3. 主要會計政策概要(續)

#### 財務工具(續)

##### 財務負債及權益工具(續)

##### 財務負債

財務負債(包括借貸及貿易及其他應付款項)其後使用實際利率法攤銷成本計量。

##### 財務負債的終止確認/重大修訂

本集團僅於本集團的責任已履行、註銷或已屆滿時方會取消確認財務負債。所終止確認財務負債的賬面值與已付及應付代價間之差額於損益確認。

本集團將向貸方兌換條款顯著不同的財務負債入賬為消除原有財務負債及確認新財務負債。現有財務負債或其一部分之條款大幅變動(不論是否源於本集團的財政困難)入賬為消除原有財務負債及確認新財務負債。

倘新條款項下現金流折現現值(包括任何已付費用扣除任何已收費用及使用原有實際利率折現)與原有財務負債的餘下現金流的折現現值有最少百分之十的差別,則本集團視為條款有重大差別。據此,有關債務工具兌換或條款修訂入賬為消除,任何所產生成本或費用確認為消除的收益或虧損的一部分。倘差異少於百分之十,消除或修訂視為非重大修訂。



### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Financial instruments (Continued)

##### *Financial liabilities and equity instruments (Continued)*

Non-substantial modifications of financial liabilities

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

##### *Derivative financial instruments*

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

##### *Hedge accounting*

The Group designates certain derivatives as hedging instruments for cash flow hedges.

At the inception of the hedging relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk.

### 3. 主要會計政策概要(續)

#### 財務工具(續)

##### *財務負債及權益工具(續)*

財務負債的非重大修訂

就不會導致終止確認的財務負債非重大修訂，相關財務負債的賬面值將按按財務負債原有實際利率貼現的經修訂合約現金流現值計算。所產生交易成本或費用調整至經修訂財務負債的賬面值及於餘下期間攤銷。任何財務負債賬面值的調整於修訂日期於損益確認。

##### *衍生財務工具*

衍生產品於訂立衍生合約日初次按公允值入賬，期後於報告期間期末按公允值重新計量。除非衍生工具被指定為對沖工具且有效(其計入損益之時間取決於對沖關係之性質)，其有關之收益或虧損將即時計入損益內。

##### *對沖會計*

本集團定立某些衍生產品為對沖工具用作現金流量對沖。

開始對沖交易時，本集團記錄對沖工具及被對沖項目之關係，並包括風險管理目標及其進行各項對沖交易之策略。此外，於對沖開始及進行情況下，本集團記錄用於對沖關係之對沖工具是否高度有效地抵銷與對沖風險有關的被對沖項目之現金流量改變。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Financial instruments (Continued)

##### Hedge accounting (Continued)

Assessment of hedging relationship and effectiveness

For hedge effectiveness assessment, the Group considers whether the hedging instrument is effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

##### Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in cash flow hedging reserve are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item.

### 3. 主要會計政策概要(續)

#### 財務工具(續)

##### 對沖會計(續)

評估對沖關係及有效性

就對沖有效性評估而言，本集團於對沖關係符合以下所有對沖有效性規定時，考慮對沖工具是否有效抵銷對沖項目歸因於對沖風險的現金流變動：

- 對沖項目與對沖工具間的經濟關係；
- 信貸風險的影響不會主導經濟關係引致的價值變動；及
- 對沖關係的對沖比率與實體實際對沖對沖項目的數量及實體實際使用以對沖對沖項目數量的對沖工具數量所引致者相同。

倘對沖關係不再符合有關對沖比率的對沖有效性規定，惟該指定對沖關係的風險管理目標維持不變，本集團將調整對沖關係的對沖比率（即重新平衡對沖），以使其重新符合合資格標準。

##### 現金流量對沖

被定為符合現金流量對沖的衍生產品之有效部分的公允值變動被確認於其他全面收益內並累計於現金流量對沖儲備。非有效部分有關之盈虧即時於損益中確認。

當被對沖項目會對損益造成影響時，其列於其他全面收益及累計於現金流量對沖儲備之金額亦重新分類至損益，並於同一項下稱為已確認對沖項目。

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Financial instruments (Continued)

##### Hedge accounting (Continued)

Discontinuation of hedge accounting

The Group discontinues hedge accounting prospectively only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. Discontinuing hedge accounting can either affect a hedging relationship in its entirety or only a part of it (in which case hedge accounting continues for the remainder of the hedging relationship).

For cash flow hedge, any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transactions is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

#### Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

##### Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries, associates and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

### 3. 主要會計政策概要(續)

#### 財務工具(續)

##### 對沖會計(續)

終止對沖會計

僅當對沖關係(或部分對沖關係)(倘適用，於重新平衡後)不再符合資格標準時，本集團以未來適用法終止處理對沖會計。這包括對沖工具到期或出售、終止或獲行使的情況。終止對沖會計可能影響整個或僅一部份(在此情況下對沖會計對沖關係剩餘期間繼續進行對沖會計處理)的對沖關係。

就現金流量對沖，其時於其他全面收益確認及於權益累計的任何收益或虧損仍然歸屬予權益及當預測交易最終於損益賬內確認時予以確認。當預測交易預期不再發生，於權益累計的收益或虧損立即於損益賬內確認。

#### 現金及現金等價物

現金及現金等價物包括手頭現金、銀行活期存款、可轉換為已知數額現金，且價值轉變的風險視為無關重要的其他短期高流通性投資。

#### 即期及遞延稅項

本期間之稅項支出包括即期和遞延稅項。稅項於損益確認，但與其他綜合收益中或直接在權益中確認之項目有關者則除外。在該情況下，稅項亦分別在其他全面收益或直接在權益中確認。

##### 即期稅項

即期所得稅支出根據本公司之附屬公司、聯營公司及合營公司經營及產生應課稅收入之國家於報告期終日已頒佈或實質上已頒佈之稅務法例計算。管理層就適用稅務法例解釋所規限之情況定期評估報稅表的狀況，並在適用情況下根據預期須向稅務機關支付之稅款設定撥備。



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Current and deferred tax (Continued)

##### *Deferred tax*

Deferred tax is recognised on temporary differences arising between the carrying amounts of assets and liabilities in the Group's consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting periods and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

### 3. 主要會計政策概要(續)

#### 即期及遞延稅項(續)

##### *遞延稅項*

遞延稅項按本集團綜合財務報表內的資產及負債賬面值與計算應課稅溢利所用相關稅基的暫時差額確認。遞延稅項負債一般就所有應課稅暫時差額確認，倘可能未來出現應課稅溢利可用作扣減暫時差額，則會確認遞延稅項資產。倘暫時差額乃產生自一項不影響應課稅溢利或會計溢利的交易的資產及負債的初步確認(業務合併除外)，則該等遞延稅項資產及負債不會確認入賬。此外，倘暫時差額因初始確認商譽產生，則不會確認遞延負債。

遞延稅項負債乃就與投資於附屬公司、聯營公司及合營公司有關的應課稅暫時差額而確認，但倘本集團能控制暫時差額的撥回時間，且有關差額可能不會於可見將來撥回的情況除外。就該等有關於投資及利息之可扣減暫時差額而產生之遞延稅項資產，只會在有足夠的應課稅溢利可能出現以致可以利用暫時差額的利益，且預期在可見未來撥回時確認。

遞延稅項資產的賬面值於報告期末作出檢查，並調減至不再可能有足夠應課稅溢利收回全部或部分資產。

遞延稅項資產及負債以報告期末已頒佈或實質上已頒佈的稅率(及稅法)為基礎，按預期清償該負債或變現該資產期間適用的稅率計量。

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Current and deferred tax (Continued)

##### Deferred tax (Continued)

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting periods, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

##### Offsetting

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

#### Employee benefits

##### Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

### 3. 主要會計政策概要(續)

#### 即期及遞延稅項(續)

##### 遞延稅項(續)

遞延稅項負債及資產的計量反映本集團預期於報告期末收回或結算資產及負債賬面值的方式產生的稅務影響。

就使用公允值模型計量之投資物業遞延稅項而言，除非假定被推翻，投資物業賬面值假定可透過出售收回。當有關投資物業為可折舊及以耗盡大體上所有包含在投資物業內的經濟得益為目的，而不是以出售方式的商業模式持有，有關假定則可被推翻。

為就本集團確認使用權資產及相關租賃負債之租賃交易計量遞延稅項，本集團首先釐定稅項扣減是否歸屬於使用權資產或租賃負債。

就稅務扣減歸屬於租賃負債的租賃交易而言，本集團應用香港會計準則第12號所得稅，規定分開確認使用權資產及租賃負債。由於應用首次豁免，有關使用權資產及租賃負債之暫定差額於首次確認及於租期內不會確認。

##### 抵銷

當有法定可執行權力將即期稅項資產與即期稅務負債抵銷，且涉及由同一稅務機關徵收及本集團有意向以淨額基準結算即期稅項資產及負債時，則可將遞延所得稅資產與負債互相抵銷。

#### 僱員福利

##### 僱員應享假期

僱員之年假權利在僱員應享有有關權利時確認。並會因應僱員截至報告期終日已提供服務而應享之年假之估計負債作出撥備。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Employee benefits (Continued)

##### Employee leave entitlements (Continued)

Employee entitlements to sick leave and maternity or paternity leaves are not recognised until the time of leave.

##### Pension obligations

Group companies participate in various defined contribution pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds.

The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when employees have rendered service entitling them to the contributions and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

##### Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier when the Group can no longer withdraw the offer of those benefits and when it recognises any related restructuring costs. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

##### Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the Group's financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

### 3. 主要會計政策概要(續)

#### 僱員福利(續)

##### 僱員應享假期(續)

僱員應享之病假及產假或陪妻分娩假，直至僱員休假時方會確認。

##### 退休金責任

本集團公司參與多項定額供款退休金計劃。此等計劃一般透過向保險公司或受託管理基金付款撥資。

本集團作出供款後，即無進一步付款責任。供款在到期時確認為僱員福利開支，僱員提供服務有權獲得供款且可以供款全數歸屬前退出計劃之僱員所放棄供款而減少。預付供款於出現現金退款或可減少未來付款之情況下確認為資產。

##### 終止福利

終止福利於僱員在正常退休日期前被終止，或當僱員接受自願遣散以換取此等福利時支付。本集團在明確承諾作出下列行為時確認終止福利。在報告期終日後超過12個月到期支付之福利貼現為現值。

##### 或然負債

或然負債指因過往事件可能引起之責任，其存在只能就一宗或多宗非本集團能完全控制之不確定事件發生與否確認。或然負債亦可能為因過往事件引致之現有責任，而由於不大可能流出經濟資源，或責任金額未能可靠計量而未有確認。

除非代表經濟利益的資源流出的機會微小，否則或然負債不會在本集團財務報表確認，但會在附註中披露。假若資源流出之可能性改變導致可能出現資源流出，則會確認為撥備。



## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY ESTIMATION UNCERTAINTY

### Critical accounting judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

#### *Deferred taxation on investment properties*

For the purposes of measuring deferred taxation arising from investment properties that are measured using the fair value model, the Directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties located in Hong Kong are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in measuring the Group's deferred taxation on investment properties located in Hong Kong, the Directors have determined that the presumption that the carrying amounts of investment properties located in Hong Kong are recovered entirely through sale is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of investment properties located in Hong Kong as the Group is not subject to any income taxes on the fair value changes of the investment properties on disposal.

With regards to the Group's investment properties located in Mainland China, the Directors considered that they are held under a business model whose objective is to consume substantially all of the economic benefits embodied in these investment properties over time. Therefore, the Directors have determined that the presumption that the carrying amounts of investment properties located in Mainland China are recovered entirely through sale is rebutted. As a result, the Group recognised deferred taxes on changes in fair value of the Group's investment properties located in Mainland China on the basis that the entire carrying amounts of these properties are recovered through use.

## 4. 關鍵會計判斷及主要估計不確定因素

### 關鍵會計判斷

估算及判斷會持續根據過往經驗及其他因素進行評估，包括在有關情況下相信為合理之未來事件預測。

#### *投資物業遞延稅項*

為計量利用公允值模型計量的投資物業產生的遞延稅項，董事已檢討本集團的投資物業組合，結論為本集團位於香港的投資物業並非根據以隨時間消耗投資物業所包含的絕大部分經濟利益為目標的業務模式持有。因此，於計量本集團位於香港的投資物業的遞延稅項時，董事斷定，位於香港的投資物業的賬面金額乃透過銷售全數收回的假設沒有被推翻。因此，本集團並無就位於香港的投資物業的公允值變動確認任何遞延稅項，因為本集團於出售投資物業時毋須就公允值變動繳納任何所得稅。

有關本集團於中國內地的投資物業，董事認為，該等物業以商業模式（其目標為隨著時間的推移使用該等投資物業所包含的絕大部分經濟利益）持有。因此，董事斷定，位於中國內地的投資物業的賬面金額乃透過銷售全數收回的假設已被推翻。因此，基於本集團於中國內地投資物業的全部賬面值通過使用收回，故本集團已就該等物業公允值變動確認遞延稅項。

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### 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY ESTIMATION UNCERTAINTY

(CONTINUED)

#### Key estimation uncertainty

The Group makes estimates and assumptions concerning the future. The estimates and assumptions that have a significant risk of causing uncertainty to the carrying amounts of assets and liabilities are discussed below:

#### *Fair value of investment properties*

Independent external valuers were engaged to carry out an independent valuation of the Group's investment property portfolio as at 31 December 2019. The fair value of each investment property is individually determined at the end of the reporting period based on market value assessment, on an existing use basis. The valuers have relied on the income capitalisation approach as its primary method, supported by the direct comparison method. These methodologies are based on an estimation of future results, a set of assumptions and a determination of relevant key inputs specific to each property to reflect its tenancy and cashflow profile. Changes to these estimation, assumptions and key inputs would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of gain or loss would be recognised in profit or loss.

The carrying amount of investment properties as at 31 December 2019 was approximately HK\$2,366,668,000 (2018: HK\$2,256,393,000). More details are set out in Note 15.

### 4. 關鍵會計判斷及主要估計不確定因素(續)

#### 主要估計不確定因素

本集團作出有關未來的估計及假設。附帶對資產及負債賬面值造成不確定因素的重大風險的估計及假設於下文討論。

#### *投資物業之公允價值*

本集團委聘獨立估值師於二零一九年十二月三十一日對本集團的投資物業組合進行獨立估值。各投資物業的公允值乃於報告期末按現有用途根據市值評估獨立釐定。估值師以收入資本化法為其主要方法，輔之以直接比較法。該等方法乃根據未來業績估計及各物業獨有的假設組合，以反映其租賃及現金流狀況。該等假設如有變動，可能導致本集團的投資物業公允值變動，並須於損益確認收益或虧損金額的相應調整。

於二零一九年十二月三十一日，投資物業的賬面值為約2,366,668,000港元(二零一八年：2,256,393,000港元)。更多詳情載於附註15。

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY ESTIMATION UNCERTAINTY

(CONTINUED)

### Key estimation uncertainty (Continued)

#### *Construction contracts*

The Group recognised profits and losses from construction contracts, which were derived from the latest available budgets of the construction contracts with reference to the overall performance of each construction contract and the management's best estimates and judgements. Estimated construction income is determined in accordance with the terms set out in the relevant contracts. Estimated construction costs which mainly comprise sub-contracting charges and costs of materials are estimated by the management on the basis of quotations from time to time provided by the major contractors/suppliers/vendors involved and the experience of the management. Because of the nature of the construction industry, the management regularly reviews the progress of the contracts and the estimated construction income and costs.

When the actual costs incurred are significantly more or less than expected, or changes in circumstances which result in revision of management's estimates on the percentage of completion, the effect of such change is recognised prospectively in the profit or loss in the period of the change.

#### *Deferred taxes*

As at 31 December 2019, deferred tax assets of HK\$639,144,000 (2018: HK\$778,610,000) have been recognised in the Group's consolidated statement of financial position as set out in Note 30. The realisability of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. The Directors determine the profit projections of the Group for coming years during which the deferred tax assets are expected to be utilised. In cases where the actual future profits generated are more or less than expected, an additional recognition or a reversal of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a recognition or reversal takes place.

## 4. 關鍵會計判斷及主要估計不確定因素 (續)

### 主要估計不確定因素 (續)

#### *建造合約*

本集團確認建造合約損益有關數字乃來自建造合約的最新預算，預算乃根據每項建造合約的整體表現以及管理層的最佳估計及判斷而編製。估計建造收入乃根據有關合約內所載條款而釐定。估計建造成本(主要包括分判費用及材料成本)乃由管理層根據所涉及主要承建商/供應商/賣方不時提供的報價及管理層的經驗而建議。基於建造業的性質，管理層定期檢討合約進度以及估計建造收入及成本。

倘實際產生的成本遠多於或少於預期，或情況改變，導致管理層修訂竣工百分比的估計，則有關改變的影響按未來適用基準於改變期間在損益確認。

#### *遞延稅項*

於二零一九年十二月三十一日，遞延稅項資產639,144,000港元(二零一八年：778,610,000港元)已於本集團的綜合財務狀況表確認，並載於附註30。遞延稅項資產的可變現程度主要取決於日後是否有充足的未來溢利或應課稅臨時差異。董事釐定本集團預期使用遞延稅項資產的未來年度的溢利預測。倘實際產生的未來溢利多於或少於預期，則或會額外確認或撥回遞延稅項資產，其將於有關確認或撥回期間於損益確認。



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### 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY ESTIMATION UNCERTAINTY

(CONTINUED)

#### Key estimation uncertainty (Continued)

##### *Provision of ECL for trade receivables*

The Group uses provision matrix to calculate ECL for the trade receivables. The provision rates are based on debtors' aging as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At each reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables with impaired credit or related parties are assessed for ECL individually.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in Notes 38 and 19 respectively.

##### *Estimated impairment of inventories*

The Group tests regularly whether inventories have suffered any impairment based on the assessment of net realisable value. Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made, and the amounts the inventories are expected to realise. Significant management estimates are required in the estimates. Where the actual outcome or expectation in future is different from the original estimates, such differences will impact on the carrying amounts of inventories and the impairment loss.

### 4. 關鍵會計判斷及主要估計不確定因素 (續)

#### 主要估計不確定因素 (續)

##### *貿易應收款項的預期信貸虧損撥備*

本集團使用撥備矩陣計算貿易應收款項的預期信貸虧損。撥備比率乃基於具有類似虧損模型的不同應收賬項組別的應收賬項賬齡。撥備矩陣乃基於本集團的過往違約率，當中計及在不耗費過多成本或精力情況下可取得的合理及具有憑證的前瞻性資料。於各報告日，過往觀察所得違約率予以重新評估，並考量前瞻性資料的變動。此外，已發生信貸減值的貿易應收款項或關聯方乃個別進行預期信貸虧損評估。

預期信貸虧損撥備易受估計變動所影響。有關預期信貸虧損及本集團貿易應收款項的資料分別披露於附註38及19。

##### *估計存貨減值*

本集團根據可變現淨值評估存貨是否出現任何減值。可變現淨值估計乃基於作出估計時可獲得的預期可變現物業金額之最可靠證據。估計過程中需要管理層作出重大估計。倘日後的實際結果或預期有別於原先估計，則有關差額將影響存貨的賬面值及減值虧損金額。

## 5. REVENUE AND SEGMENT INFORMATION

### Revenue

Revenue (represents turnover) comprised the following:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Sales of properties	物業銷售	10,329,101	9,918,725
Revenue from specialised construction contracts	專業建築合約收入	864,603	941,654
Rental and management fee income from investment properties	投資物業之租金及管理費收入	67,727	70,445
		<b>11,261,431</b>	<b>10,930,824</b>

For contracts entered into with customers on sales of properties, the Group's performance does not create an asset with alternative use to the Group. Taking into consideration of the relevant contract terms, the legal environment and relevant legal precedent, the Group concluded that the Group does not have an enforceable right to payment prior to transfer of the relevant properties to the customer. Revenue from sales of properties is therefore recognised at a point in time when the completed property is transferred to customers, being at the point that the customer obtains the control of the completed property and the Group has present right to payment and collection of the consideration is probable. The Group provides specialised construction services to customers. Such services are recognised as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised for these construction services based on the stage of completion of the contract using input method.

The transaction price allocated to the remaining performance obligations as at 31 December 2019 was HK\$6,103,674,000 (2018: HK\$8,297,605,000) and is expected to be recognised as revenue within two years.

## 5. 收入及分部資料

### 收入

收入(即營業額)包括以下項目:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
		10,329,101	9,918,725
		864,603	941,654
		67,727	70,445
		<b>11,261,431</b>	<b>10,930,824</b>

就與客戶所訂立的有關物業銷售的合約，本集團的履約不會增設對本集團有其他用途的資產。經考慮相關合約條款、法律環境及相關法律前例，本集團認為其並無可強制執行權利以在向客戶轉移有關物業前收取付款。因此，來自物業銷售的收益乃於竣工物業轉移至客戶時(即客戶取得竣工物業控制權及本集團擁有權利收取付款且有可能收取代價之時)確認。本集團向客戶提供專業建築服務。有關服務隨著本集團增設或加強由客戶控制的資產，於資產產生或增強時確認為已達成的履約責任。該等建築服務的收益根據合約完成階段使用投入法予以確認。

於二零一九年十二月三十一日分配至餘下的履約責任的交易價格為6,103,674,000港元(二零一八年: 8,297,605,000港元)及預期將於兩年內確認為收入。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

### 5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

#### Operating segments

The chief operating decision maker has been identified as the executive directors. The executive directors review the Group's internal financial reports in order to assess performance and allocate resources. The executive directors have determined the operating segments based on these reports as follows:

Real estate development:	Development and sales of residential and commercial properties
Specialised construction:	Design, installation and selling of curtain walls and aluminum windows, doors and other materials
Property investment:	Holding of properties to generate rental income and/or to gain from the appreciation in properties' values in the long-term
Securities investment:	Investment of securities

No operating segments identified by the executive directors have been aggregated in arriving at the reportable segments of the Group.

### 5. 收入及分部資料(續)

#### 經營分部

主要營運決策者已確認為執行董事。執行董事審閱本集團內部財務報告，以評估表現及分配資源。執行董事已根據該等報告決定劃分下列各經營分部：

房地產發展：	發展及銷售住宅及商用物業
專業建築：	設計、安裝及銷售幕牆、鋁窗、門及其他物料
物業投資：	從出租物業賺取租金收入，並就長遠而言，自物業升值中獲取收益
證券投資：	投資證券

執行董事未擬定任何經營分部於本集團之呈報分部層面進行合併。



## 5. REVENUE AND SEGMENT INFORMATION

(CONTINUED)

### Operating segments (Continued)

#### Segment revenue and results

		Real estate development		Specialised construction		Property investment		Securities investment		Total	
		房地產發展		專業建築		物業投資		證券投資		總額	
		2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
		二零一九年	二零一八年	二零一九年	二零一八年	二零一九年	二零一八年	二零一九年	二零一八年	二零一九年	二零一八年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
Revenue	收入										
Total segment revenue	總分部收入	10,329,101	9,918,725	894,945	1,044,183	73,379	75,613	—	—	11,297,425	11,038,521
Inter-segment revenue	分部間收入	—	—	(30,342)	(102,529)	(5,652)	(5,168)	—	—	(35,994)	(107,697)
Sales to external customers	對外客戶銷售	10,329,101	9,918,725	864,603	941,654	67,727	70,445	—	—	11,261,431	10,930,824
Results	業績										
Segment results	分部業績	2,044,622	3,371,789	(11,658)	1,609	215,542	191,744	50,646	69,121	2,299,152	3,634,263
Unallocated corporate expenses, net	未分配企業開支，淨額									(219,917)	(208,501)
Finance income	財務收入									2,079,235	3,425,762
Finance costs	財務成本									221,744	189,019
Share of results of associates	分佔聯營公司業績									(26,739)	(137,524)
Share of results of joint ventures	分佔合營公司業績									(3,761)	(10,531)
										(10,380)	(3,310)
Profit before tax	除稅前溢利									2,260,099	3,463,416

The accounting policies of the reportable and operating segments are the same as the Group's accounting policies described in Note 3. Segment results represent the profit before tax without allocation of unallocated corporate expenses, finance income, finance costs and share of results of associates and joint ventures.

Inter-segment revenue is charged at prevailing market rates.

Finance income, finance costs and share of results of associates and joint ventures are not included in the measure of segment results.

## 5. 收入及分部資料 (續)

### 經營分部 (續)

#### 分部收入及業績

經營分部之會計政策與附註3所述的本集團會計政策一致。分部業績指未分配企業開支、財務收入、財務成本及分佔聯營公司及合營公司業績的除稅前利潤。

分部之間收入乃按現行市場價格計算。

財務收入、財務成本及分佔聯營公司及合營公司業績是不包括在分部業績的計算中。

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For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

### 5. REVENUE AND SEGMENT INFORMATION 5. 收入及分部資料(續)

(CONTINUED)

Operating segments (Continued)

Segment assets and liabilities

經營分部(續)

分部資產及負債

		Real estate development		Specialised construction		Property investment		Securities investment		Total	
		房地產發展		專業建築		物業投資		證券投資		總額	
		2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
		二零一九年	二零一八年	二零一九年	二零一八年	二零一九年	二零一八年	二零一九年	二零一八年	二零一九年	二零一八年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
Assets	資產										
Segment assets	分部資產	<b>40,792,490</b>	40,524,343	<b>985,625</b>	1,049,409	<b>2,211,748</b>	2,027,991	<b>1,398,952</b>	811,254	<b>45,388,815</b>	44,412,997
Unallocated corporate assets	未分配企業資產									<b>3,572,550</b>	2,839,780
Total assets	資產總額									<b>48,961,365</b>	47,252,777
Liabilities	負債										
Segment liabilities	分部負債	<b>29,482,240</b>	29,161,255	<b>640,621</b>	740,702	<b>24,704</b>	23,367	—	—	<b>30,147,565</b>	29,925,324
Unallocated corporate liabilities	未分配企業負債									<b>2,547,082</b>	2,517,002
Total liabilities	負債總額									<b>32,694,647</b>	32,442,326

Segment assets consist primarily of interests in associates, interests in joint ventures, property, plant and equipment, investment properties, inventories, receivables, contract assets, contract costs and operating cash but exclude items such as bank deposits for corporate use and deferred tax assets. Segment liabilities comprise all operating liabilities but exclude items such as taxation.

分部資產主要包括於聯營公司之權益、於合營公司之權益、物業、廠房及設備、投資物業、存貨、應收款項、合約資產、合約成本及營運現金，但不包括作企業用途之銀行存款及遞延稅項資產等項目。分部負債包括所有營運負債，但不包括稅項。

## 5. REVENUE AND SEGMENT INFORMATION

(CONTINUED)

### Operating segments (Continued)

Other segment information

## 5. 收入及分部資料(續)

### 經營分部(續)

其他分部資料

	Real estate development		Specialised construction		Property investment		Securities investment		Segment total		Unallocated		Total	
	房地產發展		專業建築		物業投資		證券投資		分部總額		未分配		總額	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
Amounts included in the measure of segment profit or loss or segment assets:														
Interests in associates	1,123,361	1,152,277	—	—	—	—	—	—	1,123,361	1,152,277	—	—	1,123,361	1,152,277
Interests in joint ventures	84,701	97,028	—	—	—	—	—	—	84,701	97,028	—	—	84,701	97,028
Capital expenditures	7,983	3,709	5,094	11,814	48	354	—	—	13,125	15,877	283	340	13,408	16,217
Depreciation recognised in the consolidated statement of profit or loss	19,168	4,637	2,623	2,143	456	460	—	—	22,247	7,240	2,517	1,028	24,764	8,268
Fair value changes on investment properties	(43,850)	—	—	—	151,400	134,052	—	—	107,550	134,052	—	—	107,550	134,052
Allowance for impairment of inventories	86,472	45,284	—	—	—	—	—	—	86,472	45,284	—	—	86,472	45,284
Impairment losses (reversed)/recognised under expected credit loss model, net of reversal	—	—	(6,080)	6,514	2,248	—	—	—	(3,832)	6,514	—	—	(3,832)	6,514

### Geographical information

The Group operates its businesses in two main geographical areas:

Hong Kong: Real estate development, specialised construction, property investment and securities investment

Mainland China and Macau: Real estate development, specialised construction and property investment

### 地區資料

本集團之業務主要劃分於兩個地區經營：

香港：房地產發展、專業建築、物業投資及證券投資

中國內地及澳門：房地產發展、專業建築及物業投資

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

### 5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

#### Operating segments (Continued)

#### Geographical information (Continued)

In presenting geographical information, sales are presented based on the geographical locations of the customers. Total non-current assets exclude financial instruments and deferred tax assets.

	Hong Kong 香港		Mainland China and Macau 中國內地及澳門		Total 總額	
	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
External sales 對外銷售	363,683	548,711	10,897,748	10,382,113	11,261,431	10,930,824
Total non-current assets 非流動資產總額	2,267,291	2,085,473	1,570,230	1,616,737	3,837,521	3,702,210

#### Information about major customer

No revenue from transaction with single external customer is amounted to 10% or more of the Group's revenue for both years.

### 5. 收入及分部資料(續)

#### 經營分部(續)

#### 地區資料(續)

於呈列地區資料時，銷售之呈列乃按客戶之地理位置為基準。非流動資產不包括財務工具及遞延稅項資產。

#### 有關主要客戶之資料

本集團並無單一客戶於兩個年度之收入貢獻10%或以上。

### 6. PROFIT FOR THE YEAR

	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Cost of properties sold (note (i)) 已售出物業成本(附註(i))	7,750,378	6,160,075
Cost of specialised construction 專業建築成本	822,161	869,540
Depreciation 折舊	24,764	8,268
Auditor's remuneration 核數師酬金	4,200	4,200
Direct operating expenses incurred for investment properties that generated rental income 賺取租金收入之投資物業產生之直接營運開支	15,532	14,538
Employee benefit expense (including directors' emoluments) (Note 8) 僱員福利開支(包括董事酬金)(附註8)	242,708	232,007
Allowance for impairment of inventories 存貨減值撥備	86,472	45,284
Net exchange gain 匯兌收益淨額	(23,109)	(5,451)

Note:

(i) Included in cost of properties sold are interest expenses of HK\$413,710,000 (2018: HK\$368,372,000).

附註：

(i) 已售出物業成本中包括413,710,000港元(二零一八年：368,372,000港元)之利息支出。



## 7. OTHER INCOME, OTHER GAINS AND LOSSES

## 7. 其他收入、其他收益及虧損

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Government subsidies	政府資助	1,300	2,585
Dividend income	股息收益	50,703	69,141
Management fee income from an intermediate holding company and ultimate holding company	收取一家居間控股公司及最終控股公司之管理費收入	—	7,399
Management fee income from fellow subsidiaries	收取同系附屬公司之管理費收入	11,337	15,919
Fair value changes of other financial liabilities	其他財務負債公允值變動	—	(609)
Gain on revaluation of inventories upon transfer to investment properties (Note 15)	存貨轉撥至投資物業後之重估收益(附註15)	—	5,623
Others	其他	40,276	26,149
		<b>103,616</b>	<b>126,207</b>

## 8. EMPLOYEE BENEFIT EXPENSE

## 8. 僱員福利支出

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Wages, salaries and bonus	工資、薪金及花紅	353,390	318,088
Pension costs — defined contribution plans (Note 34)	退休金成本 — 定額供款計劃(附註34)	35,978	32,253
		<b>389,368</b>	<b>350,341</b>
Less: Amount capitalised as properties under development	減：以資本化方式撥入發展中物業之金額	(79,209)	(60,988)
Less: Amount included in cost of sales	減：計入銷售成本內之金額	(38,210)	(39,230)
Less: Amount included in selling and marketing expenses	減：計入銷售及營銷費用內之金額	(29,241)	(18,116)
		<b>242,708</b>	<b>232,007</b>

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## 綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

### 8. EMPLOYEE BENEFIT EXPENSE (CONTINUED)

#### (a) Directors' emoluments

The remuneration of each director for the year ended 31 December 2019 is set out below:

Name of directors	董事姓名	Fees	Salaries and allowances	Discretionary bonuses	Employer's contribution to pension scheme	Share option benefits	Total
			袍金		薪金及津貼	退休金計劃	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元
<b>Non-executive directors</b>							
Mr. Li Fuli (note (i))	李福利先生 (附註(i))	—	—	—	—	—	—
Ms. He Xiaoli	何小麗女士	—	295	652	57	—	1,004
<b>Executive directors</b>							
Mr. He Jianbo*	何劍波先生*	—	875	1,703	77	—	2,655
Mr. Liu Zeping	劉則平先生	—	395	815	52	—	1,262
Mr. Chen Xingwu	陳興武先生	—	588	1,448	46	—	2,082
Mr. Yang Shangping	楊尚平先生	—	1,660	1,256	50	—	2,966
<b>Independent non-executive directors</b>							
Mr. Selwyn Mar	馬紹援先生	360	—	—	—	—	360
Mr. Lam Chung Lun, Billy	林中麟先生	350	—	—	—	—	350
Ms. Law Fan Chiu Fun, Fanny	羅范椒芬女士	360	—	—	—	—	360
		<b>1,070</b>	<b>3,813</b>	<b>5,874</b>	<b>282</b>	<b>—</b>	<b>11,039</b>

### 8. 僱員福利支出(續)

#### (a) 董事酬金

截至二零一九年十二月三十一日止年度，各董事之酬金載列如下：



## 8. EMPLOYEE BENEFIT EXPENSE (CONTINUED)

### (a) Directors' emoluments (Continued)

The remuneration of each director for the year ended 31 December 2018 is set out below:

Name of directors	董事姓名	Salaries and allowances		Discretionary bonuses	Employer's contribution to pension scheme	Share option benefits	Total
		Fees					
		袍金	薪金及津貼	酌情花紅	僱主供款	購股權福利	總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元
<b>Non-executive directors</b>	<b>非執行董事</b>						
Mr. Li Fuli (note (i))	李福利先生 (附註(i))	—	—	—	—	—	—
Mr. Cui Hushan (note (ii))	崔虎山先生 (附註(ii))	—	—	—	—	—	—
Ms. He Xiaoli (note (iii))	何小麗女士 (附註(iii))	—	2,335	700	106	—	3,141
<b>Executive directors</b>	<b>執行董事</b>						
Mr. He Jianbo*	何劍波先生*	—	3,774	1,400	165	—	5,339
Mr. Liu Zeping	劉則平先生	—	1,189	650	63	—	1,902
Mr. Chen Xingwu (note (iv))	陳興武先生 (附註(iv))	—	425	450	—	—	875
Mr. Yang Shangping	楊尚平先生	—	1,581	1,000	62	—	2,643
<b>Independent non-executive directors</b>	<b>獨立非執行董事</b>						
Mr. Selwyn Mar	馬紹援先生	360	—	—	—	—	360
Mr. Lam Chung Lun, Billy	林中麟先生	350	—	—	—	—	350
Ms. Law Fan Chiu Fun, Fanny (note (v))	羅范淑芬女士 (附註(v))	270	—	—	—	—	270
Ms. Tam Wai Chu, Maria (note (vi))	譚惠珠女士 (附註(vi))	90	—	—	—	—	90
		<u>1,070</u>	<u>9,304</u>	<u>4,200</u>	<u>396</u>	<u>—</u>	<u>14,970</u>

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

The non-executive directors' and independent non-executive directors' emoluments shown above were for their services as directors of the Company.

## 8. 僱員福利支出(續)

### (a) 董事酬金(續)

截至二零一八年十二月三十一日止年度，各董事之酬金載列如下：

Name of directors	董事姓名	Salaries and allowances		Discretionary bonuses	Employer's contribution to pension scheme	Share option benefits	Total
		Fees					
		袍金	薪金及津貼	酌情花紅	僱主供款	購股權福利	總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元
<b>Non-executive directors</b>	<b>非執行董事</b>						
Mr. Li Fuli (note (i))	李福利先生 (附註(i))	—	—	—	—	—	—
Mr. Cui Hushan (note (ii))	崔虎山先生 (附註(ii))	—	—	—	—	—	—
Ms. He Xiaoli (note (iii))	何小麗女士 (附註(iii))	—	2,335	700	106	—	3,141
<b>Executive directors</b>	<b>執行董事</b>						
Mr. He Jianbo*	何劍波先生*	—	3,774	1,400	165	—	5,339
Mr. Liu Zeping	劉則平先生	—	1,189	650	63	—	1,902
Mr. Chen Xingwu (note (iv))	陳興武先生 (附註(iv))	—	425	450	—	—	875
Mr. Yang Shangping	楊尚平先生	—	1,581	1,000	62	—	2,643
<b>Independent non-executive directors</b>	<b>獨立非執行董事</b>						
Mr. Selwyn Mar	馬紹援先生	360	—	—	—	—	360
Mr. Lam Chung Lun, Billy	林中麟先生	350	—	—	—	—	350
Ms. Law Fan Chiu Fun, Fanny (note (v))	羅范淑芬女士 (附註(v))	270	—	—	—	—	270
Ms. Tam Wai Chu, Maria (note (vi))	譚惠珠女士 (附註(vi))	90	—	—	—	—	90
		<u>1,070</u>	<u>9,304</u>	<u>4,200</u>	<u>396</u>	<u>—</u>	<u>14,970</u>

上述執行董事酬金主要涉及彼等就本公司及本集團的管理事務提供服務。

上述非執行董事及獨立非執行董事酬金主要涉及彼等擔任本公司董事。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

### 8. EMPLOYEE BENEFIT EXPENSE (CONTINUED)

#### (a) Directors' emoluments (Continued)

Discretionary bonuses were determined by the management with regard to the performance of the directors of the Company and the Group's operating results.

During the year, no directors of the Company waived or agreed to waive any emoluments (2018: Nil).

During the year, no emoluments were paid by the Group to the directors of the Company as an inducement to join or as compensation for loss of office (2018: Nil).

The executive director marked "\*" above is also considered as chief executive of the Group and his emoluments disclosed above include those for services rendered by him as the Chief Executive.

Notes:

- (i) Resigned on 15 January 2019
- (ii) Resigned on 16 April 2018
- (iii) Re-designated from an executive director to a non-executive director on 29 November 2018
- (iv) Appointed on 29 November 2018
- (v) Appointed on 1 April 2018
- (vi) Resigned on 1 April 2018

### 8. 僱員福利支出 (續)

#### (a) 董事酬金 (續)

酌情花紅由管理層計及董事表現及本集團營運業績後釐定。

年內，並無董事放棄或同意放棄任何酬金(二零一八年：無)。

年內，本集團概無向任何董事支付酬金作為吸引加入本集團之獎勵或作為離職補償(二零一八年：無)。

標註「\*」之執行董事亦被視為本集團之行政總裁，其於上文披露的酬金包括就其擔任行政總裁提供服務的酬金。

附註：

- (i) 於二零一九年一月十五日辭任
- (ii) 於二零一八年四月十六日辭任
- (iii) 於二零一八年十一月二十九日由執行董事調任為非執行董事
- (iv) 於二零一八年十一月二十九日獲委任
- (v) 於二零一八年四月一日獲委任
- (vi) 於二零一八年四月一日辭任

## 8. EMPLOYEE BENEFIT EXPENSE (CONTINUED)

### (b) Five highest-paid individuals

In 2019, five highest-paid individuals in the Group include two (2018: three) directors. These directors' emoluments are disclosed in (a) above. Details of the emoluments of the remaining three (2018: two) individuals are as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Salaries and allowances	薪金及津貼	4,509	2,681
Discretionary bonuses	酌情花紅	2,530	1,800
Employer's contributions to pension schemes	退休金計劃僱主供款	227	140
		<b>7,266</b>	<b>4,621</b>

The emoluments fell within the following bands:

		2019 二零一九年	2018 二零一八年
HK\$2,000,001 — HK\$2,500,000	2,000,001港元至 2,500,000港元	2	1
HK\$2,500,001 — HK\$3,000,000	2,500,001港元至 3,000,000港元	1	1
		<b>3</b>	<b>2</b>

During the year, no emoluments were paid by the Group to these individuals as an inducement to join or as compensation for loss of office (2018: Nil).

## 8. 僱員福利支出(續)

### (b) 五名最高薪酬人士

於二零一九年，本集團五名最高薪酬人士中包括兩名(二零一八年：三名)本公司董事。董事酬金於上文(a)項中披露。其餘三名(二零一八年：兩名)人士之酬金詳情如下：

	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Salaries and allowances	4,509	2,681
Discretionary bonuses	2,530	1,800
Employer's contributions to pension schemes	227	140
	<b>7,266</b>	<b>4,621</b>

酬金範圍如下：

	2019 二零一九年	2018 二零一八年
HK\$2,000,001 — HK\$2,500,000	2	1
HK\$2,500,001 — HK\$3,000,000	1	1
	<b>3</b>	<b>2</b>

年內，本集團概無向該等人士支付酬金作為吸引加入本集團之獎勵或作為離職補償(二零一八年：無)。

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## 綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

### 9. FINANCE INCOME AND COSTS

### 9. 財務收入及成本

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Finance income	財務收入		
Interest income from bank deposits	銀行存款利息收入	48,263	35,665
Interest income from loans to a non-controlling shareholder of a subsidiary	收取一家附屬公司的一名非控股股東貸款之利息收入	132,234	153,354
Interest income from loan to an associate	收取一家聯營公司貸款之利息收入	27,284	—
Interest income from loan to a joint venture	收取一家合營公司貸款之利息收入	13,963	—
		<b>221,744</b>	189,019
Finance costs	財務成本		
Bank borrowings wholly repayable within five years	須於五年內悉數償還之銀行借款	481,514	437,792
Other borrowings wholly repayable within five years	須於五年內悉數償還之其他貸款	314,891	253,579
Interest on lease liabilities	租賃負債之利息	3,437	—
		<b>799,842</b>	691,371
Less: Amount capitalised as properties under development (note (i))	減：以資本化方式撥入發展中物業之金額(附註(i))	<b>(773,103)</b>	(553,847)
		<b>26,739</b>	137,524

Note:

(i) Borrowing costs were capitalised at rates ranging from 2.50% to 6.50% (2018: 2.23% to 6.50%) per annum.

附註：

(i) 借款成本按年利率由2.50%至6.50% (二零一八年：2.23%至6.50%) 予以資本化。



## 10. EXPECTED CREDIT LOSSES, NET OF REVERSAL

Impairment losses (reversed)/recognised on trade receivables and contract assets

貿易應收款及合約資產之  
(減值回撥)/減值虧損

**(3,832)**

6,514

Details of impairment assessment for the year ended 31 December 2019 are set out in Note 38.

截至二零一九年十二月三十一日止年度之減值評估詳情載於附註38。

## 11. INCOME TAX EXPENSE

Hong Kong Profits Tax has been calculated on the estimated assessable profit for the year derived in Hong Kong at the rate of 16.5% (2018: no Hong Kong Profits Tax expense recognised).

The PRC enterprise income tax has been calculated on the estimated assessable profit for the year derived in Mainland China at the rate of 25% (2018: 25%).

Land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including costs of land and development and construction expenditures.

## 10. 預期信貸虧損，扣除撥回

**2019**  
二零一九年  
**HK\$'000**  
千港元

2018  
二零一八年  
HK\$'000  
千港元

## 11. 所得稅開支

香港利得稅乃以本年度源自香港之估計應課稅溢利按16.5% (二零一八年：概無確認香港利得稅)之稅率計算。

中國企業所得稅乃以本年度源自中國內地之估計應課稅溢利按25% (二零一八年：25%)之稅率計算。

土地增值稅根據土地價值之增長(即出售物業所得款項扣除可扣減支出(包括土地成本、發展及建築支出))按累進稅率由30%至60%徵收。

		<b>2019</b> 二零一九年 <b>HK\$'000</b> 千港元	2018 二零一八年 HK\$'000 千港元
Current tax	即期稅項		
PRC enterprise income tax	中國企業所得稅	<b>377,469</b>	629,088
Hong Kong profits tax	香港利得稅	<b>1,323</b>	—
Land appreciation tax	土地增值稅	<b>402,242</b>	843,141
		<b>781,034</b>	1,472,229
Deferred tax (Note 30)	遞延稅項(附註30)	<b>126,482</b>	244,044
		<b>907,516</b>	1,716,273

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## 綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

### 11. INCOME TAX EXPENSE (CONTINUED)

Tax charge on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

### 11. 所得稅開支(續)

本集團就除稅前溢利之稅項開支，與採用適用於綜合實體之溢利之加權平均稅率計算所得理論金額之差異如下：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Profit before tax	除稅前溢利	<u>2,260,099</u>	<u>3,463,416</u>
Tax calculated at domestic tax rates applicable to profits in the respective regions	按適用於相關國家溢利之當地稅率計算之稅項	<b>601,483</b>	881,373
Land appreciation tax	土地增值稅	<b>402,242</b>	843,141
Deferred tax on undistributed profits	未分派溢利之遞延稅項	—	5,831
Tax effect of land appreciation tax	土地增值稅之稅務影響	<b>(100,561)</b>	(210,785)
Tax effect of share of results of associates	分佔聯營公司業績之稅務影響	<b>940</b>	2,633
Tax effect of share of results of joint ventures	分佔合營公司業績之稅務影響	<b>2,595</b>	827
Income not subject to tax	毋須課稅之收入	<b>(35,340)</b>	(37,364)
Expenses not deductible for tax purposes	不可扣稅之開支	<b>101,184</b>	163,424
Utilisation of previously unrecognised tax losses	動用早前未確認之稅務虧損	<b>(84,019)</b>	(35,256)
Utilisation of previously unrecognised temporary differences	動用早前未確認之暫時差額	<b>(26,361)</b>	—
Tax effect of tax losses/deductible temporary differences not recognised	未確認稅務虧損及／可扣稅之臨時差額	<b>45,353</b>	102,449
Tax charge	稅項開支	<u><b>907,516</b></u>	<u>1,716,273</u>

The weighted average applicable tax rate was 26.6% (2018: 25.4%). The year-on-year change is primarily caused by a change in the relative profitability of the Company's subsidiaries in the respective regions.

適用之加權平均稅率為26.6%(二零一八年：25.4%)。稅率按年改變乃由於本集團附屬公司於相關地區之相關盈利能力改變所致。



## 12. EARNINGS PER SHARE — BASIC AND DILUTED

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company divided by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume exercise of share options granted under the Company's share option schemes. Since there was no outstanding share options during the year, diluted earnings per share is equal to basic earnings per share.

## 12. 每股盈利 — 基本及攤薄

每股基本盈利乃按本公司股權持有人應佔溢利除以年內已發行普通股之加權平均股數計算。

每股攤薄盈利乃按調整已發行普通股加權平均股數以假設行使本公司購股權計劃下授出之所有具攤薄效應的潛在普通股而計算。由於年內概無尚未行使之購股權，故每股攤薄盈利與每股基本盈利相同。

		2019 二零一九年	2018 二零一八年
Weighted average number of ordinary shares in issue (thousands shares)	已發行普通股加權平均股數(千股)	3,346,908	3,346,009
Adjustment for share options (thousands shares)	購股權調整(千股)	—	1,614
Weighted average number of ordinary shares for diluted earnings per share (thousands shares)	用於計算每股攤薄盈利之普通股加權平均股數(千股)	3,346,908	3,347,623
Profit attributable to equity holders of the Company (HK\$'000)	本公司股權持有人應佔溢利(千港元)	942,689	934,964
Basic earnings per share (HK cents)	每股基本盈利(港仙)	28.17	27.94
Diluted earnings per share (HK cents)	每股攤薄盈利(港仙)	28.17	27.93

## 13. DIVIDENDS

The Directors recommend the payment of a final dividend of HK8.0 cents (2018: HK8.0 cents) per ordinary share with total amount of HK\$267,753,000 (2018: HK\$267,753,000). Such dividend is to be approved by the shareholders at the annual general meeting of the Company to be held on 28 May 2020. These consolidated financial statements do not reflect this dividend payable.

Final dividends in respect of the year ended 31 December 2018 of HK8.0 cents per ordinary share totaling HK\$267,753,000 (2018: final dividends in respect of the year ended 31 December 2017 of HK6.0 cents per ordinary share totaling HK\$200,739,000) was recognised as distribution during the year.

## 13. 股息

董事建議派付末期股息每股普通股8.0港仙(二零一八年：8.0港仙)，其總額為267,753,000港元(二零一八年：267,753,000港元)。該股息須待股東在本公司於二零二零年五月二十八日舉行之股東週年大會上批准。此等綜合財務報表內未有反映此應付股息。

於年度內已確認分派截至二零一八年十二月三十一日止年度之末期股息每股普通股8.0港仙，總額267,753,000港元(二零一八年：截至二零一七年十二月三十一日止年度之末期股息每股普通股6.0港仙，總額200,739,000港元)。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

### 14. PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment are as follows:

### 14. 物業、廠房及設備

物業、廠房及設備之變動如下：

		Leasehold land and buildings 租賃土地 及樓宇 HK\$'000 千港元	Leasehold improvements 租賃物業 裝修 HK\$'000 千港元	Machinery 機器 HK\$'000 千港元	Furniture, fixtures and equipment 傢具、裝置 及設備 HK\$'000 千港元	Motor vehicles 車輛 HK\$'000 千港元	Total 總額 HK\$'000 千港元
<b>Year ended 31 December 2019</b>	<b>截至二零一九年十二月三十一日止年度</b>						
At 31 December 2018	於二零一八年十二月三十一日	177,013	1,951	5,716	7,199	4,633	196,512
Adjustments upon application of HKFRS 16	應用香港財務報告準則第16號產生的調整	42,933	—	—	—	—	42,933
As at 1 January 2019 (restated)	於二零一九年一月一日 (經重列)	219,946	1,951	5,716	7,199	4,633	239,445
Exchange differences	匯兌差額	(1,408)	(31)	(43)	(207)	(167)	(1,856)
Additions	添置	56,603	41	368	5,259	1,139	63,410
Disposals	出售	—	—	(110)	(181)	(171)	(462)
Depreciation	折舊	(18,308)	(140)	(1,697)	(3,263)	(1,356)	(24,764)
Transfer to investment properties	轉移至投資物業	(12,982)	—	—	—	—	(12,982)
Closing net book amount	年末賬面淨值	243,851	1,821	4,234	8,807	4,078	262,791
At 31 December 2019	於二零一九年十二月三十一日						
Cost	成本	272,306	8,774	11,793	33,841	17,907	344,621
Accumulated depreciation and impairment	累計折舊及減值	(28,455)	(6,953)	(7,559)	(25,034)	(13,829)	(81,830)
Net book amount	賬面淨值	243,851	1,821	4,234	8,807	4,078	262,791
<b>Year ended 31 December 2018</b>	<b>截至二零一八年十二月三十一日止年度</b>						
Opening net book amount	年初賬面淨值	169,939	2,453	5,080	7,830	4,723	190,025
Exchange differences	匯兌差額	(306)	(70)	(198)	(400)	(222)	(1,196)
Additions	添置	8,997	270	2,595	2,606	1,749	16,217
Disposals	出售	—	—	(86)	(87)	(93)	(266)
Depreciation	折舊	(1,617)	(702)	(1,675)	(2,750)	(1,524)	(8,268)
Closing net book amount	年末賬面淨值	177,013	1,951	5,716	7,199	4,633	196,512
At 31 December 2018	於二零一八年十二月三十一日						
Cost	成本	187,367	8,774	11,778	30,710	18,155	256,784
Accumulated depreciation and impairment	累計折舊及減值	(10,354)	(6,823)	(6,062)	(23,511)	(13,522)	(60,272)
Net book amount	賬面淨值	177,013	1,951	5,716	7,199	4,633	196,512

## 14. PROPERTY, PLANT AND EQUIPMENT

### (CONTINUED)

Note:

At the end of both reporting periods, the Group's buildings are erected on land under medium-term and long-term lease in Hong Kong and long-term lease in Mainland China respectively.

### The Group as lessee

**Right-of-use assets (including in the property, plant and equipment)**

	<b>Leasehold land and buildings</b>
	<b>租賃土地及樓宇</b>
	HK\$'000
	千港元
<b>As at 1 January 2019</b>	於二零一九年一月一日
Carrying amount	賬面值 42,933
<b>As at 31 December 2019</b>	於二零一九年十二月
Carrying amount	三十一日 賬面值 75,574
<b>For the year ended 31 December 2019</b>	截至二零一九年十二月
Depreciation charge	三十一日止年度 折舊 16,251
Expense relating to short-term leases and other leases with lease terms end within 12 months of the date of initial application of HKFRS 16	初次應用香港財務報告準則第16號起計12個月內到期之短期及其他租賃費用 18,298
Total cash outflow for leases	租賃之現金流出總額 24,178
Additions to right-of-use assets	使用權資產之添置 50,002

For both years, the Group leases various offices for its operations. Lease contracts are entered into for fixed term of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

## 14. 物業、廠房及設備(續)

附註：

於兩個報告期終日，本集團樓宇分別於香港及中國內地根據中期及長期租賃及長期租賃土地上興建。

### 本集團作為承租人

使用權資產(計入物業、廠房及設備)

本集團於兩個年度均租賃多個辦公室以供營運。所訂立租賃合約固期限定為1至5年。租期乃個別磋商及載有多項不同條款及條件。釐定租期及評估不可撤銷期間之長度時，本集團應用合約之定義及釐定合約可執行之期間。



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### 14. PROPERTY, PLANT AND EQUIPMENT

(CONTINUED)

The Group as lessee (Continued)

*Right-of-use assets (including in the property, plant and equipment) (Continued)*

In addition, the Group owns several office buildings. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

### 15. INVESTMENT PROPERTIES

The Group leases out various properties under operating leases with rentals payable monthly. The leases run for an initial period of 1 to 15 years.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

### 14. 物業、廠房及設備(續)

本集團作為承租人(續)

*使用權資產(計入物業、廠房及設備)*  
(續)

此外，本集團擁有多幢辦公室樓宇。本集團為該等物業權益之註冊擁有人，包括相關租賃土地。收購該等物業權益時已一筆過支付款項。該等自有物業之租賃土地部分單獨呈列僅於付款時能可靠分配的。

### 15. 投資物業

本集團以經營租賃方式出租多個物業以收取每月應付租金。租賃初步為期1至15年。

本集團並無因租賃安排而承受外幣風險，因為所有租賃按集團實體各自之功能貨幣計值。租賃合約均不包含餘值擔保及／或承租人於租期結束時購買物業之選擇權。

	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
<b>At Fair Value</b>		
At beginning of the year	<b>2,256,393</b>	1,814,294
Transfer from inventories	—	306,810
Transfer from property, plant and equipment	<b>9,094</b>	—
Fair value changes on investment properties recognised in profit or loss	<b>107,550</b>	134,052
Exchange differences	<b>(6,369)</b>	1,237
At end of the year	<b>2,366,668</b>	2,256,393

During the year, the amount transferred from property, plant and equipment included the carrying value of the property, plant and equipment amounted to HK\$12,982,000 with the fair value loss of HK\$3,888,000 recognised in profit or loss during the year.

During 2018, the amount transferred from inventories included the carrying value of the inventories amounted to HK\$301,187,000 with the fair value gain of HK\$5,623,000 recognised in profit or loss during the year.

於年內，自物業、廠房及設備轉撥的金額包括賬面值12,982,000港元之物業、廠房及設備，以及於年內於損益確認的公允值虧損3,888,000港元。

於二零一八年，轉撥自存貨之金額包括賬面值301,187,000港元之存貨，其公允值變動5,623,000港元於年內在損益確認。

## 15. INVESTMENT PROPERTIES (CONTINUED)

As at 31 December 2019, the Group did not pledge any investment properties as collaterals for bank borrowings (2018: Nil).

The investment properties were fair-valued at 31 December 2019 by Vigers Appraisal & Consulting Limited and Cushman & Wakefield Limited, independent valuers. The valuation for completed investment properties was arrived at by considering the income capitalisation of the properties or, where appropriate, by reference to market evidence of transaction prices for similar properties in the same locations and conditions as direct comparison.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Details of the Group's investment properties and information about the fair value hierarchy as at the end of the reporting period are as follows:

## 15. 投資物業 (續)

於二零一九年十二月三十一日，本集團概無投資物業已質押作為銀行借款之抵押品(二零一八年：無)。

投資物業於二零一九年十二月三十一日之公允價值由獨立估值師威格斯資產評估顧問有限公司及戴德梁行有限公司重新估值。已竣工投資物業的估值乃考慮物業之收益資本化或參考與可資比較物業在位置及規模上相似的實際市場交易，作為直接比較。

在估計物業公允價值時，現時用途取其最高及最佳用途。

於報告期終日，本集團投資物業及公允價值層級資料如下：

		Level 1	Level 2	Level 3	Fair value as at 31.12.2019 公允價值於 二零一九年 十二月 三十一日 HK\$'000 千港元
		第一級 HK\$'000 千港元	第二級 HK\$'000 千港元	第三級 HK\$'000 千港元	
In Hong Kong	位於香港	—	43,000	2,047,000	2,090,000
In Mainland China	位於中國內地	—	29,248	247,420	276,668
		Level 1	Level 2	Level 3	Fair value as at 31.12.2018 公允價值於 二零一八年 十二月 三十一日 HK\$'000 千港元
		第一級 HK\$'000 千港元	第二級 HK\$'000 千港元	第三級 HK\$'000 千港元	
In Hong Kong	位於香港	—	40,500	1,898,100	1,938,600
In Mainland China	位於中國內地	—	33,211	284,582	317,793

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### 15. INVESTMENT PROPERTIES (CONTINUED)

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and key inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Levels 2 to 3) based on the degree to which the key inputs to the fair value measurements is observable.

**Investment properties held by the Group in the consolidated statement of financial position**  
綜合財務狀況表中  
本集團之投資物業

**Fair value hierarchy**  
公允價值層級

**Valuation technique(s) and key input(s)**  
估值技術及關鍵輸入數據

**Significant unobservable input(s)**  
重大不可觀察之輸入數據

Property 1 in Hong Kong  
香港物業1

Level 3  
第三級

Income method  
(2018: Direct comparison method and income method)  
收入法  
(二零一八年：直接比較法及收入法)

The key inputs are:  
關鍵輸入數據為：

1. Reversionary yield; and  
復歸收益率；及
2. Market unit rent of individual unit  
個別單位的市場單位租金

Reversionary yield, taking into account annual unit market rental income and unit market value of the comparable properties of 3% to 3.25% (2018: 3.50%)  
復歸收益率，考慮可資比較物業之年度單位市場租金收入及單位市場價值之3%至3.25% (二零一八年：3.50%)

Market unit rent, using direct market comparables and taking into account of similar character, location and sizes, from HK\$45.1/sq.ft./ month to HK\$64/sq.ft./ month (2018: from HK\$48/sq.ft./month to HK\$100/sq.ft./month)  
市場單位租金，採用直接市場比較數據並且考慮相似特徵、位置及規模。由每月每平方呎45.1港元至64港元 (二零一八年：每月每平方呎48港元至100港元)

### 15. 投資物業 (續)

下表提供如何釐定投資物業公允價值之資料 (尤其是所使用的估值技巧及輸入數據) · 以及根據輸入數據對公允價值計量的可觀察程度確定公允價值計量在公允價值層級中的分類 (第二級至第三級)。



## 15. INVESTMENT PROPERTIES (CONTINUED)

## 15. 投資物業 (續)

Investment properties held by the Group in the consolidated statement of financial position 綜合財務狀況表中 本集團之投資物業	Fair value hierarchy 公允價值層級	Valuation technique(s) and key input(s) 估值技術及關鍵輸入數據	Significant unobservable input(s) 重大不可觀察之輸入數據
Property 2 in Hong Kong 香港物業2	Level 3 第三級	Income method (2018: Direct comparison method and income method) 收入法 (二零一八年：直接比較法及收入法)  The key inputs are: 關鍵輸入數據為：  1. Reversionary yield; and 復歸收益率；及  2. Market unit rent of individual unit 個別單位的市場單位租金	Reversionary yield, taking into account annual unit market rental income and unit market value of the comparable properties of 3.5% to 3.75% (2018: 3.75%) 復歸收益率，考慮可資比較物業之年度單位市場租金收入及單位市場價值之3.5%至3.75%(二零一八年：3.75%)  Market unit rent, using direct market comparables and taking into account of similar character, location and sizes, from HK\$25/sq.ft./ month to HK\$36/sq.ft./ month (2018: from HK\$20/sq.ft./month to HK\$40/sq.ft./month) 市場單位租金，採用直接市場比較數據並且考慮相似特徵、位置及規模。 由每月每平方呎25港元至36港元 (二零一八年：每月每平方呎20港元至40港元)
Other properties in Hong Kong 香港其他物業	Level 2 第二級	Direct comparison method based on market observable transactions of similar properties and adjust to reflect the conditions and locations of the subject property 直接比較法基於相似物業之市場可觀察交易並作調整以反映該物業之條件及位置	N/A 不適用

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### 15. INVESTMENT PROPERTIES (CONTINUED)

### 15. 投資物業(續)

Investment properties held by the Group in the consolidated statement of financial position 綜合財務狀況表中 本集團之投資物業	Fair value hierarchy 公允值層級	Valuation technique(s) and key input(s) 估值技術及關鍵輸入數據	Significant unobservable input(s) 重大不可觀察之輸入數據
Property 3 in Mainland China 中國內地物業3	Level 3 第三級	Direct comparison method and income method 直接比較法及收入法  The key inputs are: 關鍵輸入數據為：  1. Reversionary yield; and 復歸收益率；及  2. Market unit rate 個別單位的市場單位價格	Reversionary yield, taking into account annual unit market rental income and unit market value of the comparable properties of 8% (2018: 7%) 復歸收益率，考慮可資比較物業之年度單位市場租金收入及單位市場價值之8% (二零一八年：7%)  Market unit rate, taking into account the recent transaction prices for similar properties adjusted for nature, location and conditions of the property, being HK\$20,994/sq.m. (2018: HK\$22,029/sq.m.) 市場單位價格，考慮類似物業之近期交易價，並就物業之性質、位置及狀況作出調整，即每平方米20,994港元 (二零一八年：每平方米22,029港元)
Property 4 in Mainland China 中國內地物業4	Level 3 第三級	Direct comparison method and income method 直接比較法及收入法  The key inputs are: 關鍵輸入數據為：  1. Reversionary yield; and 復歸收益率；及  2. Market unit rate 個別單位的市場單位價格	Reversionary yield, taking into account annual unit market rental income and unit market value of the comparable properties of 6.5% (2018: 6%) 復歸收益率，考慮可資比較物業之年度單位市場租金收入及單位市場價值之6.5% (二零一八年：6%)  Market unit rate, taking into account the recent transaction prices for similar properties adjusted for nature, location and conditions of the property, being HK\$36,504/sq.m. (2018: HK\$44,020/sq.m.) 市場單位價格，考慮類似物業之近期交易價，並就物業之性質、位置及狀況作出調整，即每平方米36,504港元 (二零一八年：每平方米44,020港元)

## 15. INVESTMENT PROPERTIES (CONTINUED)

## 15. 投資物業 (續)

Investment properties held by the Group in the consolidated statement of financial position 綜合財務狀況表中 本集團之投資物業	Fair value hierarchy 公允值層級	Valuation technique(s) and key input(s) 估值技術及關鍵輸入數據	Significant unobservable input(s) 重大不可觀察之輸入數據
Property 5 in Mainland China 中國內地物業5	Level 3 第三級	<p>Direct comparison method and income method 直接比較法及收入法</p> <p>The key inputs are: 關鍵輸入數據為：</p> <ol style="list-style-type: none"> <li>1. Reversionary yield; and 復歸收益率；及</li> <li>2. Market unit rate 個別單位的市場單位價格</li> </ol>	<p>Reversionary yield, taking into account annual unit market rental income and unit market value of the comparable properties of 7.5% (2018: 7%) 復歸收益率，考慮可資比較物業之年度單位市場租金收入及單位市場價值之7.5% (二零一八年：7%)</p> <p>Market unit rate, taking into account the recent transaction prices for similar properties adjusted for nature, location and conditions of the property, being HK\$42,588/sq.m. (2018: HK\$49,589/sq.m.) 市場單位價格，考慮類似物業之近期交易價，並就物業之性質、位置及狀況作出調整，即每平方米42,588港元 (二零一八年：每平方米49,589港元)</p>
Property 6 in Mainland China 中國內地物業6	Level 3 第三級	<p>Direct comparison method and income method 直接比較法及收入法</p> <p>The key inputs are: 關鍵輸入數據為：</p> <ol style="list-style-type: none"> <li>1. Reversionary yield; and 復歸收益率；及</li> <li>2. Market unit rate 個別單位的市場單位價格</li> </ol>	<p>Reversionary yield, taking into account annual unit market rental income and unit market value of the comparable properties of 7% (2018: N/A) 復歸收益率，考慮可資比較物業之年度單位市場租金收入及單位市場價值之7% (二零一八年：不適用)</p> <p>Market unit rate, taking into account the recent transaction prices for similar properties adjusted for nature, location and conditions of the property, being HK\$12,280/sq.m. (2018: N/A) 市場單位價格，考慮類似物業之近期交易價，並就物業之性質、位置及狀況作出調整，即每平方米12,280港元 (二零一八年：不適用)</p>

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### 15. INVESTMENT PROPERTIES (CONTINUED)

### 15. 投資物業(續)

Investment properties held by the Group in the consolidated statement of financial position 綜合財務狀況表中 本集團之投資物業	Fair value hierarchy 公允價值層級	Valuation technique(s) and key input(s) 估值技術及關鍵輸入數據	Significant unobservable input(s) 重大不可觀察之輸入數據
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Other properties in Mainland China 中國內地其他物業	Level 2 第二級	Direct comparison method based on market observable transactions of similar properties and adjust to reflect the conditions and locations of the subject property 直接比較法基於相似物業之市場可觀察交易並作調整以反映該物業之條件及位置	N/A 不適用
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Increase in the reversionary yield would result in a decrease in the fair value of the investment properties. Increase in the market unit rent or market unit rate would result in an increase in the fair value of the investment properties, and vice versa.

復歸收益率越高，投資物業之公允價值越低。個別單位的市場單位租金或市場單位價格越高，投資物業之公允價值越高；反之亦然。

In estimating the fair value of the investment properties, the Group uses market observable data to the extent it is available. The management of the Group works closely with the valuers to establish the appropriate valuation techniques and key inputs to the model.

在估計投資物業的公允價值時，本集團盡可能使用市場可觀察數據。本集團的管理層與估值師緊密合作，以制定適當的估值技術及關鍵輸入數據。



## 16. INTERESTS IN ASSOCIATES (a) Investments

## 16. 於聯營公司之權益 (a) 投資

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
At beginning of the year	年初	1,152,277	1,218,443
Exchange differences	匯兌差額	(25,155)	(55,635)
Share of results of associates	分佔聯營公司業績	(3,761)	(10,531)
At end of the year	年終	<u>1,123,361</u>	<u>1,152,277</u>

Details of the Group's associates at 31 December 2019 and 2018 are as follow:

本集團於二零一九年及二零一八年十二月三十一日之聯營公司詳情如下：

Name of entity 實體名稱	Principal activities 主要業務	Place of incorporation and operation 註冊及經營地點	Proportion of equity interest held by the Group 本集團持有股本權益比例	Proportion of voting rights held by the Group 本集團持有投票權比例
廊坊萬恒盛業房地產開發有限公司 (Langfang Wanheng Shengye Property Development Co., Ltd) ("Langfang Wanheng") (note (i))	Real estate development	Mainland China	50%	40%
廊坊萬恒盛業房地產開發有限公司 (「廊坊萬恒」)(附註(i))	房地產發展	中國內地		
北京五礦萬科置業有限公司 (Beijing Minmetals Vanke Real Estate Co., Ltd) ("Beijing Minmetals Vanke") (note (i))	Real estate development	Mainland China	51%	40%
北京五礦萬科置業有限公司 (「北京五礦萬科」)(附註(i))	房地產發展	中國內地		

Note:

- (i) The companies are sino-foreign equity joint ventures established in Mainland China with operating periods of 30 years. The Group accounts for its investments in these companies as associates as it only exercises significant influence over the investees by minority representation in the board of directors. Pursuant to shareholders' agreements, the Company has the right to cast 40% of the votes at shareholders' meetings of Langfang Wanheng, and 40% of the votes at shareholders' meetings of Beijing Minmetals Vanke.

附註：

- (i) 該等公司為於中國內地成立之中外合資經營企業，營運期為30年。由於本集團對於該被投資方僅能通過董事會少數代表行使重大影響力，故其將於該公司之投資入賬作為聯營公司。根據相關股東協議，本公司於廊坊萬恒股東大會持有40%的投票權，以及於北京五礦萬科股東大會持有40%的投票權。

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### 16. INTERESTS IN ASSOCIATES (CONTINUED)

#### (b) Summarised financial information of associates

Summarised financial information in respect of each associate of the Group is set out below. The summarised financial information below represents amounts shown in the associates' financial statements prepared in accordance with HKFRSs.

All of these associates are accounted for using the equity method in the consolidated financial statements.

#### *Langfang Wanheng*

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Current assets	流動資產	<u>2,344,867</u>	<u>2,070,040</u>
Non-current assets	非流動資產	<u>2,312</u>	<u>173</u>
Current liabilities	流動負債	<u>2,025,664</u>	<u>1,733,908</u>
		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Loss for the year	本年度虧損	<u>(7,559)</u>	<u>(20,753)</u>
Other comprehensive expense for the year	本年度其他全面開支	<u>(7,232)</u>	<u>(16,415)</u>
Total comprehensive expense for the year	本年度全面開支總額	<u>(14,791)</u>	<u>(37,168)</u>

### 16. 於聯營公司之權益 (續)

#### (b) 聯營公司之財務資料概要

本集團各聯營公司之財務資料概要列載如下。下列財務資料概要指呈列於聯營公司的財務報表內之金額乃根據香港財務報告準則編製。

所有該等聯營公司採用權益法於該等綜合財務報表入賬。

#### *廊坊萬恒*



## 16. INTERESTS IN ASSOCIATES (CONTINUED)

### (b) Summarised financial information of associates (Continued)

#### Langfang Wanheng (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Langfang Wanheng recognised in the consolidated financial statements:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Net assets of the associate	聯營公司之資產淨額	<b>321,515</b>	336,305
Proportion of the Group's interest in Langfang Wanheng	本集團於廊坊萬恒之權益比例	<b>50%</b>	50%
		<b>HK\$'000 千港元</b>	HK\$'000 千港元
Carrying amount of the Group's interest in Langfang Wanheng	本集團於廊坊萬恒股本權益之賬面值	<b>160,757</b>	168,153

#### Beijing Minmetals Vanke

北京五礦萬科

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Current assets	流動資產	<b>1,956,008</b>	2,006,853
Non-current assets	非流動資產	<b>1,003</b>	1,036
Current liabilities	流動負債	<b>69,553</b>	78,233

## 16. 於聯營公司之權益 (續)

### (b) 聯營公司之財務資料概要 (續)

#### 廊坊萬恒 (續)

上述財務資料概要與廊坊萬恒於綜合財務報表內所確認之權益賬面值之對賬：

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## 綜合財務報表附註

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### 16. INTERESTS IN ASSOCIATES (CONTINUED)

#### (b) Summarised financial information of associates (Continued)

##### Beijing Minmetals Vanke (Continued)

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Profit/(loss) for the year	本年度溢利/(虧損)	<u>37</u>	<u>(303)</u>
Other comprehensive expense for the year	本年度其他全面開支	<u>(42,235)</u>	<u>(92,995)</u>
Total comprehensive expense for the year	本年度全面開支總額	<u>(42,198)</u>	<u>(93,298)</u>

Reconciliation of the above summarised financial information to the carrying amount of the interest in Beijing Minmetals Vanke recognised in the consolidated financial statements:

### 16. 於聯營公司之權益(續)

#### (b) 聯營公司之財務資料概要(續)

##### 北京五礦萬科(續)

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Net assets of the associate	聯營公司之資產淨額	<u>1,887,458</u>	1,929,656
Proportion of the Group's interest in Beijing Minmetals Vanke	本集團於北京五礦萬科之權益比例	<u>51%</u>	51%
		HK\$'000 千港元	HK\$'000 千港元
Carrying amount of the Group's interest in Beijing Minmetals Vanke	本集團於北京五礦萬科股本權益之賬面值	<u>962,604</u>	<u>984,124</u>

上文財務資料概要與北京五礦萬科於綜合財務報表內所確認之權益賬面值之對賬：

## 17. INTERESTS IN JOINT VENTURES

### (a) Investments

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
At beginning of the year	於年初	97,028	99,065
Investments in joint ventures	於合營公司之投資	—	5,680
Exchange differences	匯兌差額	(1,947)	(4,407)
Share of results of joint ventures	分佔合營公司業績	(10,380)	(3,310)
At end of the year	於年末	<b>84,701</b>	97,028

Details of the Group's joint ventures as at 31 December 2019 and 2018 are as follow:

本集團於二零一九年及二零一八年十二月三十一日之合營公司詳情如下：

Name of entity 實體名稱	Principal activities 主要業務	Place of incorporation and operation 註冊及經營地點	Proportion of equity interest held by the Group 本集團持有股本權益比例
葛礦利南京房地產開發有限公司 (Gekuangli Nanjing Property Development Co. Ltd.) ("Gekuangli") (note (i))	Real estate development	Mainland China	33.9%
葛礦利南京房地產開發有限公司(「葛礦利」)(附註(i))	房地產發展	中國內地	
南京礦利金房地產開發有限公司 (Nanjing Kuanglijin Property Development Co. Ltd.) ("Kuanglijin") (note (i))	Real estate development	Mainland China	39.8%
南京礦利金房地產開發有限公司(「礦利金」)(附註(i))	房地產發展	中國內地	
廣州安合房地產開發有限公司 (Guangzhou Anhe Real Estate Development Co. Ltd.) ("Guangzhou Anhe") (note (ii))	Real estate development	Mainland China	10%
廣州安合房地產開發有限公司(「廣州安合」)(附註(ii))	房地產發展	中國內地	

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For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

### 17. INTERESTS IN JOINT VENTURES

(CONTINUED)

#### (a) Investments (Continued)

Notes:

- (i) The companies are joint ventures established by the Group and other investors in Mainland China with operating periods of 30 years. The Group accounts for its investments in these companies as joint ventures as it exercises joint control over the investees through its voting rights, as unanimous consent is required for the relevant activities.
- (ii) During 2018, the Group obtained 10% of equity interest of Guangzhou Anhe through capital injection. The Group accounts for this investment as joint venture as it exercises joint control over the investee through its voting rights, as unanimous consent of all equity holders is required for the relevant activities.

#### (b) Summarised financial information of material joint ventures

Summarised financial information in respect of each of the Group's material joint ventures is set out below. The summarised financial information below represents amounts shown in the joint ventures' financial statements prepared in accordance with HKFRSs.

All of these joint ventures are accounted for using the equity method in the consolidated financial statements.

### 17. 於合營公司之權益 (續)

#### (a) 投資 (續)

附註：

- (i) 該等公司為本集團及中國內地其他投資者成立之合營公司，營運期為30年。由於本集團透過投票權對被投資方行使共同控制（因為相關活動須獲一致同意），故其將於該等公司之投資入賬作為合營公司。
- (ii) 於二零一八年，本集團透過注資取得廣州安合10%股權。由於本集團可透過投票權對被投資公司行使共同控制權（因為相關活動須獲所有股權持有人一致同意），故本集團將該投資入賬作為合營公司。

#### (b) 合營公司之財務資料概要

本集團各合營公司之財務資料概要列載如下。下列財務資料概要指呈列於合營公司的財務報表之金額乃根據香港財務報告準則編製。

所有該等合營公司均使用權益法於該等綜合財務報表內入賬。



## 17. INTERESTS IN JOINT VENTURES

(CONTINUED)

### (b) Summarised financial information of material joint ventures (Continued)

*Gekuangli*

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Current assets	流動資產	<u>7,752,987</u>	<u>7,750,174</u>
Non-current assets	非流動資產	<u>110</u>	<u>121</u>
Current liabilities	流動負債	<u>6,536,654</u>	<u>7,642,562</u>
Non-current liabilities	非流動負債	<u>1,116,321</u>	<u>—</u>
		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Loss for the year	本年度虧損	<u>(5,345)</u>	<u>(2,723)</u>
Other comprehensive expense for the year	本年度其他全面開支	<u>(2,267)</u>	<u>(5,219)</u>
Total comprehensive expense for the year	本年度全面開支總額	<u>(7,612)</u>	<u>(7,942)</u>

## 17. 於合營公司之權益 (續)

### (b) 合營公司之財務資料概要 (續)

*葛礦利*

2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
----------------------------------	----------------------------------

Current assets	流動資產	<u>7,752,987</u>	<u>7,750,174</u>
Non-current assets	非流動資產	<u>110</u>	<u>121</u>
Current liabilities	流動負債	<u>6,536,654</u>	<u>7,642,562</u>
Non-current liabilities	非流動負債	<u>1,116,321</u>	<u>—</u>
		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Loss for the year	本年度虧損	<u>(5,345)</u>	<u>(2,723)</u>
Other comprehensive expense for the year	本年度其他全面開支	<u>(2,267)</u>	<u>(5,219)</u>
Total comprehensive expense for the year	本年度全面開支總額	<u>(7,612)</u>	<u>(7,942)</u>

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## 綜合財務報表附註

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### 17. INTERESTS IN JOINT VENTURES

(CONTINUED)

#### (b) Summarised financial information of material joint ventures (Continued)

##### *Gekuangli (Continued)*

Reconciliation of the above summarised financial information to the carrying amount of the interest in Gekuangli recognised in the consolidated financial statements:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Net assets of the joint venture	合營公司之資產淨額	100,122	107,733
Proportion of the Group's interest in Gekuangli	本集團於葛礦利之權益比例	<u>33.9%</u>	<u>33.9%</u>
		HK\$'000 千港元	HK\$'000 千港元
Carrying amount of the Group's interest in Gekuangli	本集團於葛礦利股本權益之賬面值	<u>33,941</u>	<u>36,522</u>

##### *Kuanglijin*

##### 礦利金

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Current assets	流動資產	<u>5,494,762</u>	<u>5,262,914</u>
Non-current assets	非流動資產	<u>481</u>	<u>346</u>
Current liabilities	流動負債	<u>4,954,575</u>	<u>4,692,192</u>
Non-current liabilities	非流動負債	<u>423,718</u>	<u>433,199</u>

### 17. 於合營公司之權益(續)

#### (b) 合營公司之財務資料概要(續)

##### 葛礦利(續)

上述財務資料概要與葛礦利於綜合財務報表內所確認之權益賬面值對賬如下：



## 17. INTERESTS IN JOINT VENTURES

(CONTINUED)

### (b) Summarised financial information of material joint ventures (Continued) Kuanglijin (Continued)

## 17. 於合營公司之權益(續)

### (b) 合營公司之財務資料概要 (續) 礦利金(續)

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Revenue	收入	<u>43,243</u>	—
Loss for the year	本年度虧損	<u>(18,212)</u>	<u>(5,808)</u>
Other comprehensive expense for the year	本年度其他全面開支	<u>(2,707)</u>	<u>(6,702)</u>
Total comprehensive expense for the year	本年度全面開支總額	<u>(20,919)</u>	<u>(12,510)</u>

Reconciliation of the above summarised financial information to the carrying amount of the interest in Kuanglijin recognised in the consolidated financial statements:

上述財務資料概要與於礦利金綜合財務報表內所確認之權益賬面值對賬如下：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Net assets of the joint venture	合營公司之資產淨額	<b>116,950</b>	137,869
Proportion of the Group's interest in Kuanglijin	本集團於礦利金之權益比例	<u>39.8%</u>	<u>39.8%</u>
		<b>HK\$'000 千港元</b>	<b>HK\$'000 千港元</b>
Carrying amount of the Group's interest in Kuanglijin	本集團於礦利金股本權益之賬面值	<u>46,546</u>	<u>54,872</u>

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### 17. INTERESTS IN JOINT VENTURES

(CONTINUED)

(c) Information of joint venture that is not individually material

### 17. 於合營公司之權益(續)

(c) 個別而言並不重大之合營公司之資料

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
The Group's share of loss for the year	本集團應佔本年度虧損	<u>(1,320)</u>	<u>(75)</u>
The Group's share of other comprehensive (expense)/income	本集團應佔其他全面(開支)/收益	<u>(101)</u>	<u>29</u>
The Group's share of total comprehensive expense	本集團應佔全面開支總額	<u>(1,421)</u>	<u>(46)</u>

### 18. INVENTORIES

### 18. 存貨

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Properties under development — located in Mainland China (a)	發展中物業 — 位於中國內地(a)	<b>14,314,530</b>	14,457,449
Properties under development — located in Hong Kong (a)	發展中物業 — 位於香港(a)	<u>4,781,647</u>	<u>4,407,395</u>
		<b>19,096,177</b>	18,864,844
Properties held for sale — located in Mainland China	持作出售物業 — 位於中國內地	<u>5,627,173</u>	<u>6,922,177</u>
		<b>24,723,350</b>	<u>25,787,021</u>

**18. INVENTORIES (CONTINUED)**  
**(a) Properties under development**

**18. 存貨(續)**  
**(a) 發展中物業**

		<b>2019</b>	2018
		二零一九年	二零一八年
		<b>HK\$'000</b>	HK\$'000
		千港元	千港元
Land use rights	土地使用權	<b>14,759,772</b>	15,248,471
Construction costs	建築成本	<b>4,336,405</b>	3,616,373
		<b>19,096,177</b>	18,864,844

Effective from 1 January 2019, the carrying amount of leasehold lands is measured under HKFRS 16 at cost less any accumulated depreciation and any impairment losses. The residual values are determined as the estimated disposal value of the leasehold land component. No depreciation charge is made on the leasehold lands taking into account the estimated residual values as at 31 December 2019.

As at 31 December 2019, properties under development with carrying amount of HK\$4,946,825,000 (2018: HK\$7,735,867,000) have been pledged as collaterals for bank borrowings (Note 29 (a)).

自二零一九年一月一日起，租賃土地賬面值根據香港財務報告準則第16號按成本減任何累計折舊及任何減值虧損計量。餘值釐定為租賃土地部分的估計出售價值。經計及於二零一九年十二月三十一日的估計餘值，概無對租賃土地計提折舊開支。

於二零一九年十二月三十一日，賬面值為4,946,825,000港元(二零一八年：7,735,867,000港元)的發展中物業已質押作為銀行借款之抵押品(附註29(a))。

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## 綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

### 19. PREPAYMENTS, TRADE AND OTHER RECEIVABLES

### 19. 預付款項、貿易及其他應收款項

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Trade receivables, net (b)	貿易應收款項，淨額(b)	414,923	448,660
Deposits	按金	55,501	63,390
Prepayments (c)	預付款項 (c)	880,309	855,178
Prepayments for land cost (d)	預付土地成本 (d)	4,608,941	1,986,073
Loans to a non-controlling shareholder of a subsidiary (Note 39(b))	貸款予一家附屬公司之一名非控股股東 (附註39(b))	2,787,988	2,951,037
Amount due from an associate (Note 39(b))	應收一家聯營公司款項 (附註39(b))	58,010	837,513
Amounts due from joint ventures (Note 39(b))	應收合營公司款項 (附註39(b))	4,122,198	4,616,224
Loans to an associate (Note 39(b))	貸款予一家聯營公司 (附註39(b))	781,425	—
Loan to a joint venture (Note 39(b))	貸款予一家合營公司 (附註39(b))	116,770	—
Amounts due from fellow subsidiaries (Note 39(b))	應收同系附屬公司款項 (附註39(b))	9,489	—
Others	其他	98,597	110,279
		<b>13,934,151</b>	<b>11,868,354</b>

(a) The carrying amounts of prepayments, trade and other receivables are denominated in the following currencies:

(a) 預付款項、貿易及其他應收款項之賬面值乃以下列貨幣列賬：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
HK\$	港元	143,365	208,236
Renminbi ("RMB")	人民幣 (「人民幣」)	13,790,706	11,660,029
Macao pataca ("MOP")	澳門幣 (「澳門幣」)	80	89
		<b>13,934,151</b>	<b>11,868,354</b>



## 19. PREPAYMENTS, TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) The aging analysis of trade receivables based on due date for rental receivables, date of properties delivered to purchasers and billing date of construction services certified is as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
0 to 90 days	0至90日	128,645	209,399
91 to 180 days	91至180日	110,378	55,922
181 days to 1 year	181日至一年	22,961	45,833
1 year to 2 years	一年至兩年	75,072	92,846
Over 2 years	兩年以上	124,816	96,236
		<b>461,872</b>	500,236
Less: Allowance for impairment	減：減值撥備	<b>(46,949)</b>	(51,576)
		<b>414,923</b>	448,660

Movements in the allowance for impairment of trade receivables are as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
At beginning of the year	年初	51,576	57,711
Exchange differences	匯兌差額	(916)	(2,217)
(Reversal of)/allowance for impairment, net	減值(回撥)/撥備，淨值	(3,711)	5,433
Written off	撇銷	—	(9,351)
At end of the year	年終	<b>46,949</b>	51,576

Details of impairment assessment of trade and other receivables for the year ended 31 December 2019 are set out in Note 38.

## 19. 預付款項、貿易及其他應收款項(續)

(b) 按應收租金到期日、物業交付予買家的日期及已認證建築服務的賬單日期劃分之貿易應收款項之賬齡分析如下：

就貿易應收款項作出之減值撥備之變動如下：

截至二零一九年十二月三十一日止年度，貿易及其他應收款項之減值評估詳情載於附註38。

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### 19. PREPAYMENTS, TRADE AND OTHER RECEIVABLES (CONTINUED)

- (c) As at 31 December 2019, prepayments include prepaid taxes and other charges of approximately HK\$826,753,000 (2018: HK\$687,619,000).
- (d) As at 31 December 2019, prepayments for land cost represent payments to the PRC Bureau of Land and Resources for the acquisition of lands in Mainland China and the amount will be reclassified to inventory upon issuance of land use rights certificates.
- (e) The other items within trade and other receivables do not contain past due or impaired assets.

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of receivables mentioned above. The Group does not hold any collateral as security.

### 20. CONTRACT ASSETS

Construction services	建築服務
Retention receivables	應收保固金
At end of the year	於年末

As at 1 January 2018, contract assets amounted to approximately HK\$300,060,000.

The contract assets from construction services primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditioned on the Group's future performance. The contract assets are transferred to trade receivables when the rights become unconditional, typically upon the issuance of certifications.

### 19. 預付款項、貿易及其他應收款項(續)

- (c) 於二零一九年十二月三十一日，預付款項包括預付稅項及其他費用約826,753,000港元(二零一八年：687,619,000港元)。
- (d) 於二零一九年十二月三十一日，預付土地成本指就於中國內地收購土地所支付予中國國土資源局之款項，而此金額將於獲頒發土地使用權證後確認為存貨。
- (e) 貿易及其他應收款項內之其他項目並不包括逾期或已減值資產。

於報告期終日之最高信貸風險乃上述應收款項之賬面值。本集團並無持有任何抵押品作抵押。

### 20. 合約資產

	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Construction services	358,918	310,598
Retention receivables	141,521	143,235
At end of the year	500,439	453,833

於二零一八年一月一日，合約資產之金額為約300,060,000港元。

建築服務的合約資產主要涉及本集團就已完成工程收取代價之權利(但由於有關權利以本集團的未來履約為條件，故未發出賬單)。合約資產於權利成為無條件時(通常為發出證明之時)轉撥至貿易應收款項。



## 20. CONTRACT ASSETS (CONTINUED)

Retention receivables are included in contract assets until the end of the retention period as the Group's entitlement to this final payment is conditional on the Group's fulfillment of its quality warranty obligation. As at 31 December 2019, retention receivables with carrying amount of HK\$69,766,000 (2018: HK\$91,737,000) are expected to be recovered after twelve months from the end of the reporting period.

The Group classifies these contract assets as current because the Group expects to realise them in its normal operating cycle.

## 21. CONTRACT COSTS

Contract costs relate to the incremental sales commissions paid/payable to property agents whose selling activities resulted in customers entering into sale and purchase agreements for the Group's properties. Contract costs are recognised as part of selling and marketing expenses in the consolidated statement of profit or loss in the period in which revenue from the related property sales is recognised.

## 20. 合約資產 (續)

應收保固金計入合約資產，直至保修期結束止，因為本集團收取該最後付款的權利以本集團達成其質量保證責任為條件。截至二零一九年十二月三十一日，賬面值69,766,000港元(二零一八年：91,737,000港元)的應收保固金預期將於報告期後十二個月後收回。

本集團將該等合約資產分類為流動資產，原因為本集團預期將於其正常經營週期內將該等資產變現。

## 21. 合約成本

	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Sales commissions	<u>15,237</u>	<u>12,275</u>

合約成本涉及已付／應付物業代理的遞增銷售佣金，該等代理的銷售活動會導致客戶訂立有關本集團物業的買賣協議。合約成本乃於相關物業銷售所得收益確認期間在綜合損益表內確認為銷售及營銷開支的一部分。

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### 22. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

### 22. 透過其他全面收益按公允值計量之財務資產

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Listed equity securities in Hong Kong	於香港上市之股本證券		
At beginning of the year	年初	811,254	792,817
Fair value gain recognised in other comprehensive income	於其他全面收益確認之公允值收益	587,698	18,437
At end of the year	年終	<u>1,398,952</u>	<u>811,254</u>

The Group's equity securities investment is measured at fair value at the end of the reporting period:

本集團於報告期終日的股本證券投資按公允值計值：

#### Fair value as at 於以下日期的公允值

Financial assets 財務資產	31 December 2019 二零一九年 十二月三十一日 HK\$'000 千港元	31 December 2018 二零一八年 十二月三十一日 HK\$'000 千港元	Fair value hierarchy 公允值 級別	Valuation technique(s) and key input(s) 估值技術及 主要輸入數據
	Financial assets at fair value through other comprehensive income — Listed equity securities 透過其他全面收益按公允值計量之財務資產 — 上市股本證券	1,398,952		

## 22. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

The equity securities investment has been designated at fair value through other comprehensive income, which, in the opinion of the Directors, resulting more relevant information for the Group's financial instruments based on how the Group manages its equity instruments. Dividend income recognised during the year related to those investments held at end of the year is HK\$50,703,000 (2018: HK\$69,141,000). There is no disposal or transfer of the cumulative gain or loss within equity during both years.

## 22. 透過其他全面收益按公允價值計量之財務資產(續)

股本證券投資已指定為透過其他全面收益按公允價值計量，而董事認為這導致本集團根據其管理股本工具的方式，披露更相關的財務工具相關資料。年內確認與年末所持有的該等投資有關的股息收入為50,703,000港元(二零一八年：69,141,000港元)。於兩個年度在權益中概無出售或轉移累計收益或虧損。

## 23. OTHER FINANCIAL ASSETS/LIABILITIES

## 23. 其他財務資產／負債

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Other financial assets	其他財務資產		
<b>Derivatives under hedge accounting</b>	<b>對沖會計下之衍生工具</b>		
Cash flow hedges	現金流量對沖		
— Interest rate swap (a)	— 利率掉期(a)	<u>19,771</u>	<u>30,091</u>
Other financial liabilities	其他財務負債		
<b>Derivatives under hedge accounting</b>	<b>對沖會計下之衍生工具</b>		
Cash flow hedges	現金流量對沖		
— Interest rate swap (a)	— 利率掉期(a)	<u>25,713</u>	<u>—</u>

### (a) Cash flow hedges:

At the end of the reporting period, the Group had the following interest rate swap contracts designated as highly effective hedging instruments in order to manage the Group's interest rate exposure in relation to the bank borrowings on a floating interest rate basis.

### (a) 現金流量對沖：

於報告期末，本集團擁有下列指定作為高度有效對沖工具的利率掉期合約，藉此管理本集團就按浮動利率計息之銀行借款所面對的利率風險。

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### 23. OTHER FINANCIAL ASSETS/LIABILITIES

(CONTINUED)

#### (a) Cash flow hedges: (Continued)

The terms of the interest rate swap contracts have been negotiated to match the terms of the respective designated hedged items. The major terms of these contracts are as follows:

31 December 2019

#### Other financial assets

其他財務資產

**Notional amount**  
名義金額

**Maturity**  
到期日

**Swaps**  
掉期

HK\$3,600,000,000  
3,600,000,000港元

June 2020  
2020年6月

From floating rates to fixed interest rates  
由浮動利率至固定利率

#### Other financial liabilities

其他財務負債

**Notional amount**  
名義金額

**Maturity**  
到期日

**Swaps**  
掉期

HK\$1,000,000,000  
1,000,000,000港元

October 2022  
2022年10月

From floating rates to fixed interest rates  
由浮動利率至固定利率

During the year, fair value loss of HK\$36,033,000 (2018: HK\$45,994,000) have been recognised in other comprehensive income and accumulated in equity.

於本年度，公允值虧損36,033,000港元(二零一八年：45,994,000港元)已於其他全面收益內確認，並於權益累計。

### 23. 其他財務資產／負債(續)

#### (a) 現金流量對沖：(續)

利率掉期合約的條款乃經磋商釐定，以配合各相關指定對沖項目的條款。該等合約的主要條款如下：

二零一九年十二月三十一日



## 24. CASH AND BANK DEPOSITS, RESTRICTED

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Restricted cash	受限制現金	<u>42,702</u>	<u>201,353</u>

The carrying amounts of restricted cash are denominated in RMB. As at 31 December 2019, the weighted average effective interest rate was 0.3% (2018: 0.3%) per annum.

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of cash and bank deposits.

The restricted cash represents (i) performance deposits for construction projects; and (ii) guarantee deposits for the benefit of mortgage loan facilities granted by banks to the purchasers of the Group's properties.

## 24. 受限制現金及銀行存款

受限制現金以人民幣列賬。於二零一九年十二月三十一日，加權平均實際年利率為0.3% (二零一八年：0.3%)。

於報告期終日須承受之最高信貸風險為現金及銀行存款之賬面值。

受限制現金指(i)建築項目之履約保證金；及(ii)已質押予銀行作為本集團物業之買家按揭貸款融資所提供之擔保存款。

## 25. CASH AND BANK DEPOSITS, UNRESTRICTED

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Cash at banks	銀行現金	<b>2,856,340</b>	3,242,219
Short-term deposits	短期存款	<b>993,666</b>	365,338
Cash on hand	手頭現金	<u>92</u>	<u>219</u>
Cash and bank deposits	現金及銀行存款	<u><b>3,850,098</b></u>	<u>3,607,776</u>

## 25. 不受限制現金及銀行存款

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### 25. CASH AND BANK DEPOSITS, UNRESTRICTED (CONTINUED)

As at 31 December 2019, the weighted average effective interest rate of short-term deposits was 2.59% (2018: 2.26%) per annum.

The carrying amounts of cash and bank deposits are denominated in the following currencies:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
HK\$	港元	779,242	545,513
RMB	人民幣	2,981,146	2,735,661
US\$	美元	89,195	326,152
MOP	澳門幣	515	450
		<b>3,850,098</b>	<b>3,607,776</b>

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of cash and bank deposits.

### 26. SHARE CAPITAL

Authorised: 法定：  
Ordinary shares of HK\$0.1 each 每股面值0.1港元普通股

Issued and fully paid: 已發行及實繳：  
Ordinary shares of HK\$0.1 each 每股面值0.1港元普通股

Balance at beginning of the year 年初結餘

Exercise of share options 行使購股權

Balance at end of the year 年終結餘

### 25. 不受限制現金及銀行存款 (續)

於二零一九年十二月三十一日，短期存款之加權平均實際年利率為2.59% (二零一八年：2.26%)。

現金及銀行存款之賬面值乃以下列貨幣列賬：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
港元		779,242	545,513
人民幣		2,981,146	2,735,661
美元		89,195	326,152
澳門幣		515	450
		<b>3,850,098</b>	<b>3,607,776</b>

於報告期終日須承受之最高信貸風險為現金及銀行存款之賬面值。

### 26. 股本

2019 二零一九年		2018 二零一八年	
Number of shares	Amount	Number of shares	Amount
股數	金額	股數	金額
'000	HK\$'000	'000	HK\$'000
千股	千港元	千股	千港元
10,000,000	1,000,000	10,000,000	1,000,000
3,346,908	334,691	3,345,027	334,503
—	—	1,881	188
3,346,908	334,691	3,346,908	334,691



## 26. SHARE CAPITAL (CONTINUED)

### Share options

On 29 May 2003, the Company adopted a share option scheme (the "2003 Share Option Scheme") under which the Directors, at their discretion, invited any person who has contributed or will contribute to the Group to subscribe for shares of the Company at nominal consideration of HK\$10 for each lot of options granted. The exercise price was determined by the Directors, and would not be less than the highest of: (i) the closing price per share as stated in the daily quotations sheet of Main Board of the Stock Exchange on the date of grant of the relevant option; (ii) the average closing price per share as stated in the Main Board of the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of grant of the relevant option; and (iii) the nominal value of the share of the Company. The 2003 Share Option Scheme had expired on 28 May 2013. On 7 June 2013, the Company adopted a new share option scheme (the "2013 Share Option Scheme") with the same terms under the 2003 Share Option Scheme. Notwithstanding the expiry of the 2003 Share Option Scheme, the share options which had been granted during the life of the 2003 Share Option Scheme shall continue to be valid and exercisable pursuant to the 2013 Share Option Scheme.

**(i) Details of the share options granted are as follows:**

The options are exercisable upon fulfillment of certain performance targets achieved by the Group and grantees. These options are exercisable in three tranches: the maximum percentage of options of each tranche exercisable within the exercisable periods commencing from 1 December 2010 to 30 November 2018, from 1 December 2011 to 30 November 2018 and from 1 December 2012 to 30 November 2018 are 30%, 30% and 40% respectively. The fair value of share options in the three tranches is HK\$0.3355 per share. As the exercisable periods were expired on 30 November 2018, no share options were outstanding as at 31 December 2019 and 31 December 2018.

## 26. 股本(續)

### 購股權

於二零零三年五月二十九日，本公司採納一項購股權計劃（「二零零三年購股權計劃」）。據此，董事可酌情邀請任何曾對或將會對本集團做出貢獻之人士授出可認購本公司股份之購股權，每批授出購股權之象徵式代價為10港元。行使價將由董事會釐定，且不會低於下列三者中之最高者：(i)於相關購股權授出日聯交所主板每日報價表所報之每股收市價；(ii)於緊接授出相關購股權日期前五個營業日股份於聯交所主板每日報價表所載之每股平均收市價；及(iii)公司股份之面值。二零零三年購股權計劃已於二零一三年五月二十八日屆滿。於二零一三年六月七日，本公司採納一項新購股權計劃（「二零一三年購股權計劃」），條款與二零零三年購股權計劃相同。雖然二零零三年購股權計劃經已屆滿，惟於二零零三年購股權計劃期內授出的購股權將繼續有效，且根據二零一三年購股權計劃可予行使。

**(i) 授出購股權詳情如下：**

購股權必須於本集團及承授人達致若干表現目標後方可予行使。該等購股權可分三批行使：自二零一零年十二月一日起至二零一八年十一月三十日止期間、自二零一一年十二月一日起至二零一八年十一月三十日止期間及自二零一二年十二月一日起至二零一八年十一月三十日止行使期間內可行使之每批購股權最高百分比分別為30%、30%及40%。該三批購股權之每股公允值均為0.3355港元。由於行使期間已於二零一八年十一月三十日失效，於二零一九年及二零一八年十二月三十一日，並無任何尚未行使之購股權。

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### 26. SHARE CAPITAL (CONTINUED)

#### Share options (Continued)

(ii) *Movements in the above share options are as follows:*

		2019 二零一九年 Number of share options 購股權數目 '000 千股	2018 二零一八年 Number of share options 購股權數目 '000 千股
At beginning of the year	年初	—	3,525
Lapsed	已失效	—	(1,644)
Exercised	已行使	—	(1,881)
At end of the year	年終	—	—

During the year ended 31 December 2018, 1,881,000 share options were exercised and the weighted average share price for the year ended 31 December 2018 was HK\$1.35.

### 26. 股本(續)

#### 購股權(續)

(ii) 上述購股權之變動如下：

截至二零一八年十二月三十一日止年度，已行使1,881,000股購股權，於二零一八年十二月三十一日，其加權平均股價為1.35港元。

## 27. RESERVES

## 27. 儲備

		Share premium	Contributed surplus	Employee		Investments revaluation reserve	Cash flow hedging reserve	Revaluation reserve	Other reserve	Exchange reserve	Retained earnings	Total
				Capital redemption reserve	share-based compensation reserve							
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
			(note (a)) (附註(a))						(note (b)) (附註(b))		(note (c)) (附註(c))	
Balance as at 1 January 2018	於二零一八年一月一日之結餘	4,273,883	515,336	769	1,183	235,080	76,085	4,359	(311,448)	(342,622)	3,565,549	8,018,174
Issue of shares	發行股份	1,289	—	—	(631)	—	—	—	—	—	—	658
Reclassification of employee share option benefits	僱員購股權福利重新分類	—	—	—	(552)	—	—	—	—	—	552	—
Fair value gain of financial assets at fair value through other comprehensive income	透過其他全面收益按公允值計量之財務資產所產生之公允值收益	—	—	—	—	18,437	—	—	—	—	—	18,437
Fair value loss on hedging instruments in cash flow hedges	現金流對沖的對沖工具之公允值虧損	—	—	—	—	—	(45,994)	—	—	—	—	(45,994)
Currency translation adjustments	匯兌調整	—	—	—	—	—	—	—	—	(692,483)	—	(692,483)
2017 final dividend paid	支付二零一七年末期股息	—	—	—	—	—	—	—	—	—	(200,739)	(200,739)
Profit for the year	年度溢利	—	—	—	—	—	—	—	—	—	934,964	934,964
<b>Balance as at 31 December 2018</b>	<b>於二零一八年十二月三十一日之結餘</b>	<b>4,275,172</b>	<b>515,336</b>	<b>769</b>	<b>—</b>	<b>253,517</b>	<b>30,091</b>	<b>4,359</b>	<b>(311,448)</b>	<b>(1,035,105)</b>	<b>4,300,326</b>	<b>8,033,017</b>
Fair value gain of financial assets at fair value through other comprehensive income	透過其他全面收益按公允值計量之財務資產所產生之公允值收益	—	—	—	—	<b>587,698</b>	—	—	—	—	—	<b>587,698</b>
Fair value loss on hedging instruments in cash flow hedges	現金流對沖的對沖工具之公允值虧損	—	—	—	—	—	<b>(36,033)</b>	—	—	—	—	<b>(36,033)</b>
Currency translation adjustments	匯兌調整	—	—	—	—	—	—	—	—	<b>(402,048)</b>	—	<b>(402,048)</b>
Gain on partial disposal of a subsidiary	出售於一家附屬公司股份權益之收益	—	—	—	—	—	—	—	—	<b>1,584</b>	—	<b>1,584</b>
2018 final dividend paid	支付二零一八年末期股息	—	—	—	—	—	—	—	—	—	<b>(267,753)</b>	<b>(267,753)</b>
Profit for the year	年度溢利	—	—	—	—	—	—	—	—	—	<b>942,689</b>	<b>942,689</b>
<b>Balance as at 31 December 2019</b>	<b>於二零一九年十二月三十一日之結餘</b>	<b>4,275,172</b>	<b>515,336</b>	<b>769</b>	<b>—</b>	<b>841,215</b>	<b>(5,942)</b>	<b>4,359</b>	<b>(309,864)</b>	<b>(1,437,153)</b>	<b>4,975,262</b>	<b>8,859,154</b>

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### 27. RESERVES (CONTINUED)

Notes:

- (a) Contributed surplus mainly represents the excess of the fair value of shares in Minmetals Land Investments Limited acquired by the Company over the nominal value of the new shares of the Company issued pursuant to the share exchange agreement.

Under the Companies Act of Bermuda, contributed surplus is distributable to shareholders, subject to the condition that the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if (i) it is, or would after the payment be, unable to pay its liabilities as they become due, or (ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities, issued share capital and share premium account.

- (b) Other reserve represents the differences between the amount by which non-controlling interests are adjusted and the fair value of consideration paid or received when the Group acquired or disposed of partial interests in existing subsidiaries.

- (c) As stipulated by regulations in Mainland China, the Company's subsidiaries established and operated in Mainland China are required to appropriate a portion of their after-tax profit (after offsetting prior year losses) to the statutory reserves at the rate of 10%. The appropriation as at 31 December 2019, amounting to approximately HK\$999,927,000 (2018: HK\$871,613,000), was included in retained earnings at 31 December 2019.

### 27. 儲備(續)

附註：

- (a) 實繳盈餘主要指本公司於收購Minmetals Land Investments Limited股份之公允價值超出本公司根據股份交換協議發行新股份之股份面值之差額。

根據百慕達公司法，實繳盈餘可供分派予股東，但在下列情況下本公司不能宣派或派發股息或分派實繳盈餘：(i)倘本公司現時或於作出分派後將未能支付到期負債，或(ii)本公司資產之可變現價值將因而低於其負債、已發行股本及股份溢價賬之總和。

- (b) 其他儲備指非控股權益調整金額與本集團收購或出售現有附屬公司的部分權益時已付或已收的代價的公允價值之間的差額。

- (c) 中國內地規例規定，本公司於中國內地成立及營運之附屬公司須將部分除稅後溢利(在抵銷往年虧損後)撥入法定儲備，比率為10%。於二零一九年十二月三十一日，有關撥款約為999,927,000港元(二零一八年：871,613,000港元)，已包括在二零一九年十二月三十一日的保留盈利之內。

### 28. PERPETUAL CAPITAL INSTRUMENTS

### 28. 永久資本工具

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Perpetual loan (note (a))	永久貸款協議(附註(a))	2,234,464	2,285,029
Perpetual securities (note (b))	永久證券(附註(b))	1,569,183	1,569,260
		<b>3,803,647</b>	<b>3,854,289</b>



## 28. PERPETUAL CAPITAL INSTRUMENTS

### (CONTINUED)

Notes:

(a) On 28 December 2017, a wholly-owned subsidiary of the Company (the "Borrower"), a fellow subsidiary and a bank (the "Bank") have entered into an entrustment loan agreement (the "Perpetual Loan Agreement"), pursuant to which the fellow subsidiary shall entrust the Bank to lend RMB2,000 million (the "Perpetual Loan") to the Borrower. The Perpetual Loan bears interest at the benchmark interest rate for loans over five years as quoted by the People's Bank of China per annum. Interest payments on the Perpetual Loan are paid annually in arrears from 28 December 2017 and can be deferred at the discretion of the Borrower. Neither the fellow subsidiary nor the Bank could request for repayment of the principal and accrued interest save and except for when the Borrower elects to repay the principal and accrued interest at its sole discretion, or in the event of liquidation. Under the Perpetual Loan Agreement, no guarantee of any kind is required to be given by any member of the Group to either the fellow subsidiary or the Bank for the Perpetual Loan. As the Group has the right to defer the repayment of the principal and accrued interest at its sole discretion, it has no direct or indirect contractual financial obligation to pay cash or other financial asset in respect of the Perpetual Loan, thus, the instrument is therefore classified as equity in the consolidated statement of financial position.

(b) On 17 May 2018 ("Issue Date"), a wholly-owned subsidiary of the Company (the "Issuer") issued US\$ denominated senior perpetual capital securities (the "Perpetual Securities") with an aggregate principal amount of US\$200,000,000. The Perpetual Securities were issued at par value with initial distribution rate of 7.00% per annum. The Perpetual Securities were recorded as equity, after netting off related issuance costs of approximately US\$1,800,000.

The Perpetual Securities confer to the holders a right to receive distribution at the applicable distribution rate from the Issue Date semi-annually in arrears in equal instalments on 17 May and 17 November of each year, commencing on 17 November 2018, and may be deferred at the discretion of the Issuer unless compulsory distribution payment events (including distributions to shareholders of the Company) have occurred. The distribution rate shall be (i) in respect of the period from, and including, the Issue Date to, but excluding 17 May 2021 (the "First Call Date"), at 7.00% per annum and (ii) in respect of the periods (A) from and including the First Call Date to, but excluding the immediately following reset date and (B) from, and including, each reset date falling after the First Call Date to, but excluding, the immediately following reset date, the sum of (a) the initial spread of 4.338%, (b) the treasury rate and (c) 5% per annum. A reset date is defined as each of the First Call Date and each day falling on the expiry of every three calendar years after the First Call Date.

As the Group has the right to defer the repayment of the principal and accrued interest at its sole discretion, it has no direct or indirect contractual financial obligation to pay cash or other financial asset in respect of the Perpetual Securities, thus, the Perpetual Securities are therefore classified as equity in the consolidated statement of financial position.

## 28. 永久資本工具(續)

附註：

(a) 於二零一七年十二月二十八日，本公司一家全資附屬公司（「借款人」）、一家同系附屬公司及一家銀行（「銀行」）訂立委託貸款協議（「永久貸款協議」），據此同系附屬公司委託銀行向借款人借出2,000,000,000元人民幣（「永久貸款」）。永久貸款按中國人民銀行所公佈超過五年期貸款的基準年利率計息。就永久貸款之利息付款由二零一七年十二月二十八日起計每年末支付及可由借款人酌情遞延。除非借款人全權酌情選擇償還本金及應計利息或清盤，否則同系附屬公司或銀行均不可要求償還本金及應計利息。根據永久貸款協議，本集團任何成員公司毋須就永久貸款向同系附屬公司或銀行提供任何類別的擔保。因為本集團有權酌情遞延償還本金及應付利息，本集團就有關永久貸款，並無直接或間接合約財務責任以支付現金或財務資產，則有關工具於綜合財務狀況表歸類為權益。

(b) 於二零一八年五月十七日（「發行日」），本公司一家全資附屬公司（「發行人」）發行以美元列值的優先永久證券（「永久證券」），本金金額合共200,000,000美元。永久證券按票面價值發行，其初始分派率為每年7.00%。永久證券扣除相關發行費用約1,800,000美元後按權益記賬。

永久證券賦予持有者權利，按分派率收取分派。分派將自二零一八年十一月十七日起每年以每半年期末形式於五月十七日及十一月十七日按等額分期支付。發行人有權遞延分派付款，除非強制分派付款事件（包括分發予本公司股東）發生。適用於美元優先永久證券的分派率將會為：(i) 就自發行日（包括該日）起至二零二一年五月十七日（「首個贖回日期」）（惟不包括該日）期間而言，初始分派率為每年7.00%；及(ii) 就(A) 自首個贖回日期（包括該日）起至緊隨首個贖回日期後的重設日期（惟不包括該日）止期間；以及(B) 自首次贖回日期後的重設日期（包括該日）起至緊隨的下一個重設日期（惟不包括該日）止期間，分派率為(a) 初始價差4.338%；(b) 國庫券利率；及(c) 5% 年率之總和。重置日期被定義為每個首次調用日期，並且每一天在首次調用日期之後的每三個月曆年到期。

因為本集團有權酌情遞延償還本金及應付利息，本集團就有關永久證券，並無直接或間接合約財務責任以支付現金或財務資產，則永久證券於綜合財務狀況表歸類為權益。

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### 29. BORROWINGS

### 29. 借款

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Non-current	非流動		
Bank borrowings, secured (a)	銀行借款·有抵押(a)	2,730,917	10,729,286
Bank borrowings, unsecured (a)	銀行借款·無抵押(a)	3,464,076	—
Guaranteed bonds, unsecured (b)	擔保債券·無抵押(b)	3,296,288	3,309,986
		<u>9,491,281</u>	<u>14,039,272</u>
Current	流動		
Bank borrowings, secured (a)	銀行借款·有抵押(a)	6,788,084	809,936
Bank borrowings, unsecured (a)	銀行借款·無抵押(a)	293,542	205,429
Loans from a non-controlling shareholder of a subsidiary, unsecured (Note 39(b))	一家附屬公司一名非控股股東之貸款·無抵押(附註39(b))	114,995	—
Loan from a fellow subsidiary, unsecured (Note 39(b))	一家同系附屬公司之貸款·無抵押(附註39(b))	39,071	—
Other borrowing, unsecured	其他借款·無抵押	26,931	—
		<u>7,262,623</u>	<u>1,015,365</u>
		<u>16,753,904</u>	<u>15,054,637</u>

#### (a) Banking facilities

The Group's aggregate banking facilities, including bank borrowings, as at 31 December 2019 amounted to approximately HK\$19,460,138,000 (2018: HK\$22,355,858,000), of which approximately HK\$6,126,702,000 (2018: HK\$10,557,662,000) was unutilised. As at 31 December 2019, the collaterals for the banking facilities are as follows:

- (i) Properties under development with carrying amounts of approximately HK\$4,946,825,000 (2018: HK\$7,735,867,000);

#### (a) 銀行融資

於二零一九年十二月三十一日，本集團之銀行融資總額(包括銀行借款)約為19,460,138,000港元(二零一八年：22,355,858,000港元)，其中未動用融資約為6,126,702,000港元(二零一八年：10,557,662,000港元)。於二零一九年十二月三十一日，本集團質押作為取得銀行融資之抵押品如下：

- (i) 賬面值約4,946,825,000港元(二零一八年：7,735,867,000港元)之發展中物業；



## 29. BORROWINGS (CONTINUED)

### (a) Banking facilities (Continued)

- (ii) 100% equity interest in a subsidiary; and
  
- (iii) Corporate guarantees given by the Company.

### (b) Guaranteed bonds

- (i) On 26 April 2013, the Group issued the guaranteed bonds ("2013 Guaranteed Bonds") with a principal amount of US\$225,000,000 and US\$125,000,000 bearing interest at the coupon rate of 5.50% and 6.50%, per annum respectively, the 2013 Guaranteed Bonds of US\$125,000,000 will be matured on 26 April 2023. The 2013 Guaranteed Bonds with a principal amount of US\$225,000,000 were matured on 26 April 2018 and repaid accordingly. The 2013 Guaranteed Bonds were guaranteed by the Company and have the benefit of a keep well deed from China Minmetals Corporation, the ultimate controlling shareholder of the Company. Upon the occurrence of a change of control triggering event, the bondholders will have the right, at the bondholders' option, to require the Group to redeem all, but not some only, of the outstanding 2013 Guaranteed Bonds at 101% of their principal amounts, together with accrued interest. If the Group would be obliged to pay additional tax amounts in respect of the 2013 Guaranteed Bonds as a result of any change in, or amendment to, specified tax laws or regulations, all outstanding 2013 Guaranteed Bonds may be redeemed at the Group's option, in whole but not in part, at their principal amounts together with interest accrued up to but excluding the redemption date.

The Group may at its option redeem the 2013 Guaranteed Bonds at any time, in whole but not in part, at a Make Whole Price as of, and accrued and unpaid interest, if any, to (but excluding), the redemption date.

## 29. 借款(續)

### (a) 銀行融資(續)

- (ii) 一間所屬公司之100%股本權益；及
  
- (iii) 本公司所作之公司擔保。

### (b) 擔保債券

- (i) 於二零一三年四月二十六日，本集團發行擔保債券（「二零一三年擔保債券」），本金金額分別為225,000,000美元及125,000,000美元，票面年利率分別為5.50%和6.50%，125,000,000美元的二零一三年擔保債券將於二零二三年四月二十六日到期。本金金額225,000,000美元的二零一三年擔保債券已於二零一八年四月二十六日到期及償還。二零一三年擔保債券乃由本公司擔保，並受惠於本公司最終控股股東中國五礦集團有限公司提供的維好協議。於本公司發生控制權變化觸發之事件後，債券持有人有權按其選擇要求向本集團贖回全部（而非部分）未償還的二零一三年擔保債券之101%本金連同應計利息。倘因特定稅務法律或法規變動或修訂，導致本集團須就二零一三年擔保債券支付額外稅項，全部（完整而非部分）未償還的二零一三年擔保債券可應本集團之選擇被贖回，贖回金額為本金連同直至但不包括贖回日期之累計利息。

本集團可自行選擇在任何時間以整體而不是部分，以整體價格贖回二零一三年擔保債券，及由（但不包括）贖回日期開始計算應計及未付的利息（如有）。

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### 29. BORROWINGS (CONTINUED)

#### (b) Guaranteed bonds (Continued)

- (i) (Continued)  
“Make Whole Price” means with respect to the 2013 Guaranteed Bonds at any redemption date, the greater of (1) the present value of the principal amount of the 2013 Guaranteed Bonds, plus all required remaining scheduled interest payments due on the 2013 Guaranteed Bonds from the optional redemption date to the maturity date (but excluding accrued and unpaid interest to the option redemption date), computed using a discount rate, which the rate per annum equal to the semi-annual equivalent yield in maturity of the comparable treasury issue, plus 0.50 per cent, and (2) the principal amount of the 2013 Guaranteed Bonds.

Early redemption options are regarded as embedded derivatives not closely related to the host debt instrument. The Directors consider that the fair value of the above early redemption options is insignificant on initial recognition and as at 31 December 2019 and 2018.

The effective interest rates of the 2013 Guaranteed Bonds at the end of the reporting period were 6.73% for US\$125,000,000 as at 31 December 2019 and 2018.

- (ii) On 18 September 2018, the Group issued the guaranteed bonds (“2018 Guaranteed Bonds”) with a principal amount of US\$300,000,000 bearing interest at the coupon rate of 6.40% per annum, the 2018 Guaranteed Bonds will be matured on 18 September 2021. The 2018 Guaranteed Bonds were guaranteed by the Company and have the benefit of a keep well deed from China Minmetals Corporation, the ultimate controlling shareholder of the Company. Upon the occurrence of a change of control triggering event, the bondholders will have the right, at the bondholders’ option, to require the Group to redeem all, but not some only, of the outstanding 2018 Guaranteed Bonds at 101% of their principal amounts, together with accrued interest. If the Group would be obliged to pay additional tax amounts in respect of the 2018 Guaranteed Bonds as a result of any change in, or amendment to, specified tax laws or regulations, all outstanding 2018 Guaranteed Bonds may be redeemed at the Group’s option, in whole but not in part, at their principal amounts together with interest accrued up to but excluding the redemption date.

The effective interest rates of the 2018 Guaranteed Bonds were 6.53% as at 31 December 2019 and 2018.

### 29. 借款(續)

#### (b) 擔保債券(續)

- (i) (續)  
「整體價格」是指二零一三年擔保債券於任何贖回日期的以下較高者(1)二零一三年擔保債券的本金現值，再加上已折現的贖回日期至到期日所需餘下利息(但不包括期權贖回日期的應計及未付利息)，使用的折現率為等期的已發行美國國庫券半年年息率的年利率，加上百分之0.50及(2)二零一三年擔保債券的本金。

提早贖回權被視為與主借貸工具並無密切關係的嵌入式衍生工具。董事認為上述提早贖回權於初次確認時及於二零一九年及二零一八年十二月三十一日的公允值並不重大。

於二零一九年及二零一八年十二月三十一日，125,000,000美元之二零一三年擔保債券實際利率為6.73%。

- (ii) 於二零一八年九月十八日，本集團發行擔保債券(「二零一八年擔保債券」)，本金金額為300,000,000美元，票面年利率為6.40%，二零一八年擔保債券將於二零二一年九月十八日到期。二零一八年擔保債券乃由本公司擔保，並受惠於本公司最終控股股東中國五礦集團有限公司提供的維好協議。於本公司發生控制權變化觸發之事件後，債券持有人有權按其選擇要求向本集團贖回全部(而非部分)未償還的二零一八年擔保債券之101%本金連同應計利息。倘因特定稅務法律或法規變動或修訂，導致本集團須就二零一八年擔保債券支付額外稅項，全部(完整而非部分)未償還的二零一八年擔保債券可應本集團之選擇被贖回，贖回金額為本金連同直至但不包括贖回日期之累計利息。

於二零一九年及二零一八年十二月三十一日，擔保債券的實際利率為6.53%。

## 29. BORROWINGS (CONTINUED)

(c) The maturity of the Group's borrowings is as follows:

## 29. 借款(續)

(c) 本集團借款之到期情況如下：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Bank borrowings	銀行借款		
Within one year	一年內	7,081,626	1,015,365
In more than one year but not more than two years	一年至兩年	286,894	8,067,776
In more than two years but not more than five years	兩年至五年	5,908,099	2,661,510
		<u>13,276,619</u>	<u>11,744,651</u>
Guaranteed bonds	擔保債券		
Within one year	一年內	—	—
In more than one year but not more than two years	一年至兩年	2,329,477	—
In more than two years but not more than five years	兩年至五年	966,811	3,309,986
		<u>3,296,288</u>	<u>3,309,986</u>

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### 29. BORROWINGS (CONTINUED)

(d) Bank borrowings totaling HK\$13,220,803,000 (2018: HK\$11,744,651,000) are on floating interest rate basis. The effective interest rates at the end of the reporting period were as follows:

### 29. 借款(續)

(d) 13,220,803,000港元(二零一八年：11,744,651,000港元)之銀行借款按浮動利率計息。於報告期終日之實際利率如下：

		2019 二零一九年		2018 二零一八年	
		HK\$ 港元	RMB 人民幣	HK\$ 港元	RMB 人民幣
Non-current	非流動				
Bank borrowings	銀行借款	<u>4.46%</u>	<u>5.19%</u>	<u>4.21%</u>	<u>5.09%</u>
Current	流動				
Bank borrowings	銀行借款	4.76%	6.80%	3.77%	5.23%
Loans from a non-controlling shareholder of a subsidiary	一家附屬公司一名非控股股東之貸款	—	6.00%	—	—
Loan from a fellow subsidiary	一家同系附屬公司之貸款	—	6.00%	—	—
Other borrowing	其他借款	—	6.00%	—	—

(e) The fair values of borrowings approximate their carrying amounts. The fair values are determined based on discounted cash flows.

(e) 借款之公允值與其賬面值相若。公允值乃按已貼現現金流量釐定。



## 29. BORROWINGS (CONTINUED)

(f) The carrying amounts of the Group's borrowings are denominated in the following currencies:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
HK\$	港元	12,816,183	10,591,671
RMB	人民幣	641,433	1,152,980
US\$	美元	3,296,288	3,309,986
		<u>16,753,904</u>	<u>15,054,637</u>

## 30. DEFERRED TAX

Deferred tax assets  
Deferred tax liabilities

遞延稅項資產  
遞延稅項負債

	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
	639,144	778,610
	<u>(134,818)</u>	<u>(133,288)</u>
	<u>504,326</u>	<u>645,322</u>

## 29. 借款(續)

(f) 本集團借款之賬面值乃以下列貨幣列賬：

## 30. 遞延稅項



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### 30. DEFERRED TAX (CONTINUED)

The movements in deferred tax assets and liabilities during the year are as follows:

#### Deferred tax assets

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Tax losses	稅項虧損		
At beginning of the year	年初	<b>38,002</b>	2,598
Exchange differences	匯兌差額	<b>(624)</b>	(1,382)
Recognised in the profit or loss	於損益確認	<b>(7,247)</b>	36,786
At end of the year	年終	<b>30,131</b>	38,002
Temporary difference on accruals and contract liabilities	應計費用及合約負債之 臨時差額		
At beginning of the year	年初	<b>740,608</b>	1,093,981
Exchange differences	匯兌差額	<b>(14,205)</b>	(38,848)
Recognised in the profit or loss	於損益確認	<b>(117,390)</b>	(314,525)
At end of the year	年終	<b>609,013</b>	740,608

### 30. 遞延稅項 (續)

年內遞延稅項資產及負債的變動如下：

#### 遞延稅項資產

### 30. DEFERRED TAX (CONTINUED) Deferred tax liabilities

### 30. 遞延稅項 (續) 遞延稅項負債

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Fair value gain	公允值收益		
At beginning of the year	年初	1,043	3,037
Exchange differences	匯兌差額	(315)	(1,448)
Recognised in the profit or loss	於損益確認	<u>2,516</u>	<u>(546)</u>
At end of the year	年終	<u>3,244</u>	<u>1,043</u>
Accelerated tax depreciation	加速稅項折舊		
At beginning of the year	年初	18,353	20,082
Recognised in the profit or loss	於損益確認	<u>7,079</u>	<u>(1,729)</u>
At end of the year	年終	<u>25,432</u>	<u>18,353</u>
Undistributed retained earnings	未分派保留盈利		
At beginning of the year	年初	113,892	145,312
Recognised in the profit or loss	於損益確認	<u>(7,750)</u>	<u>(31,420)</u>
At end of the year	年終	<u>106,142</u>	<u>113,892</u>

Deferred tax liabilities of HK\$124,252,000 (2018: HK\$73,488,000) have not been recognised in respect of temporary difference associated with undistributed retained earnings of certain subsidiaries, as the Directors currently intend not to distribute the retained earnings outside Mainland China in the foreseeable future.

Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. Due to the unpredictability of future profit streams, as at 31 December 2019, the Group had unrecognised tax losses in Hong Kong of approximately HK\$919,542,000 (2018: HK\$820,196,000), which can be carried forward against future taxable income and have no expiry date, and unrecognised tax losses in Mainland China of approximately HK\$274,975,000 (2018: HK\$520,425,000) which will expire at various dates up to and including 2024.

遞延稅項負債124,252,000港元(二零一八年：73,488,000港元)並無就若干附屬公司之未分派保留盈利有關的臨時差異作出確認，乃因董事現時並無意於可見未來將保留盈利分派出中國內地境外。

就結轉稅務虧損確認之遞延稅項資產乃以有關稅務利益很有可能透過未來應課稅溢利變現之情況為限。基於未來溢利流的不可預測性，故於二零一九年十二月三十一日，本集團於香港可結轉以抵銷未來應課稅收入之未確認稅務虧損約為919,542,000港元(二零一八年：820,196,000港元)，且並無到期日，而在中國內地產生之未確認稅務虧損約為274,975,000港元(二零一八年：520,425,000港元)，於直至二零二四年(包括該年)止之不同日期到期。

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### 30. DEFERRED TAX (CONTINUED)

#### Deferred tax liabilities (Continued)

At the end of the reporting period, the Group has deductible temporary differences of HK\$186,464,000 (2018: HK\$266,692,000) that have not been recognised as deferred tax assets as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

### 30. 遞延稅項 (續)

#### 遞延稅項負債 (續)

於報告期末，本集團尚未確認為遞延稅項資產的可扣減臨時差額為186,464,000港元(二零一八年：266,692,000港元)，因為不大可能有應課稅溢利可供動用可扣減臨時差異以作抵銷。

### 31. TRADE AND OTHER PAYABLES

### 31. 貿易及其他應付款項

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Trade, bills and contract payables (b)	貿易、票據及合約應付款項(b)	<b>1,234,045</b>	1,986,284
Retention payables	應付保固金	<b>44,635</b>	52,158
Accrued construction costs, other accruals and other payables	應計建築費用、其他應計費用及應付款項	<b>6,904,027</b>	5,471,033
Rental deposits received	已收租金按金	<b>17,288</b>	18,247
Amounts due to a fellow subsidiary (Note 39(b))	應付一家同系附屬公司款項(附註39(b))	<b>1,372,132</b>	2,004,416
Amounts due to non-controlling shareholders of subsidiaries (Note 39(b))	應付附屬公司非控股股東款項(附註39(b))	<b>394,732</b>	184,721
Amounts due to associates (Note 39(b))	應付聯營公司款項(附註39(b))	<b>940,026</b>	965,979
		<b>10,906,885</b>	10,682,838

### 31. TRADE AND OTHER PAYABLES (CONTINUED)

- (a) The carrying amounts of trade and other payables are denominated in the following currencies:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
HK\$	港元	284,082	248,372
RMB	人民幣	10,554,586	10,363,307
US\$	美元	54,110	57,118
MOP	澳門幣	14,107	14,041
		<b>10,906,885</b>	<b>10,682,838</b>

- (b) The aging analysis of trade, bills and contract payables of the Group based on invoice date is as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
0 to 90 days	0至90日	721,419	1,360,582
91 to 180 days	91至180日	120,425	324,248
181 days to 1 year	181日至一年	148,018	152,413
1 year to 2 years	一年至兩年	170,998	68,971
Over 2 years	兩年以上	73,185	80,070
		<b>1,234,045</b>	<b>1,986,284</b>

### 31. 貿易及其他應付款項(續)

- (a) 貿易及其他應付款項之賬面值乃以下列貨幣列賬：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
港元	港元	284,082	248,372
人民幣	人民幣	10,554,586	10,363,307
美元	美元	54,110	57,118
澳門幣	澳門幣	14,107	14,041
		<b>10,906,885</b>	<b>10,682,838</b>

- (b) 本集團貿易、票據及合約應付款項基於發票日期之賬齡分析如下：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
0至90日	0至90日	721,419	1,360,582
91至180日	91至180日	120,425	324,248
181日至一年	181日至一年	148,018	152,413
一年至兩年	一年至兩年	170,998	68,971
兩年以上	兩年以上	73,185	80,070
		<b>1,234,045</b>	<b>1,986,284</b>



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### 32. CONTRACT LIABILITIES

### 32. 合約負債

	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
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Sales of properties	銷售物業	<u>4,553,520</u>	<u>6,119,742</u>
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As at 1 January 2018, contract liabilities amounted to approximately HK\$10,375,641,000.

於二零一八年一月一日，合約負債之金額為約10,375,641,000港元。

The Group receives the considerations in advance from sales of properties to customers. The advance receipts result in contract liabilities being recognised until the customer obtains control of the completed property.

本集團就向客戶銷售物業預收代價。預收款項導致確認合約負債，直至客戶取得已落成物業的控制。

During the year, HK\$5,078,766,000 of revenue recognised relates to brought-forward contract liabilities.

於本年度，已確認收入5,078,766,000港元涉及結轉自前期的合約負債。

### 33. LEASE LIABILITIES

### 33. 租賃負債

	2019 二零一九年 HK\$'000 千港元
Lease liabilities payable	租賃負債
Within one year	一年內
Within a period of more than one year but not more than two years	一年至兩年
Within a period of more than two years but not more than five years	兩年至五年
	<u>16,598</u>
	<u>28,093</u>
	<u>43,649</u>
	<b>88,340</b>
Less: Amount due for settlement with 12 months shown under current liabilities	減：流動負債項下之12個月內 應付之金額
	<u>(16,598)</u>
Amount due for settlement after 12 months shown under non-current liabilities	非流動負債項下之12個月後 應付之金額
	<u>71,742</u>



### 34. PENSION OBLIGATIONS

The Group participates in a defined contribution pension scheme and a Mandatory Provident Fund ("MPF") scheme for the eligible employees in Hong Kong. Before 1 December 2000, a defined contribution pension scheme was provided to certain eligible employees employed by the Group. The Group ceased the contributions since 1 December 2000, upon introduction of the MPF scheme.

Under the MPF scheme, the Company and each of the Hong Kong subsidiaries of the Company make monthly contributions to the MPF at 5% of the employees' cash income as defined under the MPF legislation. Contributions by both the Company/Hong Kong subsidiaries and their employees are subject to a maximum of HK\$1,500 per month per employee and thereafter contributions are voluntary. The Group's contributions to the pension scheme and MPF scheme are expensed as incurred.

As stipulated by rules and regulations in Mainland China, the Group contributes to a state-sponsored retirement plan for its employees in Mainland China as determined by the local government. The Group is required to contribute to the plan at a rate ranging from 7% to 12% of the basic salary of Mainland China employees in addition to contributions by employees at a rate ranging from 7% to 12% of the basic salary as specified by the local government, and the Group has no further obligations for the actual payment of the pensions or post-retirement benefits beyond the annual contributions made.

### 34. 退休金責任

本集團為其香港合資格僱員參與定額供款退休金計劃及強制性公積金（「強積金」）計劃。二零零零年十二月一日之前，本集團為其聘用之若干合資格僱員提供一項定額供款退休金計劃。於引進強積金計劃後，本集團自二零零零年十二月一日起已停止有關供款。

根據強積金計劃，本公司及本公司各香港附屬公司須每月按僱員根據強積金法例定義之現金收入之5%作出強積金供款。本公司／香港附屬公司及其僱員之每月供款上限均為每位僱員1,500港元，超過此金額之額外供款屬自願性質。本集團之退休金計劃及強積金計劃供款於產生時列支。

根據中國內地之法規規定，本集團為其中國內地僱員按當地政府規定向國家資助退休計劃作出供款。除僱員根據地方政府之規定按其基本薪金供款7%至12%外，本集團須按中國內地僱員之7%至12%基本薪金向該計劃供款。除該筆每年供款外，本集團並無其他繳付實際退休金或退休福利之責任。

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### 35. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of profit before tax to cash generated from operations:

### 35. 綜合現金流量表附註

(a) 除稅前溢利與經營業務所產生現金之對賬：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Profit before tax	除稅前溢利	2,260,099	3,463,416
Interest income	利息收入	(221,744)	(189,019)
Interest expense	利息支出	26,739	137,524
Depreciation	折舊	24,764	8,268
Fair value changes on investment properties	投資物業公允值變動	(107,550)	(134,052)
Gain on revaluation of inventories upon transfer to investment properties	存貨轉撥至投資物業後之重估收益	—	(5,623)
Loss on revaluation of property, plant and equipment upon transfer to investment properties	物業、廠房及設備轉撥至投資物業後之重估虧損	3,888	—
Impairment losses (reversed)/recognised under expected credit loss model, net of reversal	預期信貸虧損模型下減值(回撥)/減值虧損，扣除撥回	(3,832)	6,514
Allowance for impairment of inventories	存貨減值撥備	86,472	45,284
Fair value changes of other financial liabilities	其他財務負債之公允值變動	—	609
Share of results of associates	分佔聯營公司業績	3,761	10,531
Share of results of joint ventures	分佔合營公司業績	10,380	3,310
Operating profit before working capital changes	營運資金變動前之經營溢利	2,082,977	3,346,762
Increase in inventories	存貨增加	(703,554)	(1,394,387)
Increase in prepayment, trade and other receivables	預付款項、貿易及其他應收款項增加	(549,359)	(347,652)
Increase in contract assets	合約資產增加	(56,536)	(340,287)
Increase in contract costs	合約成本增加	(2,962)	(12,275)
Increase in trade and other payables	貿易及其他應付款項增加	800,245	2,804,707
Decrease in contract liabilities and deferred revenue	合約負債及遞延收益減少	(1,433,600)	(3,781,172)
Decrease in other financial liabilities	其他財務負債減少	—	(42,569)
Decrease in other liabilities	其他負債減少	(223)	—
Decrease in cash and bank deposits, restricted	受限制現金及銀行存款減少	154,245	393,731
Exchange adjustments	匯兌調整	(119,058)	(44,205)
Cash generated from operations	經營業務所產生現金	172,175	582,653

### 35. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

#### (b) Reconciliation of liabilities arising from financing activities

		1 January 2019 二零一九年 一月一日 HK\$'000 千港元	Financing cash flows (i) 融資 現金流量(i) HK\$'000 千港元	Exchanges adjustments 匯兌調整 HK\$'000 千港元	Non-cash changes 非現金變動		31 December 2019 二零一九年 十二月三十一日 HK\$'000 千港元
					New leases 新增租賃 HK\$'000 千港元	Other changes (ii) 其他變動(ii) HK\$'000 千港元	
Guaranteed bonds	有擔保債券	3,309,986	—	(13,698)	—	—	3,296,288
Bank and other loans	銀行及其他借款	11,744,651	1,733,020	(16,785)	—	(3,270)	13,457,616
Amounts due to a fellow subsidiary	應付一家同系附屬公司款項	1,977,945	(561,955)	(43,858)	—	—	1,372,132
Amounts due to associates	應付聯營公司款項	965,979	(4,818)	(21,135)	—	—	940,026
Amounts due to non-controlling shareholders of subsidiaries	應付附屬公司非控股股東款項	184,721	214,052	(4,041)	—	—	394,732
Lease liabilities	租賃負債	42,933	(5,880)	(2,152)	50,002	3,437	88,340
		<u>18,226,215</u>	<u>1,374,419</u>	<u>(101,669)</u>	<u>50,002</u>	<u>167</u>	<u>19,549,134</u>

		1 January 2018 二零一八年 一月一日 HK\$'000 千港元	Financing cash flows (i) 融資現金流量(i) HK\$'000 千港元	Exchanges adjustments 匯兌調整 HK\$'000 千港元	Non-cash changes 非現金變動		31 December 2018 二零一八年 十二月三十一日 HK\$'000 千港元
					Other changes (ii) 其他變動(ii) HK\$'000 千港元		
Guaranteed bonds	有擔保債券	2,722,770	578,910	8,306	—	—	3,309,986
Bank loans	銀行借款	12,025,445	(302,803)	(5,809)	27,818	—	11,744,651
Amounts due to a fellow subsidiary	應付一家同系附屬公司款項	3,310,162	(1,179,969)	(152,248)	—	—	1,977,945
		<u>18,058,377</u>	<u>(903,862)</u>	<u>(149,751)</u>	<u>27,818</u>		<u>17,032,582</u>

(i) The cash flows from bank loans and other borrowings make up the net amount of proceeds from borrowings and repayments borrowings in the consolidated statement of cash flows.

(i) 來自銀行借款及其他借款之現金流量構成現金流量表中借款所得款項及償還借款之淨額。

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### 35. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

#### (b) Reconciliation of liabilities arising from financing activities (Continued)

- (ii) Other changes include amortisation of front-end fee of interest-bearing bank borrowings and interest on lease liabilities.

### 36. FINANCIAL GUARANTEES

As at 31 December 2019, guarantees given to banks for mortgage facilities granted to certain purchasers of the Group's properties amounted to HK\$2,580,145,000 (2018: HK\$7,538,082,000). Such guarantees will terminate upon the earlier of (i) the issuance of the property ownership certificate which will generally be available within one year after the purchasers take the possession of the relevant properties; or (ii) the repayment of mortgage loans by the purchasers. After taking into account the net realisable value of the related properties and the low default rate, the Directors consider that the fair value of the financial guarantee contracts at initial recognition and subsequently at the end of each reporting period is not significant.

### 37. COMMITMENTS

- (a) The Group had property development related expenditure commitments as follows:

### 35. 綜合現金流量表附註(續)

#### (b) 融資活動所產生負債之對賬(續)

- (ii) 其他變動包括計息銀行借款前端費用之攤銷及租賃負債之利息。

### 36. 財務擔保

於二零一九年十二月三十一日，就授予本集團物業買家之按揭融資而給予銀行之擔保達2,580,145,000港元(二零一八年：7,538,082,000港元)。該等擔保將於下列較早發生者終止：(i)獲發物業所有權證(一般於買家接管相關物業後一年內獲取)；或(ii)買家償付按揭款。考慮到該等物業的變現淨值及低違約比率，董事認為財務擔保在初始確認及後續各報告期末的公允價值並不重大。

### 37. 承擔

- (a) 本集團有物業發展相關的開發開支承擔如下：

	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Contracted but not provided for		
Expenditure in respect of acquisition of land use rights	2,498,928	1,823,363
Expenditure in respect of properties under development	3,610,082	2,540,179
	<b>6,109,010</b>	<b>4,363,542</b>



### 37. COMMITMENTS (CONTINUED)

- (b) The Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

		2018 二零一八年 HK\$'000 千港元
Not later than one year	一年內	12,364
Later than one year but not later than five years	一年後但五年內	<u>46,570</u>
		<u>58,934</u>

- (c) The Group leases out investment properties under operating leases which generally run for initial periods of one to fifteen years. None of the leases includes contingent rentals.

Minimum lease payments receivable on leases are as follows:

		2019 二零一九年 HK\$'000 千港元
Within one year	一年內	<b>80,741</b>
In the second year	第二年	<b>59,873</b>
In the third year	第三年	<b>38,612</b>
In the fourth year	第四年	<b>24,084</b>
In the fifth year	第五年	<b>11,675</b>
After five years	五年後	<u><b>50,908</b></u>
		<u><b>265,893</b></u>

### 37. 承擔(續)

- (b) 本集團根據有關辦公室之不可撤銷營運租賃於未來應付之最低租賃付款總額如下：

- (c) 本集團根據初步為期一至十五年之營運租賃租出投資物業。租約並無包括或然租金。

應付之最低租賃付款總額如下：



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### 37. COMMITMENTS (CONTINUED)

(c) (Continued)

The Group had future aggregate minimum lease receipts under non-cancellable operating leases as follows:

		2018 二零一八年 HK\$'000 千港元
Not later than one year	一年內	84,011
Later than one year but not later than five years	一年後但五年內	137,358
Later than five years	五年後	57,623
		<u>278,992</u>

### 38. FINANCIAL RISK FACTORS AND MANAGEMENT

#### (a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow interest-rate risk, fair value interest-rate risk and equity securities price risk for financial assets at fair value through other comprehensive income), credit risk and liquidity risk. These risks are managed by the Group's financial management policies and practices as described below to minimise potential adverse effects on the Group's financial performance.

### 37. 承擔 (續)

(c) (續)

本集團根據不可撤銷營運租賃於未來應收之最低租金總額如下：

### 38. 財務風險因素及管理

#### (a) 財務風險因素

本集團之營運活動承受各種財務風險：市場風險（包括外匯風險、現金流量利率風險、公允值利率風險以及透過其他全面收益按公允值計量之財務資產之股本證券價格風險）、信貸風險及流動資金風險。本集團透過下述財務管理政策及常規管理此等風險，以盡量減低其對本集團財務表現之潛在不利影響。

## 38. FINANCIAL RISK FACTORS AND MANAGEMENT (CONTINUED)

### (a) Financial risk factors (Continued)

#### (i) Market risk

##### Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. Majority of the subsidiaries of the Group operates in Mainland China, with most of their transactions denominated in RMB, functional currency of the respective group entities. The Group is exposed to foreign exchange risk arising from the exposure of RMB against US\$. It has not hedged its foreign exchange rate risk.

In addition, the conversion of RMB into foreign currencies is subject to the exchange rate, and rules and regulations of foreign exchange control promulgated by the PRC government.

At 31 December 2019, if RMB had weakened/strengthened by 5% against US\$ with all other variables held constant, post-tax profit for the year would have been HK\$2,945,000 (2018: HK\$10,000) higher/lower mainly as a result of foreign exchange gains/losses on translation of assets and liabilities denominated in a currency that is different from the functional currency of the Group's entities.

##### Cash flow interest-rate risk

The Group's cash flow interest-rate risk arises from the fluctuation of the prevailing market interest rate on restricted and unrestricted bank deposits, loans to a non-controlling shareholder of a subsidiary and borrowings issued at variable rates. Other than the concentration of interest rate risk related to the movements in Hong Kong Interbank Offered Rate and the loan interest published by the People's Bank of China, the Group has no significant concentration of interest rate risk.

## 38. 財務風險因素及管理(續)

### (a) 財務風險因素(續)

#### (i) 市場風險

##### 外匯風險

未來商業交易及已確認資產及負債均會產生外匯風險。本集團大多數附屬公司在中國內地營運，大部分交易以人民幣(相關集團實體的功能貨幣)結算。本集團承受之外匯風險來自人民幣兌換美元。本集團並無對沖其外幣匯率風險。

此外，人民幣兌換為外幣須受中國內地政府頒佈之匯率以及外匯管制規則及法規所規限。

於二零一九年十二月三十一日，倘人民幣兌美元貶值/升值5%，而所有其他變數維持不變，則本年度之除稅後溢利應增加/減少2,945,000港元(二零一八年：10,000港元)，此乃主要由於換算以不同於集團實體功能貨幣之貨幣計值之資產所產生之匯兌收益/虧損。

##### 現金流量利率風險

本集團之現金流量利率風險源自受限及非受限銀行存款、貸款予一家附屬公司之一名非控股股東及按浮動利率計息之借款之當前市場利率波動。除與香港銀行同業拆息及中國人民銀行公佈的貸款利率變動有關的集中利率風險外，本集團概無重大集中利率風險。

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### 38. FINANCIAL RISK FACTORS AND MANAGEMENT (CONTINUED)

#### (a) Financial risk factors (Continued)

##### (i) Market risk (Continued)

Cash flow interest-rate risk (Continued)

The Group maintains a close relationship and communicates regularly with its finance providers to explore financing alternatives to monitor and mitigate interest-rate risk. The Group has entered into interest rate swaps to hedge against its exposures to changes in cash flows of its certain interest payments of borrowings (see Note 23).

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. No sensitivity analysis has been presented for bank balances as the Directors consider that the fluctuation in interest rates on bank balances is minimal.

If interest rates on HK dollar-denominated borrowings had been 100 basis points higher/lower with all other variables held constant, (i) post-tax profit for the year ended 31 December 2019 would have been Nil (2018: HK\$668,000) lower/higher in respect of the finance cost charged to the profit or loss; and (ii) properties under development would have increased/decreased by approximately HK\$107,490,000 (2018: HK\$88,220,000) for finance cost capitalised into properties under development.

If interest rates on RMB-denominated borrowings had been 100 basis points higher/lower with all other variables held constant, (i) post-tax profit for the year ended 31 December 2019 would have been HK\$883,000 (2018: HK\$941,000) lower/higher in respect of the finance cost charged to the profit or loss; and (ii) properties under development would have increased/decreased by approximately HK\$2,152,000 (2018: HK\$7,707,000) for finance cost capitalised into properties under development.

### 38. 財務風險因素及管理(續)

#### (a) 財務風險因素(續)

##### (i) 市場風險(續)

現金流量利率風險(續)

本集團與其融資提供者保持密切關係並經常溝通，開拓融資方案，以監控及減輕利率風險。本集團已訂立利率掉期以對沖其若干借款的利息付款現金流變動之風險(見附註23)。

以下敏感性分析是基於報告期末非衍生工具的利率風險釐定。董事認為由於銀行結餘利率的波動輕微，因此，並無對銀行結餘呈列敏感性分析。

倘以港元計值之借款之利率上調/下調100基點，而所有其他變數維持不變，則(i)截至二零一九年十二月三十一日止年度有關計入損益內之財務成本之除稅後溢利應減少/增加零元(二零一八年：668,000港元)；及(ii)發展中物業應增加/減少約107,490,000港元(二零一八年：88,220,000港元)並作為財務成本以資本化方式撥入發展中物業。

倘以人民幣計值之借款之利率上調/下調100基點，而所有其他變數維持不變，則(i)截至二零一九年十二月三十一日止年度有關計入損益內之財務成本之除稅後溢利應減少/增加883,000港元(二零一八年：941,000港元)；及(ii)發展中物業應增加/減少約2,152,000港元(二零一八年：7,707,000港元)並作為財務成本以資本化方式撥入發展中物業。



## 38. FINANCIAL RISK FACTORS AND MANAGEMENT (CONTINUED)

### (a) Financial risk factors (Continued)

#### (i) Market risk (Continued)

Cash flow interest-rate risk (Continued)

If interest rates on loans to a non-controlling shareholder of a subsidiary had been 100 basis points higher/lower and all other variables were held constant, the Group's post-tax profit would have increased/decreased by approximately HK\$20,910,000 (2018: HK\$22,133,000) for the year ended 31 December 2019.

Fair value interest-rate risk

The Group's fair value interest rate risk relates primarily to the guaranteed bonds issued at fixed rate.

The Directors consider that the carrying amounts of the financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate their respective fair values at the end of each reporting period.

Equity securities price risk

The Group is exposed to equity securities price risk because of investments held by the Group and carried at fair value on the consolidated statement of financial position. The Group's equity securities price risk is concentrated on equity instruments operating in property development industry sector quoted in the Stock Exchange. The Group will consider hedging the risk exposure should the need arise.

If the market value of the equity securities held by the Group increased or decreased by 10% and all other variables were held constant, the Group's equity would increase or decrease by approximately HK\$139,895,000 (2018: HK\$81,125,000) as at 31 December 2019.

## 38. 財務風險因素及管理(續)

### (a) 財務風險因素(續)

#### (i) 市場風險(續)

現金流量利率風險(續)

倘利率上升/下降100個基點(就貸款予一家附屬公司之一名非控股股東而言)，而所有其他變數維持不變，則本集團截至二零一九年十二月三十一日止年度的除稅後溢利將增加/減少約20,910,000港元(二零一八年：22,133,000港元)。

公允值利率風險

本集團的公允值利率風險主要與其按固定利率計息之擔保債券有關。

董事認為於綜合財務狀況表內按攤銷成本入賬的財務資產及財務負債之賬面值與其各自於各報告期末的公允值相若。

股本證券價格風險

本集團因其所持有於綜合財務狀況表按公允值列賬的投資而承受股本證券價格風險。本集團之股本證券價格風險集中於在聯交所掛牌買賣在物業發展行業運作的股本工具。本集團將在有需要時考慮對沖風險。

倘本集團持有之股本證券市值增加或減少10%，而所有其他變數維持不變，則於二零一九年十二月三十一日，本集團之權益會增加或減少約139,895,000港元(二零一八年：81,125,000港元)。

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### 38. FINANCIAL RISK FACTORS AND MANAGEMENT (CONTINUED)

#### (a) Financial risk factors (Continued)

##### (ii) Credit risk and impairment assessment

The Group's credit risk primarily arises from deposits with banks, trade and other receivables, contract assets and guarantees provided in respect of mortgage facilities (Note 36).

The credit risk on deposits with banks is limited because the counterparties are banks with sound credit ratings assigned by credit-rating agencies.

In respect of trade and other receivables and contract assets, individual credit evaluations are performed for those debtors with impaired credit or related parties. These evaluations focus on the customer's financial position, past history of making payments and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. For the rest which consist of a number of customers with common risk characteristics, the Group uses aging to assess the impairment. Normally, the Group does not obtain collateral from customers. Monitoring procedures have been implemented to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade and other receivables at the end of the reporting period to ensure adequate provision for impairment losses are made for irrecoverable amounts.

### 38. 財務風險因素及管理(續)

#### (a) 財務風險因素(續)

##### (ii) 信貸風險及減值評估

本集團之信貸風險主要來自銀行存款、貿易及其他應收款項、合約資產以及就按揭信貸提供之擔保(附註36)。

有關銀行存款之信貸風險非常有限，原因是交易方均為由信貸評級機構授予優良信貸評級之銀行。

就貿易及其他應收款項及合約資產而言，需要對信貸出現減值之應收款項或關聯方進行個別信貸評估。該等評估專注於客戶之財務狀況、過往還款記錄，並考慮客戶之特定資料以及與客戶經營業務相關之經濟環境。對於剩餘部份(包含眾多擁有相同風險特徵的客戶)，集團以賬齡評估有關之減值。一般而言，本集團不會向客戶取得任何抵押品。本集團已實施監控程序，確保採取跟進行動收回逾期債務。此外，本集團於報告期終日審閱各個別貿易及其他應收款項之可收回金額，以確保對不可收回金額作出足夠減值虧損撥備。



### 38. FINANCIAL RISK FACTORS AND MANAGEMENT (CONTINUED)

#### (a) Financial risk factors (Continued)

##### (ii) Credit risk and impairment assessment (Continued)

The following table provides information about the exposure to credit risk for trade receivables which are assessed based on provision matrix as at 31 December 2019 and 2018 within lifetime ECL (not credit impaired). Debtors with impaired credit or related parties with gross carrying amounts of HK\$348,710,000 as at 31 December 2019 (2018: HK\$432,972,000) were assessed individually.

Gross carrying amount

		2019 二零一九年		2018 二零一八年	
		Average loss rate	Trade receivables	Average loss rate	Trade receivables
		平均損失率	貿易應收 款項	平均損失率	貿易應收 款項
			HK\$'000 千港元		HK\$'000 千港元
Current (not past due)	即期(未逾期)	0.00%	104,204	0.00%	43,471
1 to 90 days past due	逾期1至90日	0.00%	3,508	0.00%	10,445
91 days to 1 year past due	逾期91日至1年	5.00%	389	5.00%	6,809
1 year to 2 years past due	逾期1年至2年	10.00%	3,351	10.00%	4,864
Over 2 years past due	逾期超過2年	46.00%	1,710	32.00%	1,675
			<b>113,162</b>		<b>67,264</b>

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The estimated loss rates for trade receivables with over 2 years past due range from 30% to 100% with the average loss rate of 46%. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

### 38. 財務風險因素及管理(續)

#### (a) 財務風險因素(續)

##### (ii) 信貸風險及減值評估(續)

下表提供有關於全期預期信貸虧損(沒有出現信貸減值)內貿易應收款項(於二零一九及二零一八年十二月三十一日按撥備矩陣評估)信用風險之資料。對於二零一九年十二月三十一日賬面總額為348,710,000港元(二零一八年: 432,972,000港元)的信貸出現減值之應收款項或關聯方單獨進行評估。

賬面總值

估計損失率乃根據債務人於預期年期的過往觀察所得的違約率估計，並按毋須不必要成本及努力即可獲得的前瞻性資料作出調整。逾期超過2年的貿易應收款項的估計損失率介乎30%至100%，平均損失率為46%。管理層會定期審閱該分項，以確保更新關於特定債務人的相關資料。

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### 38. FINANCIAL RISK FACTORS AND MANAGEMENT (CONTINUED)

#### (a) Financial risk factors (Continued)

##### (ii) Credit risk and impairment assessment (Continued)

During the year ended 31 December 2019, the Group reversed, net of provision, HK\$204,000 (2018: provided HK\$735,000) and HK\$121,000 (2018: provided HK\$1,081,000) impairment allowance for trade receivables and contract assets respectively, based on the provision matrix. Net reversal of impairment allowance of HK\$3,507,000 (2018: impairment allowance HK\$4,698,000) were made on debtors with impaired credit due to the collection of the debtors.

The credit risk on other receivables is limited because most of the counterparties are related parties with sound credit.

The Group has arranged bank financing for certain purchasers of property units and provided guarantees to secure obligations of such purchasers for repayments. If a purchaser defaults on the payment of its mortgage during the term of the guarantee, the Group is able to retain the property sales proceeds received from the purchasers and sell the property to recover any amounts paid by the Group to the bank. The management considers the credit risk exposure to financial guarantees provided to property purchasers is limited because the facilities are secured by the properties and the market price of the properties is higher than the guaranteed amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

The Group has concentration of credit risk on loans to a non-controlling shareholder of a subsidiary, but the exposure is considered limited as the counterparties are at a good financial position.

### 38. 財務風險因素及管理(續)

#### (a) 財務風險因素(續)

##### (ii) 信貸風險及減值評估(續)

於截至二零一九年十二月三十一日止年度，本集團根據撥備矩陣分別就貿易應收款項及合約資產回撥減值(扣除撥備)204,000港元(二零一八年：撥備735,000港元)及121,000港元(二零一八年：撥備1,081,000港元)。對出現信貸減值之債務人回撥減值撥備淨值3,507,000港元(二零一八年：撥備4,698,000港元)。

有關其他應收款項之信貸風險非常有限，原因是交易方均為優良信貸之交易方。

本集團已為若干物業單位之買家安排銀行融資，並對買家之償還義務提供擔保。倘買家在擔保期間拖欠按揭付款，則本集團可保留自客戶收取之物業銷售所得款項，並將物業出售以抵償本集團應付予銀行之金額。管理層認為向置業者提供的財務擔保的信貸風險有限，因為有關融資乃由物業擔保，且有關物業的市價高於擔保金額。就此董事認為本集團的信貸風險已大大減少。

本集團就貸款予一家附屬公司之一名非控股股東承擔集中信貸風險，惟認為風險有限，因為交易方的財務狀況良好。

## 38. FINANCIAL RISK FACTORS AND MANAGEMENT (CONTINUED)

### (a) Financial risk factors (Continued)

#### (ii) Credit risk and impairment assessment (Continued)

The Group has no significant concentration of credit risk on trade and other receivables and contract assets, with exposure spread over a number of customers.

The Group has concentration of credit risk on liquid funds which are deposited with several banks, which are mainly State-owned banks and with high credit ratings in Mainland China and Hong Kong.

#### (iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of credit facilities. Management aims to maintain flexibility in funding by keeping credit lines available. Management monitors the rolling forecasts of the Group's liquidity reserve (comprising undrawn borrowing facilities (Note 29(a)) and cash and bank balances (Note 25) on the basis of expected cash flow.

The table below analyses the Group's financial liabilities at amortised cost into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows (including both principal and interest). To the extent that interest flows are at variable-rate, the undiscounted amount is derived from interest rate at the end of each reporting period.

## 38. 財務風險因素及管理(續)

### (a) 財務風險因素(續)

#### (ii) 信貸風險及減值評估(續)

本集團並無就貿易及其他應收款項及合約資產承擔重大信貸集中風險，因為有關風險分散於多名客戶。

本集團就存放於若干銀行(主要為國有銀行及於中國內地及香港信貸評級高的銀行)的流動資金承擔信貸集中風險。

#### (iii) 流動資金風險

審慎之流動資金風險管理指維持充裕現金，以及透過足夠信貸融資維持備用資金。管理層致力透過可用信貸額度維持資金之靈活彈性。管理層按預期現金流量監控本集團之流動資金儲備之滾存預測(包括未提取之借款額度(附註29(a))以及現金及銀行結餘(附註25)。

下表顯示本集團按攤銷成本入賬之財務負債，按照由報告期終日至合約到期日剩餘之相關到期組別分析。下表所披露金額為合約未貼現現金流量(包括本金及利息)。倘利息流為浮息，則未貼現金額乃按各報告期末之利率得出。



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### 38. FINANCIAL RISK FACTORS AND MANAGEMENT (CONTINUED)

#### (a) Financial risk factors (Continued)

##### (iii) Liquidity risk (Continued)

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual net cash (inflows) and outflows on derivative instruments that settle on a net basis. When the amount payable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of the reporting period. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual maturities as the management consider that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

	Weighted average interest rate 加權平均實際利率	Within	Between 1	Between 2	Over	Total	Carrying amount 賬面值
		1 year 一年內	and 2 years 一至兩年	and 5 years 兩至五年	5 years 五年以上	undiscounted cash flows 未貼現現金流量總額	
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
<b>As at 31 December 2019</b>							
Non-derivative financial liabilities 非衍生財務負債							
Borrowings 借款	5.02%	7,940,657	3,057,757	7,207,822	—	18,206,236	16,753,904
Trade and other payables 貿易及其他應付款項		6,147,791	—	—	—	6,147,791	6,147,791
Amounts due to a fellow subsidiary 應付一家同系附屬公司款項		1,372,132	—	—	—	1,372,132	1,372,132
Amounts due to non-controlling shareholders of subsidiaries 應付附屬公司非控股股東款項		394,732	—	—	—	394,732	394,732
Amounts due to associates 應付聯營公司款項		940,026	—	—	—	940,026	940,026
Financial guarantee contracts 財務擔保合約		2,580,145	—	—	—	2,580,145	—
		<b>19,375,483</b>	<b>3,057,757</b>	<b>7,207,822</b>	<b>—</b>	<b>29,641,062</b>	<b>25,608,585</b>
Derivatives — net settlement 衍生工具 — 淨結算							
Interest rate swaps 利率掉期		(12,449)	9,850	9,213	—	6,614	5,942

### 38. 財務風險因素及管理 (續)

#### (a) 財務風險因素 (續)

##### (iii) 流動資金風險 (續)

此外，下表詳述本集團就其衍生財務工具之流動性分析。該表乃根據以淨額基準結算的衍生工具未折現合約現金(流入)及流出淨額計算。如未確定應付金額，則披露金額會參考報告期末現有之收益曲線所顯示預期利率釐定。由於管理層認為合約期限對理解衍生工具現金流量之時間性而言屬必須，因此本集團之衍生財務工具之流動性分析乃根據合約期限編製。

### 38. FINANCIAL RISK FACTORS AND MANAGEMENT (CONTINUED)

#### (a) Financial risk factors (Continued) (iii) Liquidity risk (Continued)

		Weighted average interest rate 加權平均 實際利率	Within	Between 1	Between 2	Over	Total	Carrying amount 賬面值 HK\$'000 千港元
			1 year 一年內 HK\$'000 千港元	and 2 years 一至兩年 HK\$'000 千港元	and 5 years 兩至五年 HK\$'000 千港元	5 years 五年以上 HK\$'000 千港元	undiscounted cash flows 未貼現現金 流量總額 HK\$'000 千港元	
<b>As at 31 December 2018</b>	<b>於二零一八年 十二月三十一日</b>							
Non-derivative financial liabilities	非衍生財務負債							
Borrowings	借款	4.75%	1,722,375	8,604,451	6,471,035	—	16,797,861	15,054,637
Trade and other payables	貿易及其他應付款項		5,713,407	—	—	—	5,713,407	5,713,407
Amounts due to a fellow subsidiary	應付一家同系附屬公司 款項		2,004,416	—	—	—	2,004,416	2,004,416
Amounts due to non-controlling shareholders of subsidiaries	應付附屬公司非控股 股東款項		184,721	—	—	—	184,721	184,721
Amounts due to associates	應付聯營公司款項		965,979	—	—	—	965,979	965,979
Financial guarantee contracts	財務擔保合約		7,538,082	—	—	—	7,538,082	—
			<u>18,128,980</u>	<u>8,604,451</u>	<u>6,471,035</u>	<u>—</u>	<u>33,204,466</u>	<u>23,923,160</u>
Derivatives — net settlement	衍生工具 — 淨結算							
Interest rate swaps	利率掉期		(30,937)	(11,359)	12,698	—	(29,598)	30,091

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

上述財務擔保合同之金額為於擔保交易方案回有關款項時，本集團根據安排可能須就全部擔保金額償付的最高金額。根據報告期末的預期，本集團認為，毋須根據安排支付款項的可能性很大。然而，因持有已擔保財務應收款項的交易方遭受信貸損失而可能按擔保條款追討，有關估計或會改變。

### 38. 財務風險因素及管理 (續)

#### (a) 財務風險因素 (續) (iii) 流動資金風險 (續)



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### 38. FINANCIAL RISK FACTORS AND MANAGEMENT (CONTINUED)

#### (a) Financial risk factors (Continued)

##### (iii) Liquidity risk (Continued)

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

#### (b) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The total equity and borrowings of the Group represents the capital structure of the Group. In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated statement of financial position) less cash and bank deposits.

### 38. 財務風險因素及管理 (續)

#### (a) 財務風險因素 (續)

##### (iii) 流動資金風險 (續)

若可變利率的變化與於報告期末釐定的利率估計不同，則上述非衍生財務負債可變利率工具的金額將會變化。

#### (b) 資本風險管理

本集團管理資本之目標乃保障本集團持續經營之能力，藉此為股東帶來回報及使其他股權持有人受益，以及維持最理想之資本結構，以減低資金成本。

本集團之權益及借款總額反映本集團之資本結構。為維持或調整資本架構，本集團或會發行新股份或出售資產以減少債務。

與其他同業一致，本集團以負債比率作為監控資本之基準。該比率按債務淨值除以權益總額計算。債務淨值按借款總額(包括綜合財務狀況表中所呈列流動及非流動借款)減現金及銀行存款計算。

### 38. FINANCIAL RISK FACTORS AND MANAGEMENT (CONTINUED)

#### (b) Capital risk management (Continued)

The gearing ratios as at 31 December 2019 and 2018 are as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Total borrowings	借款總額	<b>16,753,904</b>	15,054,637
Less: Cash and bank deposits	減：現金及銀行存款	<b>(3,892,800)</b>	(3,809,129)
Net debt	債務淨額	<b>12,861,104</b>	11,245,508
Total equity	權益總額	<b>16,266,718</b>	14,810,451
Gearing ratio	負債比率	<b>79%</b>	76%

#### (c) Fair value estimation

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost approximate their fair values. The fair values are estimated using generally accepted pricing models based on discounted cash flows.

The financial assets at fair value through other comprehensive income represent equity securities listed in Hong Kong. As at 31 December 2019, equity securities amounting to HK\$1,398,952,000(2018: HK\$811,254,000) are measured at fair value and based on quoted market prices of an active market (Level 1) at the end of the reporting period.

### 38. 財務風險因素及管理(續)

#### (b) 資本風險管理(續)

於二零一九年及二零一八年十二月三十一日之負債比率如下：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Total borrowings	借款總額	<b>16,753,904</b>	15,054,637
Less: Cash and bank deposits	減：現金及銀行存款	<b>(3,892,800)</b>	(3,809,129)
Net debt	債務淨額	<b>12,861,104</b>	11,245,508
Total equity	權益總額	<b>16,266,718</b>	14,810,451
Gearing ratio	負債比率	<b>79%</b>	76%

#### (c) 公允值估計

董事認為按攤銷成本計量的財務資產及財務負債的賬面值與其公允值相若。公允值乃使用公認定價模型根據貼現現金流估計。

透過其他全面收益按公允值計量之財務資產主要包括於香港上市之股本證券。於二零一九年十二月三十一日，股本證券1,398,952,000港元(二零一八年：811,254,000港元)乃以公允值按報告期終日活躍市場(第一層)之市場報價計算。

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### 38. FINANCIAL RISK FACTORS AND MANAGEMENT (CONTINUED)

#### (c) Fair value estimation (Continued)

Other financial assets and liabilities represent interest rate swap contracts designated as highly effective hedging instruments in order to manage the Group's interest rate exposure in relation to the bank borrowings on a floating interest rate basis. As at 31 December 2019, fair value of other financial assets and liabilities amounting to HK\$19,771,000 (2018: HK\$30,091,000) and HK\$25,713,000 (2018: Nil) are measured at the present value of future cash flows estimated based on the applicable yield curves derived from quoted interest rates at the end of the reporting period and contracted interest rate discounted at a rate that reflects the credit risk of various counterparties and categorised in Level 2.

### 39. RELATED PARTY TRANSACTIONS

The Group itself is part of a larger group of companies under China Minmetals Corporation ("China Minmetals"), which is controlled by the PRC government. Apart from the transactions with the parent company and its subsidiaries which have been disclosed in other notes to the consolidated financial statements, the Group also conducts businesses with entities directly or indirectly owned or controlled, jointly controlled or significantly influenced by the PRC government ("government-related entities") in the ordinary course of business. The Directors consider those entities other than the China Minmetals and its subsidiaries are independent third parties as far as the Group's business transactions with them are concerned. Apart from the transactions in below (a), the Group also conducts business with other government-related entities. In establishing its pricing strategies and approval process for transactions with other government related entities, the Group does not differentiate whether the counter-party is a government-related entity or not. The Group is of the opinion that it has provided, in the best of its knowledge, adequate and appropriate disclosure of related party transactions in the consolidated financial statements.

The Group has entered into various transactions, including sales, purchases, borrowings and other operating expenses with other government-related entities during the year in which the Directors are of the opinion that it is impracticable to ascertain the identity of the counterparties and accordingly whether the counterparties are government-related entities.

### 38. 財務風險因素及管理(續)

#### (c) 公允值估計(續)

其他財務資產及負債為指定為高度有效對沖工具的利率掉期合約，其目的是管理本集團浮動利率銀行借款之利率風險。於二零一九年十二月三十一日，其他財務資產及負債之公允值分別為19,771,000港元(二零一八年：30,091,000港元)及25,713,000港元(二零一八年：無)，其乃按基於適用收益率曲線(自報告期末的所報利率得出)及按可反映多名交易方信貸風險的折現率折現的合約利率(分類為第二層)得出的未來現金流估計現值計算。

### 39. 關聯方交易

本集團本身乃為中國五礦集團有限公司(「中國五礦」)(該公司由中國政府控制)旗下一大型集團公司的組成部分。除綜合財務報表其他附註所披露的與母公司及其附屬公司進行的交易外，本集團亦於正常業務過程中與中國政府直接或間接擁有或控制、共同控制或受重大影響的實體(「政府相關企業」)進行業務往來。董事認為，就本集團與該等實體進行的業務交易而言，該等實體(除中國五礦及其附屬公司外)均為獨立第三方。除下文(a)之交易外，本集團亦與其他政府相關企業進行業務。本集團於與其他政府相關企業建立交易定價戰略及審批過程中並無分辨對方是否為政府相關企業。本集團認為，據其所深知，已於綜合財務報表內就關連方交易作出充足適當的披露。

本集團已於期間內與其他政府相關企業訂立多項交易(包括銷售、購買、借款及其他經營費用)，而董事認為，確定對方的身份及該等交易是否為與其他政府相關企業進行乃不切實際。



### 39. RELATED PARTY TRANSACTIONS

#### (CONTINUED)

Other than disclosed elsewhere in the consolidated financial statements, the Group had the following material transactions and balances with related parties, which were carried out in the ordinary and normal course of business of the Group:

#### (a) Transactions with related parties

### 39. 關聯方交易 (續)

除綜合財務報表其他地方所披露者外，本集團與關聯方於本集團日常及一般業務中進行之重大交易及結餘如下：

#### (a) 與關聯方之交易

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Construction costs to fellow subsidiaries for real estate development projects (note (ii))	給予同系附屬公司有關房地產發展項目之建築成本 (附註 (ii))	1,195,094	1,668,055
Management fee income from fellow subsidiaries (note (iii))	向同系附屬公司收取管理費收入 (附註 (iii))	11,337	15,919
Rental and management fee income from fellow subsidiaries (note (iv))	向同系附屬公司收取租金及管理費收入 (附註 (iv))	10,650	8,137
Rental expense to a fellow subsidiary (note (v))	給予一家同系附屬公司之租金支出 (附註 (v))	—	3,235
Expenses relating to short-term leases to a fellow subsidiary (note (v))	給予一家同系附屬公司之短期租賃支出 (附註 (v))	2,880	—
Interest expenses on lease liabilities with a fellow subsidiary (note (v))	向一家同系附屬公司支付之租賃負債利息 (附註 (v))	127	—
Management fee income from an intermediate holding company and ultimate holding company (note (vi))	收取一家居間控股公司及最終控股公司之管理費收入 (附註 (vi))	—	7,399
Loan interest expenses to fellow subsidiaries (note (vii))	向同系附屬公司支付之貸款利息支出 (附註 (vii))	15,358	114,380
Loan interest expenses to a non-controlling shareholder of a subsidiary (note (vii))	向一家附屬公司之一名非控股股東支付之貸款利息支出 (附註 (vii))	28,066	—
Interest income from a non-controlling shareholder of a subsidiary (note (x))	收取一家附屬公司之一名非控股股東之貸款利息收入 (附註 (x))	132,234	153,354
Interest income from a fellow subsidiary (note (xii))	收取一家同系附屬公司之利息收入 (附註 (xii))	30,175	6,443
Interest income from an associate (note (xiii))	收取一家聯營公司之利息收入 (附註 (xiii))	27,284	—
Interest income from a joint venture (note (xiii))	收取一家合營公司之利息收入 (附註 (xiii))	13,963	—
Property management expenses to a fellow subsidiary (note (xvi))	給予一家同系附屬公司之物業管理服務支出 (附註 (xvi))	13,264	—

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### 39. RELATED PARTY TRANSACTIONS

(CONTINUED)

#### (b) Balances with related parties

### 39. 關聯方交易 (續)

#### (b) 與關聯方之結餘

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Specialised construction costs payable to a fellow subsidiary (note (i))	應付一家同系附屬公司之專業建築成本 (附註 (i))	39,316	49,326
Contract payable to fellow subsidiaries for real estate development projects (note (ii))	應付同系附屬公司之房地產發展項目合約款項 (附註 (ii))	253,987	86,649
Management fee receivable from fellow subsidiaries (note (iii))	應收同系附屬公司之管理費收入 (附註 (iii))	9,489	—
Lease liabilities with a fellow subsidiary (note (v))	有關一家同系附屬公司之租賃負債 (附註 (v))	10,067	—
Amounts due to a fellow subsidiary (note (viii))	應付一家同系附屬公司款項 (附註 (viii))	1,372,132	2,004,416
Amounts due to non-controlling shareholders of subsidiaries (note (ix))	應付附屬公司非控股股東款項 (附註 (ix))	394,732	184,721
Amounts due to associates (note (ix))	應付聯營公司款項 (附註 (ix))	940,026	965,979
Loans to a non-controlling shareholder of a subsidiary (note (x))	貸款予一家附屬公司之一名非控股股東 (附註 (x))	2,787,988	2,951,037
Amount due from an associate (note (xi))	應收一家聯營公司款項 (附註 (xi))	58,010	837,513
Amounts due from joint ventures (note (xi))	應收合資公司款項 (附註 (xi))	4,122,198	4,616,224
Current deposits placed in a fellow subsidiary (note (xii))	存置於一家同系附屬公司之活期存款 (附註 (xii))	1,362,320	1,114,720
Loans to an associate (note (xiii))	貸款予一家聯營公司 (附註 (xiii))	781,425	—
Loan to a joint venture (note (xiii))	貸款予一家合營公司 ((附註 (xiii))	116,770	—
Loans from a non-controlling shareholder of a subsidiary (note (xiv))	來自一家附屬公司一名非控股股東之貸款 (附註 (xiv))	114,995	—
Loan from a fellow subsidiary (note (xv))	來自一家同系附屬公司之貸款 (附註 (xv))	39,071	—
Perpetual loan with a fellow subsidiary (Note 28(a))	來自一家同系附屬公司之永久貸款 (附註 28(a))	<b>2,234,464</b>	<b>2,285,029</b>



## 39. RELATED PARTY TRANSACTIONS

(CONTINUED)

### (b) Balances with related parties (Continued)

Notes:

- (i) Specialised construction costs to a fellow subsidiary of the Company were based on terms mutually agreed by both parties.
- (ii) Construction costs to fellow subsidiaries for real estate development projects were based on terms mutually agreed by both parties.
- (iii) Management fee income and receivables from fellow subsidiaries of the Company was based on the terms in the agreements entered into between the parties involved.
- (iv) Rental and management fee income received from fellow subsidiaries of the Company were based on the terms in the agreements entered into between the parties involved.
- (v) During the year, the Group entered into a new lease agreement for the use of the office with a fellow subsidiary for three years. The Group has recognised an addition of right-of-use asset and lease liability of HK\$11,109,000 and HK\$11,109,000 respectively upon the lease commencement date.
- (vi) Management fee income from an intermediate holding company and ultimate holding company were based on the terms in the agreements entered into between the parties involved.
- (vii) Loan interest expenses to fellow subsidiaries and a non-controlling shareholder of a subsidiary were based on terms in the agreements entered into between both parties.
- (viii) The amounts due to a fellow subsidiary are unsecured, interest free and repayable on demand.
- (ix) The amounts due to non-controlling shareholders of subsidiaries and associates are unsecured, interest free and repayable on demand.
- (x) The loans to a non-controlling shareholder of a subsidiary is unsecured, bearing interest at the benchmark interest rate for a one-year loan quoted by the People's Bank of China per annum and repayable on demand.
- (xi) The amounts due from an associate and joint ventures are unsecured, interest free and repayable on demand.

## 39. 關聯方交易 (續)

### (b) 與關聯方之結餘 (續)

附註：

- (i) 給予本公司一家同系附屬公司之專業建築成本乃基於雙方共同協定之條款釐定。
- (ii) 就房地產發展項目給予同系附屬公司之建築成本乃按雙方共同協定之條款釐定。
- (iii) 應收本公司同系附屬公司之管理費收入乃根據有關訂約方所訂立多項協議之條款釐定。
- (iv) 向本公司同系附屬公司收取租金及管理費收入乃根據有關訂約方所訂立多項協議之條款釐定。
- (v) 年內，本集團與一家同系附屬公司簽署了為期三年之辦公室租賃協議，本集團於租賃開始日，分別確認了11,109,000港元及11,109,000港元之使用權資產及租賃負債。
- (vi) 向本公司一家居間控股公司及最終控股公司收取管理費收入乃根據有關訂約方所訂立多項協議之條款釐定。
- (vii) 向同系附屬公司及一家附屬公司非控股股東支付之貸款利息支出乃根據有關訂約方所訂立多項協議之條款釐定。
- (viii) 應付一家同系附屬公司款項為無抵押、免息及須應要求償還。
- (ix) 應付附屬公司非控股股東及聯營公司之款項乃無抵押、免息及須應要求償還。
- (x) 一家附屬公司之一名非控股股東之貸款為無抵押，須按中國人民銀行公佈之一年期貸款之基準年利率計息及須應要求償還。
- (xi) 應收一家聯營公司及合資公司之款項乃無抵押、免息及須應要求償還。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

### 39. RELATED PARTY TRANSACTIONS

(CONTINUED)

#### (b) Balances with related parties (Continued)

Notes: (Continued)

- (xii) The interest rate of the current deposits placed in a fellow subsidiary ranges from 0.46% to 1.50% per annum.
- (xiii) The interest rates of the loans to an associate and a joint venture were 7.0% and 6.0% per annum, respectively. The loans are unsecured and repayable on demand.
- (xiv) The loans from a non-controlling shareholder of a subsidiary are unsecured, bearing interest at 6.0% per annum and repayable on demand.
- (xv) The loan from a fellow subsidiary is unsecured, bearing interest at 6.0% per annum and repayable within one year.
- (xvi) The property management expenses to a fellow subsidiary were based on the terms in the agreements entered into between the parties involved.

#### (c) Key management compensation

### 39. 關聯方交易 (續)

#### (b) 與關聯方之結餘 (續)

附註：(續)

- (xii) 存置於一家同系附屬公司之活期存款按實際年利率0.46%至1.50%計息。
- (xiii) 貸款予一家聯營公司及合資公司之年利率分別為7.0%及6.0%，貸款為無抵押及須應要求償還。
- (xiv) 來自一家附屬公司之一名非控股股東之貸款為無抵押，年利率為6.0%及須應要求償還。
- (xv) 來自一家同系附屬公司之貸款為無抵押，年利率為6.0%及須於一年內償還。
- (xvi) 向一家同系附屬公司支付之物業管理服務支出乃根據有關訂約方所訂立多項協議之條款釐定。

#### (c) 主要管理人員之薪酬

	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Salaries and short-term employee benefits	10,757	14,574
Pension costs — defined contribution plans	282	396
	<b>11,039</b>	<b>14,970</b>

## 40. PARTICULARS OF PRINCIPAL SUBSIDIARIES

(a) List of principal subsidiaries as at 31 December 2019:

## 40. 主要附屬公司詳情

(a) 於二零一九年十二月三十一日，  
主要附屬公司列表：

Name of subsidiary 附屬公司名稱	Place of incorporation/ operation 註冊成立/ 營業地點	Particulars of issued share capital/ paid up capital (note (i)) 已發行股本/繳足股本 詳情(附註(i))	Percentage of equity interest 股本權益百分比				Principal activity 主要業務
			2019 二零一九年		2018 二零一八年		
			Directly held by the Company 直接由 本公司持有	Indirectly held by the Company 間接由 本公司持有	Directly held by the Company 直接由 本公司持有	Indirectly held by the Company 間接由 本公司持有	
北京萬湖房地產開發有限公司 (Beijing Wanhu Property Development Co., Ltd.) ("Beijing Wanhu") (notes (iii))	Mainland China	RMB2,338,120,000	—	51	—	51	Real estate development
北京萬湖房地產開發有限公司 (「北京萬湖」)(附註(iii))	中國內地	人民幣2,338,120,000元	—	51	—	51	房地產發展
Best Pearl Development Limited	Hong Kong	HK\$1,000 1,000 shares with no par value	—	100	—	100	Property investment
慧珠發展有限公司	香港	1,000港元 1,000股無面值	—	100	—	100	物業投資
博羅縣碧華房地產開發有限公司 (Boluo County Bihua Property Development Company Limited "Boluo County Bihua") (note (iii) & (v))	Mainland China	RMB778,013,150	—	100	—	100	Real estate development
博羅縣碧華房地產開發有限公司 (「博羅碧華」)(附註(iii)及(v))	中國內地	人民幣778,013,150元	—	100	—	100	房地產發展

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## 綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

### 40. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

(a) List of principal subsidiaries as at 31 December 2019:  
(Continued)

### 40. 主要附屬公司詳情(續)

(a) 於二零一九年十二月三十一日，  
主要附屬公司列表：(續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ operation 註冊成立/ 營業地點	Particulars of issued share capital/ paid up capital (note (i)) 已發行股本/繳足股本 詳情(附註(i))	Percentage of equity interest 股本權益百分比				Principal activity 主要業務
			2019 二零一九年		2018 二零一八年		
			Directly held by the Company 直接由 本公司持有	Indirectly held by the Company 間接由 本公司持有	Directly held by the Company 直接由 本公司持有	Indirectly held by the Company 間接由 本公司持有	
五礦盛世廣業(北京)有限公司 (Minmetals Shengshi Guangye (Beijing) Co., Ltd.)	Mainland China	RMB6,001,000,000	—	100	—	100	Provision of management service and investment holding
五礦盛世廣業(北京)有限公司	中國內地	人民幣6,001,000,000元	—	100	—	100	提供管理服務及投資控股
Bright Circle Limited	Hong Kong	HK\$10,000 10,000 shares with no par value	—	100	—	100	Property investment
輝中有限公司	香港	10,000港元 10,000股無面值	—	100	—	100	物業投資
龍建(南京)置業有限公司 (Dragon Construction (Nanjing) Properties Co., Ltd.) (note (ii))	Mainland China	US\$6,600,000	—	71	—	71	Real estate development
龍建(南京)置業有限公司 (附註(ii))	中國內地	6,600,000美元	—	71	—	71	房地產發展
Eastrend (Hong Kong) Limited	Hong Kong	HK\$2.2 shares with no par value	—	100	—	100	Property investment
東昌(香港)有限公司	香港	2港元 2股無面值	—	100	—	100	物業投資



#### 40. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

(a) List of principal subsidiaries as at 31 December 2019:  
(Continued)

#### 40. 主要附屬公司詳情(續)

(a) 於二零一九年十二月三十一日，  
主要附屬公司列表：(續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ operation 註冊成立/ 營業地點	Particulars of issued share capital/ paid up capital (note (i)) 已發行股本/繳足股本 詳情(附註(i))	Percentage of equity interest 股本權益百分比				Principal activity 主要業務
			2019 二零一九年		2018 二零一八年		
			Directly held by the Company 直接由 本公司持有	Indirectly held by the Company 間接由 本公司持有	Directly held by the Company 直接由 本公司持有	Indirectly held by the Company 間接由 本公司持有	
佛山市礦盛房地產開發有限公司 (Foshan Kuangsheng Property Development Co., Ltd.) (note (iii))	Mainland China	RMB520,000,000	—	100	—	100	Real estate development
佛山市礦盛房地產開發有限公司 (附註(ij))	中國內地	人民幣520,000,000元	—	100	—	100	房地產發展
Excel Capital Global Ltd	British Virgin Islands	US\$1 1 share of US\$1 each	100	—	100	—	Fund raising
Excel Capital Global Ltd	英屬處女群島	1美元1股 每股面值1美元	100	—	100	—	集資
Expand Lead Limited	British Virgin Islands	US\$1 1 share of US\$1 each	100	—	100	—	Fund raising
拓利有限公司	英屬處女群島	1美元1股 每股面值1美元	100	—	100	—	集資
Great Way Properties Limited	Hong Kong/Mainland China	HK\$2 2 shares with no par value	—	100	—	100	Property investment
鴻威置業有限公司	香港/中國內地	2港元2股 無面值	—	100	—	100	物業投資



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## 綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

### 40. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

(a) List of principal subsidiaries as at 31 December 2019:  
(Continued)

### 40. 主要附屬公司詳情(續)

(a) 於二零一九年十二月三十一日，  
主要附屬公司列表：(續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ operation 註冊成立/ 營業地點	Particulars of issued share capital/ paid up capital (note (i)) 已發行股本/繳足股本 詳情(附註(i))	Percentage of equity interest 股本權益百分比				Principal activity 主要業務
			2019 二零一九年		2018 二零一八年		
			Directly held by the Company 直接由 本公司持有	Indirectly held by the Company 間接由 本公司持有	Directly held by the Company 直接由 本公司持有	Indirectly held by the Company 間接由 本公司持有	
廣州市礦粵房地產開發有限公司 (Guangzhou Kuangyue Property Development Co., Ltd.) (note (ii))	Mainland China	RMB120,000,000	—	100	—	100	Real estate development
廣州市礦粵房地產開發有限公司 (附註(ii))	中國內地	人民幣120,000,000元	—	100	—	100	房地產發展
湖南中潤城鎮置業有限公司 (Hunan Zhongrun Chengzhen Real Estate Co., Ltd.) (note (ii))	Mainland China	RMB10,000,000	—	100	—	100	Real estate development
湖南中潤城鎮置業有限公司 (附註(ii))	中國內地	人民幣10,000,000元	—	100	—	100	房地產發展
礦錦地產南京有限公司 (Kuangjin Property Development Nanjing Co., Ltd.) (note (ii))	Mainland China	RMB100,000,000	—	100	—	100	Real estate development
礦錦地產南京有限公司 (附註(ii))	中國內地	人民幣100,000,000元	—	100	—	100	房地產發展

#### 40. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

(a) List of principal subsidiaries as at 31 December 2019:  
(Continued)

#### 40. 主要附屬公司詳情(續)

(a) 於二零一九年十二月三十一日，  
主要附屬公司列表：(續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ operation 註冊成立/ 營業地點	Particulars of issued share capital/ paid up capital (note (i)) 已發行股本/繳足股本 詳情(附註(i))	Percentage of equity interest 股本權益百分比				Principal activity 主要業務
			2019 二零一九年		2018 二零一八年		
			Directly held by the Company 直接由本公司持有	Indirectly held by the Company 間接由本公司持有	Directly held by the Company 直接由本公司持有	Indirectly held by the Company 間接由本公司持有	
礦美地產南京有限公司 (Kuangmei Property Development Nanjing Co., Ltd.) (note (ii))	Mainland China	RMB100,000,000	—	100	—	100	Real estate development
礦美地產南京有限公司(附註(ii))	中國內地	人民幣100,000,000元	—	100	—	100	房地產發展
廊坊曠世基業房地產開發有限公司 (Langfang Kuangshi Jiye Property Development Co., Ltd. "Kuangshi Jiye") (notes (iii) & (iv))	Mainland China	US\$55,000,000	—	50	—	50	Real estate development
廊坊曠世基業房地產開發有限公司 (「曠世基業」)(附註(iii)及(iv))	中國內地	55,000,000美元	—	50	—	50	房地產發展
Linkcheer Limited	Hong Kong	HK\$2 2 shares with no par value	—	100	—	100	Property investment
凌駿有限公司	香港	2港元2股無面值	—	100	—	100	物業投資
Luck Achieve Limited	British Virgin Islands/ Hong Kong	US\$2 2 shares of US\$1 each	—	100	—	100	Securities Investment
幸達有限公司	英屬處女群島/香港	2美元2股每股面值1美元	—	100	—	100	證券投資

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## 綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

### 40. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

(a) List of principal subsidiaries as at 31 December 2019:  
(Continued)

### 40. 主要附屬公司詳情(續)

(a) 於二零一九年十二月三十一日，  
主要附屬公司列表：(續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ operation 註冊成立/ 營業地點	Particulars of issued share capital/ paid up capital (note (i)) 已發行股本/繳足股本 詳情(附註(i))	Percentage of equity interest 股本權益百分比				Principal activity 主要業務
			2019 二零一九年		2018 二零一八年		
			Directly held by the Company 直接由 本公司持有	Indirectly held by the Company 間接由 本公司持有	Directly held by the Company 直接由 本公司持有	Indirectly held by the Company 間接由 本公司持有	
Massive Leader Limited 宏悅有限公司	Hong Kong 香港	HK\$1 1 share with no par value 1港元1股 無面值	—	100	—	100	Real estate development 房地產發展
Minmetals Condo (Hong Kong) Engineering Company Limited 五礦瑞和(香港)工程有限公司	Hong Kong 香港	HK\$1 1 share with no par value 1港元1股 無面值	—	100	—	100	Design and installation of curtain walls 設計及安裝幕牆
Minmetals Land Capital Limited 五礦建設資本有限公司	British Virgin Islands 英屬處女群島	US\$10 10 shares of US\$1 each 10美元10股 每股面值1美元	100	—	100	—	Fund raising 集資
Minmetals Land Investments Limited Minmetals Land Investments Limited	British Virgin Islands/ Hong Kong 英屬處女群島/香港	US\$990 99 shares of US\$10 each 990美元99股 每股面值10美元	100	—	100	—	Investment holding 投資控股
五礦建設投資管理(北京) 有限公司 (Minmetals Land Investment Management (Beijing) Co., Ltd.) 五礦建設投資管理(北京) 有限公司	Mainland China 中國內地	RMB4,071,652,952 人民幣4,071,652,952元	—	100	—	100	Provision of management service and investment holding 提供管理服務及投資 控股

#### 40. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

(a) List of principal subsidiaries as at 31 December 2019:  
(Continued)

#### 40. 主要附屬公司詳情(續)

(a) 於二零一九年十二月三十一日，  
主要附屬公司列表：(續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ operation 註冊成立/ 營業地點	Particulars of issued share capital/ paid up capital (note (i)) 已發行股本/繳足股本 詳情(附註(i))	Percentage of equity interest 股本權益百分比				Principal activity 主要業務
			2019 二零一九年		2018 二零一八年		
			Directly held by the Company 直接由 本公司持有	Indirectly held by the Company 間接由 本公司持有	Directly held by the Company 直接由 本公司持有	Indirectly held by the Company 間接由 本公司持有	
五礦建設(湖南)嘉和日盛房地產 開發有限公司 (Minmetals Land (Hunan) Jiahe Risheng Real Estate Development Co., Ltd. "Jiahe Risheng") (note (ii))	Mainland China	RMB380,000,000	—	100	—	100	Real estate development
五礦建設(湖南)嘉和日盛房地產 開發有限公司(「嘉和日盛」) (附註(ii))	中國內地	人民幣380,000,000元	—	100	—	100	房地產發展
五礦地產(武漢)開發有限公司 (Minmetals Land (Wuhan) Development Co., Ltd.) (note (iii))	Mainland China	RMB280,000,000	—	100	—	100	Real estate development
五礦地產(武漢)開發有限公司 (附註(ii))	中國內地	人民幣280,000,000元	—	100	—	100	房地產發展
五礦建設(營口)恒富置業 有限公司 (Minmetals Land (Yingkou) Hengfu Properties Co., Ltd.) (note (ii))	Mainland China	US\$100,000,000	—	100	—	100	Real estate development
五礦建設(營口)恒富置業 有限公司(附註(ii))	中國內地	100,000,000美元	—	100	—	100	房地產發展



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## 綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

### 40. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

(a) List of principal subsidiaries as at 31 December 2019:  
(Continued)

### 40. 主要附屬公司詳情(續)

(a) 於二零一九年十二月三十一日，  
主要附屬公司列表：(續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ operation 註冊成立/ 營業地點	Particulars of issued share capital/ paid up capital (note (i)) 已發行股本/繳足股本 詳情(附註(i))	Percentage of equity interest 股本權益百分比				Principal activity 主要業務
			2019 二零一九年		2018 二零一八年		
			Directly held by the Company 直接由 本公司持有	Indirectly held by the Company 間接由 本公司持有	Directly held by the Company 直接由 本公司持有	Indirectly held by the Company 間接由 本公司持有	
五礦地產南京有限公司 (Minmetals Property Development Nanjing Co., Ltd.) (note (iii))	Mainland China	RMB94,800,000	—	98.88	—	98.88	Real estate development
五礦地產南京有限公司(附註(iii))	中國內地	人民幣94,800,000元	—	98.88	—	98.88	房地產發展
五礦置業(天津)濱海新區 有限公司 (Minmetals Real Estate Tianjin) BinhaiXinqu Co., Ltd.) (note (ii))	Mainland China	RMB10,000,000	—	100	—	100	Real estate development
五礦置業(天津)濱海新區 有限公司(附註(ii))	中國內地	人民幣10,000,000元	—	100	—	100	房地產發展
礦濟地產(南京)有限公司 (Kuangji Properties (Nanjing) Co., Ltd. "Kuangji Properties") (note (iii) & (vi))	Mainland China	RMB1,400,000,000	—	100	—	100	Real estate development
礦濟地產(南京)有限公司 (「礦濟地產」)(附註(iii)及(vi))	中國內地	人民幣1,400,000,000元	—	100	—	100	房地產發展



#### 40. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

(a) List of principal subsidiaries as at 31 December 2019:  
(Continued)

#### 40. 主要附屬公司詳情(續)

(a) 於二零一九年十二月三十一日，  
主要附屬公司列表：(續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ operation 註冊成立/ 營業地點	Particulars of issued share capital/ paid up capital (note (i)) 已發行股本/繳足股本 詳情(附註(i))	Percentage of equity interest 股本權益百分比				Principal activity 主要業務
			2019 二零一九年		2018 二零一八年		
			Directly held by the Company 直接由 本公司持有	Indirectly held by the Company 間接由 本公司持有	Directly held by the Company 直接由 本公司持有	Indirectly held by the Company 間接由 本公司持有	
礦世地產(南京)有限公司 (Kuangshi Properties (Nanjing) Co., Ltd.) (note (ii))	Mainland China	RMB50,000,000	—	100	—	100	Real estate development
礦世地產(南京)有限公司 (附註(ii))	中國內地	人民幣50,000,000元	—	100	—	100	房地產發展
湖南礦代房地產開發有限公司 (Hunan Kuangdai Property Development Co., Ltd) (note (ii))	Mainland China	RMB600,000,000	—	100	—	100	Real estate development
湖南礦代房地產開發有限公司 (附註(ii))	中國內地	人民幣600,000,000元	—	100	—	100	房地產發展
礦其地產南京有限公司 (Kuangqi Property Development Nanjing Co., Ltd) (note (ii))	Mainland China	RMB100,000,000	—	100	—	100	Real estate development
礦其地產南京有限公司(附註(ii))	中國內地	人民幣100,000,000元	—	100	—	100	房地產發展
ONFEM Finance Limited	British Virgin Islands/ Hong Kong	US\$1,000 1,000 shares of US\$1 each	100	—	100	—	Provision of financing for group companies
ONFEM Finance Limited	英屬處女群島 /香港	1,000美元1,000股 每股面值1美元	100	—	100	—	為集團公司提供融資

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

### 40. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

(a) List of principal subsidiaries as at 31 December 2019:  
(Continued)

### 40. 主要附屬公司詳情(續)

(a) 於二零一九年十二月三十一日，  
主要附屬公司列表：(續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ operation 註冊成立/ 營業地點	Particulars of issued share capital/ paid up capital (note (i)) 已發行股本/繳足股本 詳情(附註(i))	Percentage of equity interest 股本權益百分比				Principal activity 主要業務
			2019 二零一九年		2018 二零一八年		
			Directly held by the Company 直接由 本公司持有	Indirectly held by the Company 間接由 本公司持有	Directly held by the Company 直接由 本公司持有	Indirectly held by the Company 間接由 本公司持有	
Oriental Dragon Construction Limited	Hong Kong/ Hong Kong and Mainland China	HK\$10,000 10,000 shares with no par value	—	71	—	71	Investment holding
東方龍建有限公司	香港/香港及中國內地	10,000港元10,000股無面值	—	71	—	71	投資控股
五礦瑞和(上海)建設有限公司 (Minmetals Condo (Shanghai) Construction Co., Ltd. (note (ii))	Mainland China	US\$8,500,000	—	100	—	100	Design and installation of curtain walls and aluminum windows
五礦瑞和(上海)建設有限公司 (附註(ii))	中國內地	8,500,000美元	—	100	—	100	設計及安裝幕牆及鋁窗
Texion Development Limited	Hong Kong	HK\$50,000,000 50,000,000 shares with no par value	—	100	—	100	Property investment
企元國際有限公司	香港	50,000,000港元 50,000,000股無面值	—	100	—	100	物業投資
Top Gain Properties Limited	Hong Kong/Mainland China	HK\$2 2 shares with no par value	—	100	—	100	Property investment
溢成置業有限公司	香港/中國內地	2港元2股無面值	—	100	—	100	物業投資

#### 40. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

(a) List of principal subsidiaries as at 31 December 2019:  
(Continued)

#### 40. 主要附屬公司詳情(續)

(a) 於二零一九年十二月三十一日，  
主要附屬公司列表：(續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ operation 註冊成立/ 營業地點	Particulars of issued share capital/ paid up capital (note (i)) 已發行股本/繳足股本 詳情(附註(i))	Percentage of equity interest 股本權益百分比				Principal activity 主要業務
			2019 二零一九年		2018 二零一八年		
			Directly held by the Company 直接由 本公司持有	Indirectly held by the Company 間接由 本公司持有	Directly held by the Company 直接由 本公司持有	Indirectly held by the Company 間接由 本公司持有	
Virtyre Limited	Hong Kong	HK\$20 2 shares with no par value	—	100	—	100	Property investment
Virtyre Limited	香港	20港元2股 無面值	—	100	—	100	物業投資
武漢潤領房地產開發有限公司 (Wuhan Runling Property Development Co., Ltd.) (note (ii))	Mainland China	RMB350,000,000	—	100	—	100	Real estate development
武漢潤領房地產開發有限公司 (附註(ii))	中國內地	人民幣350,000,000元	—	100	—	100	房地產發展
廣州礦榮房地產開發有限公司 (Guangzhou Kuangrong Property Development Co., Ltd.) (“Guangzhou Kuangrong”) (note (v))	Mainland China	RMB1,000,000,000	—	51	—	100	Real estate development
廣州礦榮房地產開發有限公司 (「廣州礦榮」)(附註(v))	中國內地	人民幣1,000,000,000元	—	51	—	100	房地產發展

The above table lists the subsidiaries of the Group which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

董事認為上表列示之本集團附屬公司主要影響本集團的業績及資產。董事認為若列示其他附屬公司詳情，將會過於冗長。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

### 40. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

**(a)** List of principal subsidiaries as at 31 December 2019:  
(Continued)

Notes:

- (i) The class of shares held is ordinary unless otherwise stated. None of the subsidiaries had any loan capital in issue at any time during the year ended 31 December 2019.
- (ii) These are foreign investment enterprises established in Mainland China with operating periods ranging from 15 years to 40 years.
- (iii) These are sino-foreign equity joint ventures established in Mainland China with operating periods ranging from 20 years to 30 years.
- (iv) Although the Group owns 50% equity interest in Kuangshi Jiye, it has control over Kuangshi Jiye by holding 60% of the voting power over the board of directors of Kuangshi Jiye, which require simple majority votes of the directors on making decision on relevant activities.
- (v) During the year, the Group has received capital injection of RMB490,000,000 from a non-controlling shareholder, reducing its equity interest of Guangzhou Kuangrong to 51%.

### 40. 主要附屬公司詳情(續)

**(a)** 於二零一九年十二月三十一日，  
主要附屬公司列表：(續)

附註：

- (i) 除另有註明外，所持股份類別均屬普通股。截至二零一九年十二月三十一日止年度內任何時間，各附屬公司並無發行任何借貸股本。
- (ii) 該等為於中國內地成立之外資企業，營運期為15年至40年不等。
- (iii) 該等為於中國內地成立之中外合資經營企業，營運期為20年至30年不等。
- (iv) 儘管本集團擁有曠世基業50%股權，其透過持有曠世基業董事會60%之投票權對其擁有控制權，即相關活動的決策需要過半數董事投票。
- (v) 年內，本集團收取一名非控股股東注資款490,000,000元人民幣，因而減少其於廣州礦榮之股本權益至51%。



#### 40. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

##### (b) Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary 附屬公司名稱	Place of incorporation and principal place of business 註冊成立及主要營業地點	Proportion of equity interest held by non-controlling interests 非控股股東權益所持股本權益百分比		Profit/(loss) allocated to non-controlling interests 向非控股股東權益分配之溢利/(虧損)		Accumulated non-controlling interests 累計非控股股東權益	
		As at 31 December 2019 於二零一九年十二月三十一日	As at 31 December 2018 於二零一八年十二月三十一日	2019 二零一九年	2018 二零一八年	As at 31 December 2019 於二零一九年十二月三十一日	As at 31 December 2018 於二零一八年十二月三十一日
				HK\$000 千港元	HK\$000 千港元	HK\$000 千港元	HK\$000 千港元
Kuangshi Jiye 曠世基業	Mainland China 中國內地	50%	50%	726	5,786	404,062	412,375
Beijing Wanhu 北京萬湖	Mainland China 中國內地	49%	49%	191,962	622,498	2,282,849	2,141,026
Guangzhou Kuangrong 廣州礦榮	Mainland China 中國內地	49%	N/A 不適用	—	—	545,403	—
Individually immaterial subsidiaries with non-controlling interests 具有非控股股東權益的個別非重大附屬公司				(1,883)	(467)	36,912	35,053
				<b>190,805</b>	<b>627,817</b>	<b>3,269,226</b>	<b>2,588,454</b>

Summarised financial information in respect of each of the Company's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

#### 40. 主要附屬公司詳情 (續)

##### (b) 具有重大非控股股東權益的非全資附屬公司之詳情

下表呈列本集團具有重大非控股股東權益之非全資附屬公司之詳情：

關於本集團各具有重大非控股股東權益之附屬公司之財務資料概要載列如下。以下財務資料概要表示集團內對銷前之金額。



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

### 40. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

#### (b) Details of non-wholly owned subsidiaries that have material non-controlling interests

(Continued)

*Kuangshi Jiye*

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Current assets	流動資產	<b>1,681,338</b>	2,404,316
Non-current assets	非流動資產	<b>25,733</b>	27,031
Current liabilities	流動負債	<b>898,947</b>	1,606,598
Total equity	權益總額	<b>808,124</b>	824,749
		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Revenue	收入	<b>39,277</b>	—
Expenses	開支	<b>(37,825)</b>	11,571
Profit for the year	本年度溢利	<b>1,452</b>	11,571
Other comprehensive expense for the year	本年度其他全面開支	<b>(18,077)</b>	(39,629)
Total comprehensive expense for the year	本年度全面開支總額	<b>(16,625)</b>	(28,058)
Net cash outflow from operating activities	經營活動產生現金 流出淨額	<b>(831,301)</b>	(135,231)
Net cash inflow/(outflow) from investing activities	投資活動產生現金 流入/(流出)淨額	<b>687,546</b>	(427,911)
Net cash inflow from financing activities	融資活動產生現金 流入淨額	<b>146,090</b>	530,508
Net cash inflow/(outflow)	現金流入/(流出)淨額	<b>2,335</b>	(32,634)

### 40. 主要附屬公司詳情(續)

#### (b) 具有重大非控股股東權益的 非全資附屬公司之詳情(續)

*曠世基業*

#### 40. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

##### (b) Details of non-wholly owned subsidiaries that have material non-controlling interests

(Continued)

*Beijing Wanhu*

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Current assets	流動資產	<b>6,605,133</b>	6,930,645
Non-current assets	非流動資產	<b>269,360</b>	293,355
Current liabilities	流動負債	<b>2,215,618</b>	2,854,560
Total equity	權益總額	<b>4,658,875</b>	4,369,440
		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Revenue	收入	<b>416,086</b>	3,169,193
Expenses	開支	<b>(24,326)</b>	(1,898,789)
Profit for the year	本年度溢利	<b>391,760</b>	1,270,404
Other comprehensive expense for the year	本年度其他全面開支	<b>(102,325)</b>	(1,753,006)
Total comprehensive income/(expense) for the year	本年度全面收益/(開支)總額	<b>289,435</b>	(482,602)
Dividends paid to non-controlling interests of Beijing Wanhu	已付北京萬湖非控股權益之股息	—	718,297
Net cash (outflow)/inflow from operating activities	經營活動產生現金(流出)/流入淨額	<b>(290,619)</b>	93,680
Net cash inflow from investing activities	投資活動產生現金流入淨額	<b>309,092</b>	1,348,603
Net cash inflow/(outflow) from financing activities	融資活動產生現金流入/(流出)淨額	<b>54,164</b>	(1,607,016)
Net cash inflow/(outflow)	現金流入/(流出)淨額	<b>72,637</b>	(164,733)

#### 40. 主要附屬公司詳情(續)

##### (b) 具有重大非控股股東權益的 非全資附屬公司之詳情(續)

*北京萬湖*

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## 綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

### 40. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

#### (b) Details of non-wholly owned subsidiaries that have material non-controlling interests (Continued) *Guangzhou Kuangrong*

### 40. 主要附屬公司詳情(續)

#### (b) 具有重大非控股股東權益的 非全資附屬公司之詳情(續)

*廣州礦榮*

		2019 二零一九年 HK\$'000 千港元
Current assets	流動資產	<u>1,469,264</u>
Non-current assets	非流動資產	<u>249</u>
Current liabilities	流動負債	<u>356,445</u>
Total equity	權益總額	<u>1,113,068</u>
		2019 二零一九年 HK\$'000 千港元
Loss for the year	本年度虧損	<u>(3,309)</u>
Other comprehensive income for the year	本年度其他全面收益	<u>56</u>
Total comprehensive expense for the year	本年度全面開支總額	<u>(3,253)</u>
Net cash outflow from operating activities	經營活動產生現金流出淨額	<u>(1,314,596)</u>
Net cash outflow from investing activities	投資活動產生現金流出淨額	<u>(260)</u>
Net cash inflow from financing activities	融資活動產生現金流入淨額	<u>1,340,451</u>
Net cash inflow	現金流入淨額	<u>25,595</u>

## 41. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

### (a) Statement of financial position of the Company

## 41. 本公司之財務狀況及儲備報表

### (a) 本公司之財務狀況

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
<b>ASSETS</b>	<b>資產</b>		
Non-current asset	非流動資產		
Investments in subsidiaries	於附屬公司之投資	<u>826,693</u>	861,105
Current assets	流動資產		
Amounts due from subsidiaries	應收附屬公司款項	<b>18,091,680</b>	17,634,666
Other receivables	其他應收款項	<b>6,579</b>	6,795
Cash and bank deposits, unrestricted	不受限制現金及銀行存款	<u>542,401</u>	450,189
		<u><b>18,640,660</b></u>	18,091,650
Total assets	資產總額	<u><b>19,467,353</b></u>	18,952,755
<b>EQUITY</b>	<b>權益</b>		
Share capital	股本	<b>334,691</b>	334,691
Reserves	儲備	<u>5,129,905</u>	5,390,074
Total equity	權益總額	<u><b>5,464,596</b></u>	5,724,765
<b>LIABILITIES</b>	<b>負債</b>		
Current liabilities	流動負債		
Amounts due to subsidiaries	應付附屬公司款項	<b>13,935,710</b>	13,158,676
Accruals and other payables	應計款項及其他應付款項	<u>67,047</u>	69,314
Total liabilities	負債總額	<u><b>14,002,757</b></u>	13,227,990
Total equity and liabilities	權益及負債總額	<u><b>19,467,353</b></u>	18,952,755
Net current assets	流動資產淨值	<u><b>4,637,903</b></u>	4,863,660
Total assets less current liabilities	資產總額減流動負債	<u><b>5,464,596</b></u>	5,724,765



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## 綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

### 41. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

(CONTINUED)

#### (b) Statement of reserves of the Company

### 41. 本公司之財務狀況及儲備報表(續)

#### (b) 本公司之儲備報表

		Share premium	Contributed surplus	Capital redemption reserve	Employee share-based compensation reserve	Retained earnings	Total
		股份溢價	實繳盈餘	贖回儲備	基礎補償儲備	保留盈利	總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元
			(Note 27(a))				
			(附註27(a))				
Balance at 1 January 2018	於二零一八年一月一日						
	之結餘	4,273,883	491,773	769	1,183	35,927	4,803,535
Issue of shares	發行股份	1,289	—	—	(631)	—	658
Reclassification of employee share option benefits	僱員購股權福利重新分類	—	—	—	(552)	552	—
2017 final dividend paid	支付二零一七年末期股息	—	—	—	—	(200,739)	(200,739)
Profit for the year	年內溢利	—	—	—	—	786,620	786,620
Balance at 31 December 2018	於二零一八年十二月三十一日之結餘	4,275,172	491,773	769	—	622,360	5,390,074
2018 final dividend paid	支付二零一八年末期股息	—	—	—	—	(267,753)	(267,753)
Profit for the year	年內溢利	—	—	—	—	7,584	7,584
<b>Balance at 31 December 2019</b>	於二零一九年十二月三十一日之結餘	<b>4,275,172</b>	<b>491,773</b>	<b>769</b>	<b>—</b>	<b>362,191</b>	<b>5,129,905</b>



## 42. EVENTS AFTER THE REPORTING PERIOD

The outbreak of coronavirus in the early 2020 (“COVID-19 Outbreak”) had posed certain impacts on the overall economy in Hong Kong and the Mainland China. A series of precautionary and control measures have been and continued to be implemented and inevitably has been affecting the Group’s business and operation to some extent.

The Directors had a preliminary assessment as follows:

- the stringent preventive measures currently adopted has had negative impact on the Group’s property sales in February and March 2020;
- the future valuation of the Group’s investment properties may be subject to fluctuation due to challenging rental revision amid the COVID-19 Outbreak.

The overall financial effect cannot be reliably and quantitatively estimated at this moment. However, the Group continues to pay attention to the development of the COVID-19 Outbreak and evaluate the impact on the Group.

## 42. 報告期後事項

二零二零年初爆發的新型冠狀病毒（「COVID-19疫情」）對香港和中國內地的整體經濟產生了一定影響。一系列預防和監控措施已經並繼續實施，無可避免地在一定程度上影響了本集團之業務和運營。

董事進行了以下初步評估：

- 當前採取的嚴格預防措施對本集團二零二零年二月及三月之房地產銷售產生了負面影響；
- 由於COVID-19疫情期間的租金將面臨調整，本集團投資物業之未來估值可能出現波動。

目前無法可靠及量化地估計整體之財務影響。然而，本集團將繼續關注COVID-19疫情之發展並評估對本集團之影響。

**ISSUER**

**Expand Lead Limited 拓利有限公司**  
Vistra Corporate Services Centre  
Wickhams Cay II  
Road Town, Tortola, VG1110  
British Virgin Islands

**GUARANTOR**

**Minmetals Land Limited 五礦地產有限公司**  
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