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This announcement and the listing document referred herein is for informational purposes only as required by the Rules Governing the Listing of Securities on the Stock Exchange and is not an offer to sell or the solicitation of an offer to buy any securities in the United States or in any other jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. Neither this announcement nor anything herein (including the listing document) forms the basis for any contract or commitment whatsoever. The securities referred to herein have not been and will not be registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from registration. Any public offering of securities to be made in the United States will be made by means of a prospectus. Such prospectus will contain detailed information about the Company (as defined below) and management, as well as financial statements. No public offer of securities is to be made by the Company in the United States.

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 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.

SHINSUN 祥生

Shinsun Holdings (Group) Co., Ltd.

祥生控股(集團)有限公司

(Incorporated in the Cayman Islands with limited liability)

(the “Company”, Stock Code: 02599)

US\$200,000,000 10.5% SENIOR NOTES DUE 2022

(the “Notes”, Stock Code: 40713)

PUBLICATION OF THE OFFERING MEMORANDUM

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 memorandum dated 3 June 2021 (the “Offering Memorandum”) appended herein in relation to the issuance of the Notes. As disclosed in the Offering Memorandum, the Notes were 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, the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) (each as defined in the Offering Memorandum) confirm that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The Offering Memorandum 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.

The Offering Memorandum must not be regarded as an inducement to subscribe for or purchase any securities of the Company, and no such inducement is intended. No investment decision should be made based on the information contained in the Offering Memorandum.

By Order of the Board
Shinsun Holdings (Group) Co., Ltd.
Chen Guoxiang
Chairman

Hong Kong, 9 June 2021

As at the date of this announcement, the Board comprises Mr. Chen Guoxiang, Mr. Chen Hongni, Mr. Zhao Leiyi and Mr. Han Bo as executive Directors; and Mr. Wong Kon Man Jason, Mr. Ding Jiangang and Mr. Ma Hongman as independent non-executive Directors.

IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE OUTSIDE THE UNITED STATES

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

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY SECURITIES IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES REFERRED TO IN THE ATTACHED DOCUMENT HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR UNDER ANY SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND MAY NOT BE OFFERED, SOLD, RESOLD, TRANSFERRED OR DELIVERED, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN APPLICABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION.

The attached document is not a prospectus for the purposes of the European Union's Regulation (EU) 2017/1129, including as the same forms part of domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018.

The communication of the attached document 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 authorized person for the purposes of section 21 of the United Kingdom's Financial Services and Markets Act 2000 (as amended, the "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 fall 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 attached document are only available to, and any investment or investment activity to which the attached document 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 attached document or any of its contents.

Prohibition of Sales to EEA Retail Investors — The Notes 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 2002/92/EC (the "Insurance Mediation Directive"), as amended, 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 securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Prohibition of Sales to UK Retail Investors — The Notes 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 United Kingdom ("UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) 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 ("EUWA"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (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; Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

MIFID II product governance/Professional investors and ECPs only target market — Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the securities has led to the conclusion that: (i) the target market for the securities is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "MiFID II"); and (ii) all channels for distribution of the securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the securities (a "distributor") should take into consideration the manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the securities (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

UK MIFIR product governance/Professional investors and ECPs only target market — Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the securities has led to the conclusion that: (i) the target market for the securities is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("COBS"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("UK MiFIR"); and (ii) all channels for distribution of the securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the securities (a "distributor") should take into consideration the manufacturer's target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "UK MiFIR Product Governance Rules") is responsible for undertaking its own target market assessment in respect of the securities (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

Confirmation and your representation: In order to be eligible to view the attached document or make an investment decision with respect to the securities, investors must be outside the United States. By accepting the e-mail and accessing the attached document, you shall be deemed to have represented to us that (1) you and any customers you represent are outside the United States and that the electronic mail address that you gave us 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 document by electronic transmission.

You are reminded that the attached document has been delivered to you on the basis that you are a person into whose possession the attached document may be lawfully delivered in accordance with the laws of jurisdiction in which you are located and you may not, nor are you authorized to, deliver or disclose the contents of the attached document to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the initial purchasers or any affiliate of the initial purchasers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the initial purchasers or such affiliate on behalf of the issuer in such jurisdiction. The attached document 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, none of Haitong International Securities Company Limited, CCB International Capital Limited, CMB International Capital Limited, Deutsche Bank AG, Hong Kong Branch, Guotai Junan Securities (Hong Kong) Limited, Valuable Capital Limited, BOCOM International Securities Limited, China CITIC Bank International Limited, China International Capital Corporation Hong Kong Securities Limited, CRIC Securities Company Limited, Freeman Securities Limited and HeungKong Securities Limited, (together, the "Joint Lead Managers"), China Construction Bank (Asia) Corporation Limited, as trustee, (the "Trustee"), or China Construction Bank (Asia) Corporation Limited, as the paying and transfer agent and registrar (the "Agents"), any person who controls it or any director, officer, employee or agent of it or affiliate or adviser of any such person accepts any liability or responsibility whatsoever in respect of any difference between the attached document distributed to you in electronic format and the hard copy version available to you on request from the Initial Purchasers.

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.

SHINSUN 祥生**Shinsun Holdings (Group) Co., Ltd.****祥生控股(集團)有限公司***(incorporated in the Cayman Island with limited liability)***US\$200,000,000****10.5% SENIOR NOTES DUE 2022****ISSUE PRICE: 99.54%**

The 200,000,000 10.5% Senior Notes due 2022 (the “Notes”) will bear interest at the rate of 10.5% per annum payable in arrears on December 8, 2021 and June 7, 2022 and will mature on June 7, 2022.

The Notes are senior obligations of Shinsun Holdings (Group) Co., Ltd. (the “Company” or “Issuer”), guaranteed by certain of our existing subsidiaries (the “Subsidiary Guarantors”), other than those organized under the laws of the PRC and certain other subsidiaries specified in the section entitled “Description of the Notes.” We refer to the guarantees by the Subsidiary Guarantors as Subsidiary Guarantees. Under certain circumstances and subject to certain conditions, a Subsidiary Guarantee required to be provided by a subsidiary of the Company may be replaced by a limited-recourse guarantee (the “JV Subsidiary Guarantee”). We refer to the subsidiaries providing a JV Subsidiary Guarantee as JV Subsidiary Guarantors.

At any time prior to June 7, 2022, we may, at our option, redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes plus a premium as set forth in this offering memorandum, and accrued and unpaid interest, if any, to (but not including) the redemption date. At any time and from time to time prior to June 7, 2022, we may redeem up to 35% of the aggregate principal amount of the Notes with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 110.5% of the principal amount of the Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date. Upon the occurrence of a Change of Control Triggering Event (as defined in the indenture governing the Notes (the “Indenture”), we must make an offer to repurchase all Notes outstanding at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to the date of repurchase.

The Notes are (1) general obligations of the Company; (2) senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes; (3) at least *pari passu* in right of payment with all other unsecured, unsubordinated Indebtedness of the Company (subject to any priority rights of such unsecured, unsubordinated Indebtedness pursuant to applicable law); (4) guaranteed by the Subsidiary Guarantors and the JV Subsidiary Guarantors, if any, on a senior basis, subject to certain limitations; (5) effectively subordinated to the secured obligations (if any) of the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any), to the extent of the value of the assets serving as security therefor; and (6) effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries (as defined herein).

The Notes are being issued as “Sustainable Bonds” under our Sustainable Finance Framework. See the section entitled “Notes Being Issued as Sustainable Bonds.”

For a more detailed description of the Notes, see the section entitled “Description of the Notes” beginning on page 169.

Investing in the Notes involves risks. Furthermore, investors should be aware that the Notes are guaranteed by Subsidiary Guarantors which do not currently have significant operations and certain Subsidiary Guarantees may in some cases be replaced by limited-recourse guarantees and that there are various other risks relating to the Notes, the Company and its subsidiaries, their business and their jurisdictions of operations which investors should familiarise themselves with before making an investment in the Notes. See the section entitled “Risk Factors” beginning on page 12 and particularly pages 48-61 for risks relating to the Subsidiary Guarantees and the JV Subsidiary Guarantors.

Application will be made to The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) for the listing of the Notes 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:** The Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) confirm that the Notes are intended for purchase by Professional Investors only and will be listed on the Hong Kong Stock Exchange on that basis. Accordingly, the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) confirm that the Notes 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 offering memorandum, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this offering memorandum to Professional Investors only have been reproduced in this document. Listing of the Notes on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Notes or the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the content of this offering memorandum, 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 memorandum.

This offering memorandum includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) for the purpose of giving information with regard to the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any). The Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) accept full responsibility for the accuracy of the information contained in this offering memorandum and confirms, having made all reasonable enquiries, that to the best of their knowledge there are no other material facts the omission of which would make any statement herein misleading.

The Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) have not been and will not be registered under the United States Securities Act of 1933, as amended, (the “U.S. Securities Act”), 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 U.S. Securities Act. The Notes are being offered and sold by the Initial Purchasers only outside the United States in offshore transactions in compliance with Regulation S under the U.S. Securities Act (“Regulation S”). For a description of certain restrictions on resale or transfer, see “Transfer Restrictions.”

The Notes are expected to be rated “BB-” by Lianhe Ratings Global Limited (“Lianhe Global”). The ratings do not constitute a recommendation to buy, sell or hold the Notes and may be subject to suspension, reduction or withdrawal at any time by Lianhe Global. A suspension, reduction or withdrawal of the rating assigned to the Notes may adversely affect the market price of the Notes.

It is expected that delivery of the Notes will be made on or about June 8, 2021 through the book-entry facilities of Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking S.A. (“Clearstream”) against payment therefor in immediately available funds.

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers**Haitong International****CCB International****CMB International****Deutsche Bank****Guotai Junan International****Valuable Capital
Limited****Joint Bookrunners and Joint Lead Managers****BOCOM International****China CITIC Bank International****China International
Capital Corporation****CRIC Securities****Freeman Securities
Limited****HeungKong Financial****Sustainable Structuring Advisor****Haitong International**

The date of this offering memorandum is June 3, 2021

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This offering memorandum does not constitute an offer to sell to, or a solicitation of an offer to buy from, any person in any jurisdiction to whom it is unlawful to make the offer or solicitation in such jurisdiction. Neither the delivery of this offering memorandum nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this offering memorandum or that the information contained in this offering memorandum is correct as of any time after that date.

This offering memorandum is not a prospectus for the purposes of the European Union’s Regulation (EU) 2017/1129, including as the same forms part of domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018.

The communication of this offering memorandum and any other document or materials relating to the issue of the Notes offered hereby is not being made, and such documents and/or materials have not been approved, by an authorized person for the purposes of section 21 of the United Kingdom’s Financial Services and Markets Act 2000, as amended. 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 fall 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 Notes offered hereby only available to, and any investment or investment activity to which this offering memorandum 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 this offering memorandum or any of its contents.

Prohibition of Sales to EEA Retail Investors — The Notes 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 2002/92/EC (the “Insurance Mediation Directive”), as amended, 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 securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Prohibition of Sales to UK Retail Investors — The Notes 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 United Kingdom (“UK”). For these purposes, a retail investor means a person who is one (or more) of: (i) 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 (“EUWA”); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (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; Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

MIFID II product governance/Professional investors and ECPs only target market — Solely for the purposes of the manufacturer’s product approval process, the target market assessment in respect of the securities has led to the conclusion that: (i) the target market for the securities is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, “MiFID II”); and (ii) all channels for distribution of the securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the securities (a “distributor”) should take into consideration the manufacturer’s target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the securities (by either adopting or refining the manufacturer’s target market assessment) and determining appropriate distribution channels.

UK MIFIR product governance/Professional investors and ECPs only target market — Solely for the purposes of the manufacturer’s product approval process, the target market assessment in respect of the securities has led to the conclusion that: (i) the target market for the securities is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“COBS”), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“UK MiFIR”); and (ii) all channels for distribution of the securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the securities (a “distributor”) should take into consideration the manufacturer’s target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “UK MiFIR Product Governance Rules”) is responsible for undertaking its own target market assessment in respect of the securities (by either adopting or refining the manufacturer’s target market assessment) and determining appropriate distribution channels.

Notification under Section 309B of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”) — Solely 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 Company has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA) of the classification of the Notes 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).

IN CONNECTION WITH THIS OFFERING, ANY OF THE JOINT LEAD MANAGERS, AS STABILIZING MANAGER, OR ANY PERSON ACTING FOR IT, MAY PURCHASE AND SELL THE NOTES IN THE OPEN MARKET, PROVIDED THAT CHINA CITIC BANK INTERNATIONAL LIMITED SHALL NOT BE ACTING AS THE STABILIZING MANAGER. THESE TRANSACTIONS MAY, TO THE EXTENT PERMITTED BY APPLICABLE LAWS AND REGULATIONS, INCLUDE SHORT SALES, STABILIZING TRANSACTIONS AND PURCHASES TO COVER POSITIONS CREATED BY SHORT SALES. THESE ACTIVITIES MAY STABILIZE, MAINTAIN OR OTHERWISE AFFECT THE MARKET PRICE OF THE NOTES. AS A RESULT, THE PRICE OF THE NOTES MAY BE HIGHER THAN THE PRICE THAT OTHERWISE MIGHT EXIST IN THE OPEN MARKET. IF THESE ACTIVITIES ARE COMMENCED, THEY MAY BE DISCONTINUED AT ANY TIME AND MUST IN ANY EVENT BE BROUGHT TO AN END AFTER A LIMITED TIME. THESE ACTIVITIES WILL BE UNDERTAKEN SOLELY FOR THE ACCOUNT OF STABILIZATION MANAGERS, AND NOT FOR US OR ON OUR BEHALF.

We, having made all reasonable inquiries, confirm that: (i) this offering memorandum contains all information with respect to us, our subsidiaries and affiliates referred to in this offering memorandum and the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) that is material in the context of the issue and offering of the Notes; (ii) the statements contained in this offering memorandum relating to us and our subsidiaries and our affiliates in every material respect true and accurate and not misleading; (iii) the opinions and intentions expressed in this offering memorandum with regard to us and our subsidiaries and affiliates are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; (iv) there are no other facts in relation to us, our subsidiaries and affiliates, the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any), the omission of which would, in the context of the issue and offering of the Notes, make this offering memorandum, as a whole, misleading in any material respect; and (v) we have made all reasonable enquiries to ascertain such facts and to verify the accuracy of all such information and statements. We accept responsibility accordingly.

This offering memorandum is highly confidential. We are providing it solely for the purpose of enabling you to consider a purchase of the Notes. You should read this offering memorandum before making a decision whether to purchase the Notes. You must not use this offering memorandum for any other purpose, or disclose any information in this offering memorandum to any other person.

Notwithstanding anything to the contrary contained herein, a prospective investor (and each employee, representative, or other agent of a prospective investor) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transactions described in this offering memorandum and all materials of any kind that are provided to the prospective investor relating to such tax treatment and tax structure. This authorization of tax disclosure is retroactively effective to the commencement of discussions with prospective investors regarding the transactions contemplated herein.

We have prepared this offering memorandum, and we are solely responsible for its contents. You are responsible for making your own examination of us and your own assessment of the merits and risks of investing in the Notes. By purchasing the Notes, you will be deemed to have acknowledged that you have made certain acknowledgements, representations and agreements as set forth under the section entitled “Transfer Restrictions” below.

No representation or warranty, express or implied, is made or given by Haitong International Securities Company Limited, CCB International Capital Limited, CMB International Capital Limited, Deutsche Bank AG, Hong Kong Branch, Guotai Junan Securities (Hong Kong) Limited, Valuable Capital Limited, BOCOM International Securities Limited, China CITIC Bank International Limited, China International Capital Corporation Hong Kong Securities Limited, CRIC Securities Company Limited, Freeman Securities Limited and HeungKong Securities Limited (the “Initial Purchasers”), the Trustee, the Agents, or any person who controls any of them, or any of their respective directors, officers, employees, agents, affiliates or advisers as to the accuracy, completeness or sufficiency of the information set forth herein, and nothing contained in this offering memorandum is, or should be relied upon as, a promise, representation or warranty, whether as to the past or the future. The Initial Purchasers, the Trustee, the Agents, or any person who controls any of them or any of their respective directors, officers, employees, agents, affiliates or advisers have not independently verified any of the information contained in this offering memorandum or can give any assurance that this information is accurate, truthful or complete. To the fullest extent permitted by law, the Initial Purchasers, the Trustee, the Agents, or any person who controls any of them or any of their respective directors, officers, employees, agents, affiliates or advisers do not accept any responsibility for the contents of this offering memorandum or for any statement made or purported to be made by the Initial Purchasers or on their behalf in connection with the Company, the Subsidiary Guarantors or the issue and offering of the Notes. The Initial Purchasers, the Trustee, the Agents, or any person who controls any of them or any of their respective directors, officers, employees, agents, affiliates or advisers accordingly disclaim all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this offering memorandum or any such statement.

Each person receiving this offering memorandum acknowledges that: (i) such person has been afforded an opportunity to request from us and to review, and has received, all additional information considered by it to be necessary to verify the accuracy of, or to supplement, the information contained herein; (ii) such person has not relied on the Initial Purchasers, the Trustee, the Agents, or any person who controls any of them or any of their respective directors, officers, employees, agents, affiliates or advisers in connection with any investigation of the accuracy of such information or its investment decision; and (iii) no person has been authorized to give any information or to make any representation concerning us, our subsidiaries and affiliates, the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees (if any) (other than as contained herein and information given by our duly authorized officers and employees in connection with investors’ examination of us and the terms of the offering of the Notes) and, if given or made, any such other information or representation should not be relied upon as having been authorized by us or the Initial Purchasers, the Trustee, the Agents, or any person who controls any of them or any of their respective directors, officers, employees, agents, affiliates or advisers.

The Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) have not been approved or disapproved by the United States Securities and Exchange Commission (the “SEC”), any state securities commission in the United States or any other United States regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering or the accuracy or adequacy of this offering memorandum. Any representation to the contrary is a criminal offense in the United States.

We are not, and the Initial Purchasers are not, making an offer to sell the Notes, including the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any), in any jurisdiction except where an offer or sale is permitted. The distribution of this offering memorandum and the offering of the securities, including the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any), may in certain jurisdictions be restricted by law. Persons into whose possession this offering memorandum comes are required by us and the Initial Purchasers to inform themselves about and to observe any such restrictions. For a description of the restrictions on offers, sales and resales of the securities, including the Notes and the Subsidiary Guarantees, and distribution of this offering memorandum, see the sections entitled “Transfer Restrictions” and “Plan of Distribution” below.

This offering memorandum summarizes certain material documents and other information, and we refer you to them for a more complete understanding of what we discuss in this offering memorandum. In making an investment decision, you must rely on your own examination of us and the terms of the offering, including the merits and risks involved. Neither we nor the Initial Purchasers, the Trustee, the Agents, any person who controls any of them, nor any of their respective directors, officers, employees, affiliates, advisers, agents or representatives are making any representation to you regarding the legality of an investment in the Notes by you under any legal, investment or similar laws or regulations. You should not consider any information in this offering memorandum to be legal, business or tax advice. You should consult your own professional advisers for legal, business, tax and other advice regarding an investment in the Notes.

This offering memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore (“MAS”) under the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”). Accordingly, this offering memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor as defined in Section 4A of the SFA pursuant to Section 274 of the SFA; (ii) to a relevant person as defined in Section 275(2) of the SFA pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

We reserve the right to withdraw the offering of Notes at any time, and the Initial Purchasers reserve the right to reject any commitment to subscribe for the Notes in whole or in part and to allot to any prospective purchaser less than the full amount of the Notes sought by such purchaser. The Initial Purchasers and certain related entities may acquire for their own account a portion of the Notes.

CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATION

We have prepared this offering memorandum using a number of conventions, which you should consider when reading the information contained herein. When we use the terms “we,” “us,” “our,” the “Company,” the “Group” and words of similar import, we are referring to Shinsun Holdings (Group) Co., Ltd. itself and its consolidated subsidiaries, as the context requires.

Market data, industry forecast and the PRC and property industry statistics in this offering memorandum have been obtained from both public and private sources, including market research, publicly available information and industry publications. Although we believe this information to be reliable, it has not been independently verified by us or the Initial Purchasers or our or its respective directors and advisers, and neither we, the Initial Purchasers nor our or its respective directors and advisers 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. Due to possibly inconsistent collection methods and other problems, such statistics herein may be inaccurate. You should not unduly rely on such market data, industry forecast and the PRC and property industry statistics.

In this offering memorandum, all references to “US\$” and “U.S. dollars” are to United States dollars, the official currency of the United States of America (the “United States” or “U.S.”); all references to “HK\$” and “H.K. dollars” are to Hong Kong dollars, the official currency of the Hong Kong Special Administrative Region of the PRC (“Hong Kong” or “HK”); and all references to “CNY,” “RMB” or “Renminbi” are to the Renminbi, the official currency of the People’s Republic of China (“China” or the “PRC”).

We record and publish our financial statements in Renminbi. Unless otherwise stated in this offering memorandum, all translations from Renminbi amounts to U.S. dollar amounts were made at the rate of RMB6.5250 to US\$1.00, the noon buying rate in New York City for cable transfers payable in Renminbi as certified for customs purposes by the Federal Reserve Bank of New York on December 31, 2020, and all translations from H.K. dollar amounts into U.S. dollar amounts were made at the rate of HK\$7.7534 to US\$1.00, the noon buying rate in New York City for cable transfers payable in H.K. dollars as certified for customs purposes by the Federal Reserve Bank of New York on December 31, 2020. All such translations in this offering memorandum are provided solely for your convenience and no representation is made that the Renminbi amounts referred to herein have been, could have been or could be converted into U.S. dollars or H.K. dollars, or vice versa, at any particular rate, or at all. For further information relating to the exchange rates, see “Exchange Rate Information.”

References to “PRC” and “China,” in the context of statistical information and description of laws and regulations in this offering memorandum, except where the context otherwise requires, do not include Hong Kong, Macau Special Administrative Region of the PRC (“Macau”), or Taiwan. “PRC government” or “State” means the central government of the PRC, including all political subdivisions (including provincial, municipal and other regional or local governments) and instrumentalities thereof, or, where the context requires, any of them.

Our financial statements are prepared in accordance with International Financial Reporting Standards (the “IFRS”) which differ in certain respects from generally accepted accounting principles in the United States (“U.S. GAAP”) and certain other jurisdictions. Unless the context otherwise requires, references to “2018”, “2019” and “2020” in this offering memorandum are to our financial years ended December 31, 2018, 2019 and 2020, respectively.

References to “share” are to, unless the context indicates otherwise, an ordinary share, with a nominal value of HK\$0.01, in our share capital.

In this offering memorandum, where information has been presented in thousands or millions of units, amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to rounding.

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. In the event of any inconsistency, the Chinese name prevails.

FORWARD-LOOKING STATEMENTS

This offering memorandum contains certain forward-looking statements and information relating to our Company and its subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this offering memorandum, the words “aim,” “anticipate,” “believe,” “can,” “continue,” “could,” “forecast,” “expect,” “going forward,” “intend,” “ought to,” “may,” “might,” “plan,” “potential,” “predict,” “project,” “seek,” “should,” “will,” “would” and the negative of these words and other similar expressions, as they relate to our Group or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this offering memorandum. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing our Company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our business prospects;
- future developments, trends and conditions in the industry and markets in which we operate;
- our business strategies and plans to achieve these strategies;
- our ability to identify and integrate suitable acquisition targets;
- general economic, political and business conditions in the markets in which we operate;
- changes to the regulatory environment and general outlook in the industry and markets in which we operate;
- the effects of the global financial markets and economic crisis;
- our ability to reduce costs;
- our dividend policy;
- the amount and nature of, and potential for, future development of our business;
- capital market developments;
- the actions and developments of our competitors;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices in the industry and markets in which we operate;
- certain statements in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” with respect to trends in prices, volumes, operations, margins, overall market trends, risk management and exchange rates; and
- other statements in this offering memorandum that are not historical facts.

This offering memorandum also contains market data and projects that are based on a number of assumptions. The markets may not grow at the rates projected by the market data, or at all. The failure of the markets to grow at the projected rates may materially and adversely affect our business and the market price of our Shares. In addition, due to the rapidly changing nature of the PRC economy and the property management industry, projections or estimates relating to the growth prospects or future conditions of the markets are subject to significant uncertainties. If any of the assumptions underlying the market data prove to be incorrect, actual results may differ from the projections based on these assumptions. You should not place undue reliance on these forward-looking statements.

We do not guarantee that the transactions and events described in the forward-looking statements in this offering memorandum will happen as described, or at all. Actual outcomes may differ materially from the information contained in the forward-looking statements as a result of a number of factors, including, without limitation, the risks and uncertainties set forth in “Risk Factors.” You should read this offering memorandum in its entirety and with the understanding that actual future results may be materially different from what we expect. The forward-looking statements made in this offering memorandum relate only to events as of the date on which the statements are made or, if obtained from third-party studies or reports, the dates of the respective studies or reports. Since we operate in an evolving environment where new risks or uncertainties may emerge from time to time, you should not rely upon forward-looking statements as predictions of future events. We undertake no obligation, beyond what is required by law, to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made, even when our situation may have changed.

ENFORCEMENT OF CIVIL LIABILITIES

We are a limited liability exempted company incorporated in the Cayman Islands and operate principally in China. As substantially all of our business is conducted, and substantially all of our assets are located, in China, our operations are generally affected by and subject to the PRC legal system and PRC laws and regulations. Substantially all of our Directors and officers and the experts named herein reside outside the United States. All or a substantial portion of our assets and of such persons' assets are or may be located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon us or such persons, or to enforce against us or such persons judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the federal securities laws of the United States.

The Notes and the Indenture are each governed by the laws of the State of New York. Under the Notes and the Indenture, we and the Subsidiary Guarantors will irrevocably submit to the non-exclusive jurisdiction of any New York state or United States federal court sitting in the Borough of Manhattan in The City of New York over any suit, action or proceeding arising out of or relating to the Notes, the Subsidiary Guarantee and the Indenture. We and the Subsidiary Guarantors expect to appoint Cogency Global Inc. as the agent to receive service of process with respect to any action brought against us or the Subsidiary Guarantors in the United States federal courts sitting in the Borough of Manhattan, the City of New York under the federal securities laws of the United States or of any state of the United States or any action brought against us or the Subsidiary Guarantors in the courts of the State of New York in the Borough of Manhattan, the City of New York under the securities laws of the State of New York.

The Cayman Islands has a different body of securities laws as compared to the United States and provides less protection to investors. Additionally, Cayman Islands companies may not have standing to sue before the Federal courts of the United States.

We have been advised by Ogier, our Cayman Islands legal counsel, that the courts of the Cayman Islands are unlikely (i) to recognize or enforce against us judgments of courts of the United States predicated upon the civil liability provisions of the federal securities laws of the United States or any state; and (ii) in original actions brought in the Cayman Islands, to impose liabilities against us predicated upon the civil liability provisions of the federal securities laws of the United States or any state, so far as the liabilities imposed by those provisions are penal in nature. In those circumstances, although there is no statutory enforcement in the Cayman Islands of judgments obtained in the United States, the courts of the Cayman Islands will recognize and enforce a foreign money judgment of a foreign court of competent jurisdiction without retrial on the merits based on the principle that a judgment of a competent foreign court imposes upon the judgment debtor an obligation to pay the sum for which judgment has been given provided certain conditions are met. For a foreign judgment to be enforced in the Cayman Islands, such judgment must be final and conclusive and for a liquidated sum, and must not be in respect of taxes or a fine or penalty, inconsistent with a Cayman Islands judgment in respect of the same matter, impeachable on the grounds of fraud or obtained in a manner, and or be of a kind the enforcement of which is, contrary to natural justice or the public policy of the Cayman Islands (awards of punitive or multiple damages may well be held to be contrary to public policy). A Cayman Islands Court may stay enforcement proceedings if concurrent proceedings are being brought elsewhere.

The British Virgin Islands courts are also unlikely: (i) to recognize or enforce against us judgments of courts of the United States based on certain civil liability provisions of U.S. securities laws where that liability is in respect of penalties, taxes, fines or similar fiscal or revenue obligations of the company; and (ii) to impose liabilities against us, in original actions brought in the British Virgin Islands, based on certain civil liability provisions of U.S. securities laws that are penal in nature.

There is no statutory recognition in the British Virgin Islands of judgments obtained in the United States, although the courts of the British Virgin Islands will in certain circumstances recognize such a foreign judgment and treat it as a cause of action in itself which may be sued upon as a debt at common law so that no retrial of the issues would be necessary provided that the U.S. judgment:

- the U.S. court issuing the judgment had jurisdiction in the matter and the company either submitted to such jurisdiction or was resident or carrying on business within such jurisdiction and was duly served with process;

- is final and for a liquidated sum;
- the judgment given by the U.S. court was not in respect of penalties, taxes, fines or similar fiscal or revenue obligations of the company;
- in obtaining judgment there was no fraud on the part of the person in whose favor judgment was given or on the part of the court;
- recognition or enforcement of the judgment would not be contrary to public policy in the British Virgin Islands; and
- the proceedings pursuant to which judgment was obtained were not contrary to natural justice.

In appropriate circumstances, a British Virgin Islands court may give effect in the British Virgin Islands to other kinds of final foreign judgments such as declaratory orders, orders for performance of contracts and injunctions.

We have also been advised by Commerce & Finance Law Offices, our counsel as to PRC Law, that the recognition and enforcement of foreign judgments are provided for under the PRC Civil Procedure Law that became effective on July 1, 2017. PRC courts may recognize and enforce foreign judgments in accordance with the requirements of the PRC Civil Procedure Law based either on treaties between China and the country where the judgment was made or on reciprocity between jurisdictions. Commerce & Finance Law Offices has advised us further that, under the PRC Civil Procedure Law, a foreign judgment which does not violate basic legal principles, state sovereignty, state security, or social public interest may be recognized and enforced by a PRC court, based either on treaties between China and the country where the judgment was made or on reciprocity between jurisdictions. As there currently exists no treaty or other form of reciprocity between China and the United States governing the recognition of judgments, including those predicated solely upon the liability provisions of the United States federal securities laws, there is uncertainty as to whether and on what basis a PRC court would enforce judgments rendered by United States courts.

Hong Kong has no arrangement for the reciprocal enforcement of judgments with the United States. However, under Hong Kong common law, a foreign judgment (including one from a court in the United States predicated upon U.S. federal or state securities laws) may be enforced in Hong Kong by bringing an action in a Hong Kong court and seeking summary or default judgment on the strength of the foreign judgment, provided that the foreign judgment is for debt or a definite sum of money and is final and conclusive on the merits. In addition, the Hong Kong courts may refuse to recognize or enforce a foreign judgment if such judgment:

- (a) was obtained by fraud;
- (b) was rendered by a foreign court that lacked the appropriate jurisdiction at the time (as determined by Hong Kong jurisdictional rules);
- (c) is contrary to public policy or natural justice;
- (d) is based on foreign penal, revenue or other public law; or
- (e) falls within Section 3(1) of the Foreign Judgment (Restriction on Recognition and Enforcement) Ordinance.

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains explanations of certain terms used in this offering memorandum as they relate to us and as they are used in this offering memorandum in connection with our business or us. These terms and their given meanings may not correspond to standard industry definitions or usage of those terms.

“ABS”	asset-backed securities
“ASP”	average selling price
“building ownership certificate”	building ownership certificate (房屋所有權證), a certificate issued by relevant authorities with respect to building ownership rights
“CAGR”	compound annual growth rate
“commercial property(ies)”	for purposes of this offering memorandum, property(ies) designated for commercial use
“completion certificate”	the construction work completion inspection acceptance certificate (房屋建築工程竣工驗收備案表), issued by local urban construction bureaus or relevant authorities in China in connection with the completion of property projects
“construction land planning permit”	the construction land planning permit (建設用地規劃許可證), issued by local urban zoning and planning bureaus or relevant authorities in China in connection with the planning of construction land
“construction works commencement permit”	the construction works commencement permit (建築工程施工許可證), issued by local construction bureaus or relevant authorities in China in connection with the commencement of construction work
“construction works planning permit”	the construction works planning permit (建設工程規劃許可證), issued by local urban zoning and planning bureaus or relevant authorities in China in connection with the planning of construction work
“GDP”	gross domestic product
“GFA”	gross floor area
“IFRS”	International Financial Reporting Standards issued by the International Accounting Standards Board (IASB)
“land grant contract”	the state-owned land use right grant contract (國有土地使用權出讓合同), an agreement between a land user and the relevant PRC governmental land administrative authorities
“land use rights certificate”	the state-owned land use rights certificate (國有土地使用證), a certificate (or certificates, as the case may be) concerning one’s right to use a parcel of land

“LAT”	land appreciation tax (土地增值稅), as defined in the Provisional Regulations of the People’s Republic of China 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 People’s Republic of China on Land Appreciation Tax (《中華人民共和國土地增值稅暫行條例實施細則》)
“Pan-Yangtze River Delta Region”	a geographical region in China including Shanghai Municipality, Jiangsu Province, Shandong Province, Anhui Province and Jiangxi Province, but excluding Zhejiang Province for purposes of this offering memorandum
“plot ratio”	the ratio of the gross floor area (excluding floor area below ground) of all buildings to their site area
“pre-sales permit”	commodity property pre-sales permit (商品房預售許可證), a permit issued by local housing and building administrative bureaus or relevant authorities in China in connection with pre-sales of properties under construction
“residential property(ies)”	for purposes of this offering memorandum, property(ies) designated for residential use
“second-tier cities”	major cities in China categorized by the National Statistics Bureau that are either provincial capitals, direct-controlled municipalities or sub-provincial cities, or the cities that have strong economic and business performance
“sq.m.”	square meter(s)
“third-tier cities”	cities that are not first- or second- tier cities, but are geographically close to provincial capitals, direct-controlled municipalities or within major metropolitan areas
“Yangtze River Delta Region”	a geographical region in China including Shanghai Municipality, Zhejiang Province and Jiangsu Province for purposes of this offering memorandum
“2021 Notes”	our 11.0% senior notes due 2021 issued on July 31, 2020 in an aggregate principal amount of US\$200.0 million
“2022 Notes”	our 12.5% senior notes due 2022 issued on January 23, 2020, March 16, 2020 and May 20, 2020 in an aggregate principal amount of US\$300.0 million
“%”	per cent

SUMMARY

This summary does not contain all the information that may be important to you in deciding to invest in the Notes. You should read the entire offering memorandum, including the section entitled “Risk Factors” and our consolidated financial statements and related notes thereto, before making an investment decision.

OVERVIEW

We are a fast-growing, large-scale, comprehensive real estate developer in China focusing on the development of quality residential properties in select regions in China. Headquartered in Shanghai and deeply rooted in Zhejiang Province, we have established a leading market position in Zhejiang Province through over 20 years of development, and have experienced rapid growth in terms of revenue and recognized GFA in 2018, 2019 and 2020. According to Enterprise Research Institute of the Development Research Center of the State Council, the Center for Real Estate of Tsinghua University and the China Index Academy, we were ranked among the Top 10 developers in terms of Operational Efficiency among “China Top 100 Real Estate Developers” in three consecutive years since 2018. We were also awarded “Top 30 Brand of China Real Estate Companies” by the Enterprise Research Institute of the Development Research Center of the State Council, the Center for Real Estate of Tsinghua University and the China Index Academy in 2019.

We have adopted a “1+1+X” expansion strategy since 2016 pursuant to which we base our development in Zhejiang Province, deeply penetrate into the Pan-Yangtze River Delta Region, and expand into other cities with high growth potential outside the Pan-Yangtze River Delta Region, such as Jingmen in Hubei Province, Hengyang and Changde in Hunan Province and Hohhot in Inner Mongolia Autonomous Region. Our “1+1+X” strategy also represents our determination to accelerate the expansion of our property development business scale. We believe that after nearly 20 years of development, we have accumulated sufficient experience in project development from site selection to after-sales services, as well as abundant connections with suppliers, contractors and business partners which are necessary to carry out the acceleration of our expansion plans.

In 2018, 2019 and 2020, our “1+1+X” expansion strategy has led to significant growth in our business, and our revenue amounted to RMB14,215.3 million, RMB35,519.5 million and RMB46,638.4 million (US\$7,147.6 million), respectively. In the same years, our recognized GFA amounted to 1,422,554 sq.m., 3,488,380 sq.m. and 4,187,123 sq.m., respectively. According to the Enterprise Research Institute of the Development Research Center of the State Council, the Center for Real Estate of Tsinghua University and the China Index Academy, we have been consistently ranked among “China’s Top 100 Real Estate Developers” for ten consecutive years in terms of comprehensive capabilities since 2011, and our rapid expansion has improved our ranking from 92nd in 2011 to 26th in 2021.

Our Strengths

We believe the following competitive strengths are key to our many achievements and distinguish us from our competitors:

- we are a fast-growing, large-scale, comprehensive real estate developer, deeply rooted in Zhejiang Province and the Pan-Yangtze River Delta Region with strategic nationwide coverage;
- our “1+1+X” expansion strategy and quality land bank, laying solid foundation for long-term growth;
- our quality, diversified product portfolio and well-established brand image in line with our “happy life operator” vision;
- our standardized management structure to safeguard investment return and control risks; and
- we have a seasoned and visionary management team and dedicated execution team.

Our Strategies

Our goal is to become a leading real estate developer offering quality products in the PRC. To achieve our goal, we intend to implement the following strategies:

- continue with our “1+1+X” expansion strategy, strengthen our position in Zhejiang Province and the Pan-Yangtze River Delta Region and actively expand into cities with high potential;
- further optimize our product mix and upgrade our services to enhance brand value;
- further improve operational efficiency through standardized management and comprehensive operation model;
- continue to diversify financing channels, improve capital structure and reduce costs; and
- continue to build a talented team and establish a competitive compensation scheme.

Recent Developments

Land Acquisition

Subsequent to December 31, 2020, we have acquired the following major projects. The following table sets forth certain information regarding these projects:

	Project Name	Location	Our equity interest (%)	Property Type(s)	Planned Total GFA (sq.m.)
1.	Block No. 20, Business District (商務區-20號地塊)	Shaoxing	100%	Commercial and residential	404,898
2.	JY-01-2021-009, JY-01-2021-010, JY-01-2021-011, JY-01-2021-012	Jinan	60%	Commercial and residential	18,932
3.	North of Xiangdu Avenue, Jinxi County (金溪縣香都大道北側)	Fuzhou	51%	Commercial and residential	23,960
4.	Block No. 7-2 Zeshui Pai, Yuecheng District (越城區則水牌7-2號地塊)	Shaoxing	100%	Commercial and residential	184,774
5.	Northern Plot of No. 1 Citizen Service Center (1號市民服務中心北 側地塊)	Nanling	51%	Commercial and residential	94,520
6.	Block B-48, No. 8 Keqiao Keyan (8號柯橋柯岩B-48地塊)	Shaoxing	49%	Commercial and residential	121,603
7.	Plot XQ070103, West Street, Wenling City (溫嶺城西街道XQ070103地塊)	Wenling	100%	Residential	51,076
8.	Lot 2021-013 (2021-013號地塊)	Anqing	51%	Residential	92,360
9.	Block 12-E-08, South Unit of Yaoxi, Yongqiang North Area (永強北片區 瑤溪南單元12-E-08地塊)	Wenzhou	34%	Residential	71,216
10.	Block 11-E-38, Yaoxi North Unit, Yongqiang North Area (永強北片區 瑤溪北單元11-E-38地塊)	Wenzhou	33%	Residential	272,821
11.	Lot 2021-015 (2021-015號地塊)	Anqing	51%	Residential	66,948
12.	Lot GT-05-18 of Quzhou High-speed Rail (衢州高鐵新城GT-05-18地)	Qushi	100%	Residential	263,174

	<u>Project Name</u>	<u>Location</u>	<u>Our equity interest</u> (%)	<u>Property Type(s)</u>	<u>Planned Total GFA</u> (sq.m.)
13.	Plot No. 2021-7, Fuyang City (阜陽市 2021-7號地塊)	Fuyang	100%	Commercial and residential	235,305
14.	DGI202106	Jiujiang	100%	Residential	140,219
15.	Hangqiantang Chugou [2021] No. 1, Lot JS0603-03 (杭錢塘儲出[2021]1號JS0603-03地塊)	Hangzhou	50%	Residential	208,857
16.	Hang Zheng Chu Out [2021] No. 12, Plot XH2301-09 (杭政儲出[2021]12號XH2301-09地塊)	Hangzhou	100%	Residential	235,351
17.	Plot JY-01-2021-018, West of Yinhe Road, North of Tongde Street (同德街北銀河路西JY-01-2021-018地塊)	Jinan	60%	Residential	135,993

The Recent Coronavirus Epidemic Outbreak

Toward the end of 2019, a highly infectious novel coronavirus was detected. WHO later named the novel coronavirus as COVID-19. In March 2020, the WHO characterized the outbreak of COVID-19 a pandemic. The COVID-19 pandemic has resulted in an adverse impact on the livelihood of the people in and the economy of the PRC and worldwide.

The PRC central and local governments have taken various measures to manage cases and reduce potential spread and impact of infection, and further introduced various policies to boost the economy and stimulate the local property markets. The PRC real estate market is under pressure in the short term as the COVID-19 pandemic has curbed demand and pre-sales. Given the uncertainties as to the development of the outbreak, it is difficult to predict how long these conditions will persist and to what extent we may be affected. See “Risk Factors — Risks Relating to Our Business — The macroeconomic conditions and real estate markets of the PRC have been and may continue to be affected by the COVID-19 pandemic. As a result, our results of operations, financial condition and cash flows may be adversely and materially affected by the COVID-19 pandemic.”

General Information

We were incorporated in the Cayman Islands on December 13, 2019, as an exempted company with limited liability. Our shares have been listed on the Hong Kong Stock Exchange since November 18, 2020. Our principal place of business in Hong Kong is at 40th Floor, Sunlight Tower, No. 248 Queen’s Road East, Wanchai, Hong Kong. Our headquarter and principal place of business in the PRC is at Building 5, Henderson-CIFI Centre South, Minhang District, Shanghai, China. Our registered office is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands. Our website is <http://www.shinsunholdings.com/>. Information contained on our website does not constitute part of this offering memorandum.

THE OFFERING

The following is a brief summary of the terms of this offering and is qualified in its entirety by the remainder of this offering memorandum. Terms used in this summary and not otherwise defined shall have the meanings given to them in “Description of the Notes.”

Issuer	Shinsun Holdings (Group) Co., Ltd. (the “Company”).
Notes offered	US\$200,000,000 aggregate principal amount of 10.5% Senior Notes due 2022 (the “Notes”).
Issue Price	99.54% of the principal amount of the Notes.
Maturity Date	June 7, 2022.
Interest	The Notes will bear interest from and including June 8, 2021 at the rate of 10.5% per annum, payable in arrears.
Interest Payment Dates	December 8, 2021 and June 7, 2022.
Ranking of the Notes	The Notes are: <ul style="list-style-type: none">• general obligations of the Company;• senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes;• at least <i>pari passu</i> in right of payment with all other unsecured, unsubordinated Indebtedness of the Company (subject to any priority rights of such unsecured, unsubordinated Indebtedness pursuant to applicable law);• guaranteed by the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) on a senior basis, subject to certain limitations described under “Risk Factors — Risks Relating to the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees” and “Description of the Notes — The Subsidiary Guarantees and JV Subsidiary Guarantors;”• effectively subordinated to the secured obligations (if any) of the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors, to the extent of the value of the assets serving as security therefor; and• effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries.
Subsidiary Guarantees	Each of the Subsidiary Guarantors will, jointly and severally, guarantee the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes.

The initial Subsidiary Guarantors on the Original Issue Date consist of all of the Restricted Subsidiaries other than those Restricted Subsidiaries organized under the laws of the PRC and the Initial Non-Guarantor Subsidiaries.

All of the initial Subsidiary Guarantors are holding companies that do not have significant operations. See “Risk Factors — Risks Relating to the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees — Our initial Subsidiary Guarantors do not currently have significant operations and certain Subsidiary Guarantees may in some cases be replaced by limited-recourse guarantees.”

Any future Restricted Subsidiary, as defined under “Description of the Notes — Certain Definitions” (other than subsidiaries organized under the laws of the PRC, Exempted Subsidiaries or Listed Subsidiaries), will guarantee the Notes as either a Subsidiary Guarantor or a JV Subsidiary Guarantor as soon as practicable after it becomes a Restricted Subsidiary or ceases to be an Exempted Subsidiary or a Listed Subsidiary. Notwithstanding the foregoing, the Company may elect to have any future Restricted Subsidiary organized outside the PRC not provide a Subsidiary Guarantee or a JV Subsidiary Guarantee at the time such entity becomes a Restricted Subsidiary, *provided* that, after giving effect to the Consolidated Assets of such Restricted Subsidiary, the Consolidated Assets of all Restricted Subsidiaries organized outside the PRC that are not Subsidiary Guarantors or JV Subsidiary Guarantors (other than Exempted Subsidiaries or Listed Subsidiaries) do not account for more than 15.0% of the Total Assets.

A Subsidiary Guarantee may be released or replaced in certain circumstances. See “Description of the Notes — The Subsidiary Guarantees — Release of the Subsidiary Guarantees and JV Subsidiary Guarantees.” In the case of a Subsidiary Guarantor with respect to which the Company or any of its Restricted Subsidiaries is proposing to sell, whether through the sale of existing shares or the issuance of new shares, no less than 20.0% of the Capital Stock of such Subsidiary Guarantor, the Company may release the Subsidiary Guarantees provided by such Subsidiary Guarantor and each of its Restricted Subsidiaries organized outside the PRC, *provided* that after the release of such Subsidiary Guarantees, the Consolidated Assets of all Restricted Subsidiaries organized outside the PRC that are not Subsidiary Guarantors or JV Subsidiary Guarantors (including the Subsidiary Guarantors whose Subsidiary Guarantees were released) (other than Exempted Subsidiaries or Listed Subsidiaries) do not account for more than 15.0% of the Total Assets.

Ranking of Subsidiary
Guarantees

The Subsidiary Guarantee of each Subsidiary Guarantor:

- is a general obligation of such Subsidiary Guarantor;
- is effectively subordinated to secured obligations (if any) of such Subsidiary Guarantor, to the extent of the value of the assets serving as security therefor;

- is senior in right of payment to all future obligations of such Subsidiary Guarantor expressly subordinated in right of payment to such Subsidiary Guarantee;
- ranks at least *pari passu* with all other unsecured, unsubordinated Indebtedness of such Subsidiary Guarantor (subject to any priority rights of such unsecured, unsubordinated Indebtedness pursuant to applicable law); and
- effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries.

Ranking of JV Subsidiary Guarantees

A JV Subsidiary Guarantee instead of a Subsidiary Guarantee may be provided by a Subsidiary Guarantor concurrently with the consummation of (x) a sale by the Company or any of its Restricted Subsidiaries of Capital Stock in such Subsidiary Guarantor, where such sale is for no less than 20% of the issued Capital Stock of such Restricted Subsidiary or (y) a purchase of the Capital Stock of an Independent Third Party such that it becomes a Subsidiary and is designated a Restricted Subsidiary. No JV Subsidiary Guarantee exists as of the Original Issue Date.

The JV Subsidiary Guarantee of each JV Subsidiary Guarantor will:

- be a general obligation of such JV Subsidiary Guarantor;
- be enforceable only up to the JV Entitlement Amount;
- be effectively subordinated to secured obligations (if any) of such JV Subsidiary Guarantor, to the extent of the value of the assets serving as security therefor;
- be limited to the JV Entitlement Amount, and will be senior in right of payment to all future obligations of such JV Subsidiary Guarantor expressly subordinated in right of payment of such JV Subsidiary Guarantee;
- be limited to the JV Entitlement Amount, and will rank at least *pari passu* with all other unsecured, unsubordinated Indebtedness of such JV Subsidiary Guarantor (subject to any priority rights of such unsecured, unsubordinated Indebtedness pursuant to applicable law); and
- effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries.

Use of Proceeds

The Company intends to use the proceeds from this offering for refinancing our existing offshore indebtedness, in accordance with our Sustainable Finance Framework.

Sustainable Bonds

The Notes are being issued as “Sustainable Bonds” under our Sustainable Financing Framework. See the section entitled “Notes Being Issued as Sustainable Bonds.”

Optional Redemption At any time prior to June 7, 2022, the Company may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes plus the Applicable Premium (as defined under “Description of the Notes”) as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time and from time to time prior to June 7, 2022, the Company may redeem up to 35% of the aggregate principal amount of the Notes at a redemption price of 110.5% of the principal amount of the Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date, with the net cash proceeds from sales of certain kinds of its capital stock, subject to certain conditions.

Repurchase of Notes Upon a Change of Control Triggering Event Upon the occurrence of a Change of Control Triggering Event, the Company will make an offer to repurchase all outstanding Notes at a purchase price equal to 101% of their principal amount plus accrued and unpaid interest, if any, to (but not including) the repurchase date.

Redemption for Taxation Reason Subject to certain exceptions, the Company may redeem the Notes, as a whole but not in part, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any Additional Amounts), if any, to the date fixed by the Company for redemption, if the Company or a Subsidiary Guarantor would become obligated to pay certain additional amounts as a result of certain changes in specified tax laws or certain other circumstances. See “Description of the Notes — Redemption for Taxation Reasons.”

Covenants The Notes and the Indenture limit the Company’s ability and the ability of its Restricted Subsidiaries to, among other things:

- incur or guarantee additional indebtedness and issue disqualified or preferred stock;
- make investments or other specified restricted payments;
- issue or sell capital stock of Restricted Subsidiaries;
- guarantee indebtedness of Restricted Subsidiaries;
- sell assets;
- create liens;
- enter into sale and leaseback transactions;
- enter into agreements that restrict the Restricted Subsidiaries’ ability to pay dividends, transfer assets or make intercompany loans;
- enter into transactions with shareholders or affiliates; and
- effect a consolidation or merger.

These covenants are subject to a number of important qualifications and exceptions described in “Description of the Notes — Certain Covenants.”

Transfer Restrictions	The Notes will not be registered under the U.S. Securities Act or under any state securities laws of the United States and will be subject to customary restrictions on transfer and resale. See “Transfer Restrictions.”				
Form, Denomination and Registration	The Notes will be issued only in fully registered form, without coupons, in minimum denominations of US\$200,000 of principal amount and integral multiples of US\$1,000 in excess thereof and will be initially represented by one or more global notes registered in the name of a nominee of a common depository for Euroclear and Clearstream.				
Clearance and Settlement	The Notes will be issued in book-entry form through the facilities of Euroclear and Clearstream for the accounts of its participants, including Euroclear and Clearstream. For a description of certain factors relating to clearance and settlement, see “Description of the Notes — Book-Entry; Delivery and Form.”				
Delivery of the Notes	The Company expects to make delivery of the Notes, against payment in same-day funds on or about June 8, 2021 which the Company expects will be the third business day following the date of this offering memorandum referred to as “T+3”. You should note that initial trading of the Notes may be affected by the T+3 settlement.				
Listing	Application will be made to the Hong Kong Stock Exchange for the listing of the Notes by way of debt issues to Professional Investors only as described in this offering memorandum.				
Ratings	The Notes are expected to be rated “BB-” by Lianhe Ratings Global Limited (“Lianhe Global”). A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. We cannot assure investors that these ratings will be confirmed or they will not be adversely revised or withdrawn either before or after delivery of the Notes.				
Trustee	China Construction Bank (Asia) Corporation Limited.				
Paying and Transfer Agent and Registrar	China Construction Bank (Asia) Corporation Limited.				
Governing Law	The Notes and the Indenture are governed by and construed in accordance with the laws of the State of New York.				
Risk Factors	For a discussion of certain factors that should be considered in evaluating an investment in the Notes, see “Risk Factors.”				
Security Codes	<table border="0" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center; border-bottom: 1px solid black; padding: 0 20px;">ISIN</td> <td style="text-align: center; border-bottom: 1px solid black; padding: 0 20px;">Common Code</td> </tr> <tr> <td style="text-align: center; padding: 5px 0 5px 20px;">XS2347497906</td> <td style="text-align: center; padding: 5px 0 5px 20px;">234749790</td> </tr> </table>	ISIN	Common Code	XS2347497906	234749790
ISIN	Common Code				
XS2347497906	234749790				

SUMMARY CONSOLIDATED FINANCIAL AND OTHER DATA

The following table presents our summary financial and other data. The summary consolidated income statement data for the years ended December 31, 2018, 2019 and 2020 set forth below (except for EBITDA data) have been derived from our audited consolidated financial statements for such periods and as of such dates, as audited by Ernst & Young, our independent certified public accountants, and included elsewhere in this offering memorandum. Our financial statements have been prepared and presented in accordance with IFRS, which differ in certain respects from U.S. GAAP and generally accepted accounting principles in other jurisdictions. The summary financial data below should be read in conjunction with our consolidated financial statements and the notes to those statements included elsewhere in this offering memorandum. Potential investors must exercise caution when using such data to evaluate our financial condition and results of operations. Unaudited consolidated financial statements have been prepared on a basis consistent with our audited consolidated financial statements and, in the opinion of our management, include all adjustments considered necessary for a fair presentation of the financial position and results of operations for such periods. Historical results are not necessarily indicative of results that may be achieved in any future period.

Summary Consolidated Income Statement and Other Financial Data

	Year ended December 31,			
	2018	2019	2020	
	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000) (unaudited)
Revenue	14,215,302	35,519,538	46,638,413	7,147,650
Cost of sales	(11,216,121)	(27,039,427)	(38,203,574)	(5,854,954)
Gross profit	2,999,181	8,480,111	8,434,839	1,292,696
Finance income	71,376	151,883	75,773	11,613
Other income and gains	36,789	95,375	108,621	16,647
Selling and distribution expenses	(752,994)	(1,073,899)	(1,240,318)	(190,087)
Administrative expenses	(1,119,107)	(1,125,445)	(1,132,252)	(173,525)
Other expenses	(69,630)	(199,371)	(101,221)	(15,513)
Fair value gains on investment properties	13,978	22,406	4,624	709
Finance costs	(432,110)	(777,570)	(1,113,405)	(170,637)
Share of profit and loss of:				
Joint ventures	(30,492)	(54,644)	2,026	310
Associates	(30,929)	11,502	(19,770)	(3,030)
Profit before tax	686,062	5,530,348	5,018,917	769,183
Income tax credit/(expense)	(258,122)	(2,321,393)	(1,965,546)	(301,233)
Profit after tax for the year	427,940	3,208,955	3,053,371	467,950
Attributable to:				
Owners of the parent	325,047	2,312,283	2,646,006	405,518
Non-controlling interests	102,893	896,672	407,365	62,431
	427,940	3,208,955	3,053,371	467,950
Other Financial Data (Unaudited)				
EBITDA ⁽¹⁾	2,093,252	8,042,264	8,559,368	1,311,781
EBITDA margin ⁽²⁾	14.7%	22.6%	18.4%	18.4%

Notes:

(1) EBITDA for any period consists of gross profit, finance income, other income and gains, selling and distribution expenses, administrative expenses, other expenses, capitalized interests, depreciation of property, plant and equipment, depreciation of right-of-use assets and amortization of intangible assets. EBITDA is not a standard measure under IFRS. EBITDA is a widely used financial indicator of a company's ability to service and incur debt. 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 EBITDA, we believe that investors should consider, among other things, the components of EBITDA such as sales and operating expenses and the amount by which EBITDA exceeds capital expenditures and other charges. We have included 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. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare our EBITDA to EBITDA presented by other companies because not all companies use the same definition. Investors should also note that EBITDA as presented herein may be calculated differently from Consolidated EBITDA as defined and used in the Indenture governing the Notes. Interest expense excludes amounts capitalized. See "Description of the Notes — Definitions" for a description of the manner in which Consolidated EBITDA is defined for purposes of the Indenture governing the Notes.

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

Summary Consolidated Financial Position Data

	As of December 31,			
	2018	2019	2020	
	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000) (unaudited)
NON-CURRENT ASSETS				
Property, plant and equipment	593,613	539,236	127,132	19,484
Right-of-use assets	56,625	113,221	74,064	11,351
Investment properties	1,102,558	1,492,630	2,018,554	309,357
Intangible assets	9,868	11,672	10,832	1,660
Investments in joint ventures	341,201	712,680	1,164,904	178,529
Investments in associates	370,813	742,052	686,226	105,169
Deferred tax assets	1,702,789	1,960,579	2,100,518	321,918
Total non-current assets	4,177,467	5,572,070	6,182,230	947,468
CURRENT ASSETS				
Properties under development	88,598,436	92,688,528	105,840,944	16,220,834
Completed properties held for sale	3,114,046	5,393,412	4,272,697	654,819
Inventories	8,008	8,315	—	—
Trade and bills receivables	226,136	195,012	127,380	19,522
Contract assets	277,380	278,260	227,970	34,938
Due from related parties	4,161,637	5,560,849	2,700,144	413,815
Prepayments, deposits and other receivables	12,051,553	11,388,198	13,265,996	2,033,103
Tax recoverable	1,541,883	1,968,017	2,191,243	335,823
Financial assets at fair value through profit or loss	52,433	20,567	626,231	95,974
Cash and cash balances	7,858,778	6,962,481	24,304,747	3,724,865
	117,890,290	124,463,639	153,557,352	23,533,694
Assets of a subsidiary classified as held for sale	—	591,983	—	—
Total current assets	117,890,290	125,055,622	153,557,352	23,533,694
CURRENT LIABILITIES				
Trade and bills payables	5,063,976	5,102,436	6,977,322	1,069,321
Other payables and accruals	3,759,979	4,898,470	13,220,334	2,026,105
Contract liabilities	74,573,736	77,901,721	68,791,434	10,542,749
Due to related parties	5,909,143	5,956,321	5,809,050	890,276
Interest-bearing bank and other borrowings	12,523,827	10,288,997	20,754,820	3,180,815
Senior notes	644,958	1,016,301	1,437,058	220,239
Corporate bonds	—	—	3,164	485
Asset-backed securities	2,416,926	205,551	—	—
Tax payable	566,218	1,923,178	2,409,194	369,225
Lease liabilities	30,812	50,744	34,207	5,242
	105,489,575	107,343,719	119,436,583	18,304,457
Liabilities directly associated with the assets classified as held for sale	—	41,638	—	—
Total current liabilities	105,489,575	107,385,357	119,436,583	18,304,457
NET CURRENT ASSETS	12,400,715	17,670,265	34,120,769	5,229,237

	As of December 31,			
	2018	2019	2020	
	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000) (unaudited)
TOTAL ASSETS LESS				
CURRENT LIABILITIES	<u>16,578,182</u>	<u>23,242,335</u>	<u>40,302,999</u>	<u>6,176,705</u>
NON-CURRENT LIABILITIES				
Interest-bearing bank and other borrowings	13,479,396	17,016,525	21,531,087	3,299,783
Senior notes	–	–	1,952,929	299,299
Lease liabilities	27,931	74,846	51,910	7,956
Deferred tax liabilities	189,996	175,848	232,537	35,638
Total non-current liabilities	<u>13,697,323</u>	<u>17,267,219</u>	<u>24,265,963</u>	<u>3,718,922</u>
NET ASSETS	<u>2,880,859</u>	<u>5,975,116</u>	<u>16,037,036</u>	<u>2,457,783</u>
EQUITY				
Equity attributable to owners of the parent				
Share capital	–	–	199,616	30,592
Reserves	1,957,796	4,617,425	8,231,939	1,261,600
	<u>1,957,796</u>	<u>4,617,425</u>	<u>8,431,555</u>	<u>1,292,192</u>
Non-controlling interests	<u>923,063</u>	<u>1,357,691</u>	<u>7,605,481</u>	<u>1,165,591</u>
TOTAL EQUITY	<u>2,880,859</u>	<u>5,975,116</u>	<u>16,037,036</u>	<u>2,457,783</u>

RISK FACTORS

You should carefully consider the risks described below and other information contained in this offering memorandum before making an investment decision. The risks and uncertainties described below may not be the only ones that we face. Additional risks and uncertainties that we are not aware of or that we currently believe are immaterial may also adversely affect our business, financial condition or results of operations. If any of the possible events described below occur, our business, financial condition or results of operations could be materially and adversely affected. In such case, we may not be able to satisfy our obligations under the Notes, and you could lose all or part of your investment.

Our business and operations involve certain risks and uncertainties, many of which are beyond our control. These risks can be broadly categorized as: (i) risks relating to our business; (ii) risks relating to our industry; (iii) risks relating to the PRC; and (iv) risks relating to the the Notes, Subsidiary Guarantees and JV Subsidiary Guarantees.

RISKS RELATING TO OUR BUSINESS

Our business and prospects are susceptible to adverse movements in the PRC real estate market, particularly in provinces and cities where we have property projects.

Our business and prospects depend on the performance of the PRC real estate market, particularly in provinces and cities where we have property projects. We principally develop and sell properties in cities in Zhejiang Province and other cities in the Pan-Yangtze River Delta Region. We also plan to strategically expand into other cities with high growth potential in China. As of December 31, 2020, we had a total of 218 property projects in various stages of development in the PRC, comprising 116 projects in Zhejiang Province, 76 projects in the Pan-Yangtze River Delta Region and 26 projects in other areas in China. Our financial performance is correlated to the performance of the PRC real estate market, which is sensitive to economic fluctuations and closely monitored by the PRC Government. Any adverse movements in the prices, supply of or demand for properties in the PRC, particularly in the provinces and cities where we have or plan to have property projects, may adversely affect our results of operations, financial condition and business prospects.

The real estate market may be affected by local, regional, national and global factors beyond our control, such as speculative activities, financial crises, government policies, natural disasters, epidemics, pandemics and hostilities, among others. Although demand for residential and commercial properties in China grew rapidly in recent years, we cannot assure you that the real estate market in provinces and cities where we have undertaken, or will undertake, property projects will continue to grow or that market downturns will not occur. The PRC Government has sought to stabilize the real estate market by promulgating various control measures. Such measures may affect property price level, market demand and supply and our business performance. The property market in the PRC has shown signs of a slowdown since late 2017, with some developers reported to have lowered prices in order to stimulate sales and some local governments reported to have relaxed property purchase restrictions previously imposed as cooling measures to boost demand. Any continuing adverse development and the ensuing decline in property sales or decrease in property prices in China may adversely affect our business, financial condition and results of operations.

We generated a majority of our revenue from property development and sales in Zhejiang Province in 2018, 2019 and 2020, and we are susceptible to any significant decline in the economic condition of Zhejiang Province.

We generated a majority of our revenue from property development and sales in Zhejiang Province in 2018, 2019 and 2020, and we expect to continue to derive a substantial portion of our revenue from this regional market. In 2018, 2019 and 2020, our revenue from property development and sales accounted for approximately 99.0%, 99.6% and 99.7%, respectively, of our total revenue for the same years. In 2018, 2019 and 2020, approximately 71.4%, 62.5% and 61.3%, respectively, of our revenue from property

development and sales were derived from Zhejiang Province. As of December 31, 2020, we had an attributable total land bank of 23.3 million sq.m., of which 11.2 million sq.m., or 48.2%, were located in Zhejiang Province. As we expect that our property projects located in Zhejiang Province will continue to contribute to the majority of our revenue from property development and sales in the near future, our business, financial condition and results of operations may be particularly susceptible to the market uncertainties, volatility and significant adverse change in the real estate market of Zhejiang Province. As a result, we are exposed to a greater geographical concentration risk than some of our competitors in the PRC whose operations are more geographically diversified.

As long as a majority of our property projects remains substantially concentrated in Zhejiang Province, if Zhejiang Province in general experiences any significant economic downturn due to imbalances in the local economy, disturbances in local financial markets, natural disasters, epidemics, pandemics, hostilities or any other reason, or if more restrictive government policies on the real estate industry are imposed, or if the property market conditions of Zhejiang Province otherwise decline, our business, results of operations and financial condition may be materially and adversely affected.

We may not be able to obtain additional financing.

Our business operations are highly capital intensive and require a significant amount of liquidity. To that end, we maintained a substantial level of borrowings to finance our operations in 2018, 2019 and 2020, and expect to incur additional indebtedness in the future to fund our expansion plans under our “1+1+X” strategy. However, we cannot guarantee that the PRC Government will not introduce new laws or regulations on certain financing related financial ratios, which could materially adversely affect our ability to incur additional indebtedness. For example, recent news articles have begun to emerge which report that the PBOC plans to control the scale of interest-bearing debts of property developers in China by applying a newly proposed standard in the assessment of the debt burden of property developers. In particular, under such new standard, for a property developer, (i) the liability asset ratio (calculated as total liabilities less contract liabilities divided by total assets less contract liabilities), shall not exceed 70%; (ii) the net gearing ratio (calculated as total interest-bearing liabilities less cash and bank balances divided by total equity) shall no exceed 100%; and (iii) the cash to short-term borrowing ratio (calculated as cash and bank balances divided by short-term interest bearing liabilities) shall not be lower than 1.0. The PBOC standard as reported in the news articles further stipulates that (i) for property developers which comply with all the above-mentioned three limits, their size of interest-bearing liabilities shall increase by less than 15% annually; (ii) for property developers which only comply with two of the above-mentioned three limits, their size of interest-bearing liabilities shall increase by less than 10% annually; (iii) for property developers which only comply with one of the above-mentioned three limits, their size of interest-bearing liabilities shall increase by less than 5% annually; and (iv) for property developers which fail to comply with any of the above-mentioned three limits, their size of interest-bearing liabilities shall not increase at all.

In the event that the above-mentioned standard mentioned in the news articles comes into effect, we may fail to comply with any of the above-mentioned three limits and our ability to obtain additional financing may be materially adversely affected. Failure to secure sufficient external financing may hinder our ability to implement our business strategies, acquire land parcels and complete the development of our property projects. In addition, if we were to be prohibited from increasing the aggregate size of interest-bearing liabilities, we may not be able to draw down on credit facilities before we repay existing debts, and may need to slow down our land acquisition activities to ensure we would have sufficient cash to complete the existing property projects. As such, our business, financial condition and results of operations may be materially adversely affected.

We recorded substantial accumulated losses in 2018 and 2019.

As of January 1, 2018 and 2019, we recorded accumulated losses of RMB1,388.5 million and RMB1,158.8 million, respectively, which was primarily because we have accelerated our property development activities and geographical expansion since 2016 under our “1+1+X” strategies pursuant to which we base our development in Zhejiang Province, deeply penetrate into the Pan-Yangtze River Delta Region, and expand into other cities with high growth potential outside the Pan-Yangtze River Delta Region. We cannot guarantee that our retained profits will not turn into accumulated losses again, or that we will be able to turn any accumulated losses into retained profits in the future.

We are subject to certain restrictive covenants in and risks associated with our bank and other borrowings and senior notes.

We are subject to certain restrictive covenants under the terms of our bank and other borrowings, which may restrict or otherwise adversely affect our operations. These covenants may restrict, among others, our ability to incur additional debt or provide guarantees, create encumbrances, pay dividends or distributions on our or our subsidiaries’ capital stock, prepay certain indebtedness, reduce our registered capital, sell, transfer, lease or otherwise dispose of property or assets, alter the nature or scope of business operations in any material respect, make investments and engage in mergers, consolidation or other change-in-control transactions. In particular, Shinsun Property Group Co., Ltd. (祥生地產集團有限公司), an indirect wholly-owned PRC subsidiary of our Company who holds all of our other PRC subsidiaries except for Zhujie Zhuojie Enterprise Management Co., Ltd. (諸暨卓傑企業管理有限公司), is restricted from making any dividend or distribution to us without prior consent from the lenders under a number of financing agreements, which may render us unable to receive any dividends or distributions from substantially all of our PRC operating subsidiaries, if lenders refuse to grant consents. We are also subject to certain restrictive covenants under the terms of senior notes, which may restrict our ability to create liens and effect consolidation or merger, among other. In addition, some of our borrowings may have restrictive covenants linked to our financial performance, such as maintaining a prescribed maximum debt-asset ratio during the term of the loans. Additionally, the covenants of our debt offerings may prohibit us from creating encumbrances on any subsidiaries to secure any offshore indebtedness unless certain conditions are met. Moreover, our trust and other financings are generally secured by pledging our equity interests in the relevant project subsidiaries and/or land use rights of the relevant land parcels. If we incur default and cannot repay all of the secured indebtedness, we may lose part or all of our equity interests in these project subsidiaries, our proportionate share of the asset value of the relevant property projects, land use rights or our development projects. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Indebtedness.” The occurrence of any of the above events may materially and adversely affect our business, financial condition and results of operations.

We had negative net operating cash flows in 2018 and 2020.

We had negative net cash flows from operating activities of RMB509.4 million and RMB16,088.5 million (US\$2,465.7 million) in 2018 and 2020, respectively. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Cash Flow Analysis.” We cannot assure you that we will not experience negative net cash flows from our operating activities in the future. A negative net cash flow position for operating activities could impair our ability to make necessary capital expenditures, constrain our operational flexibility and adversely affect our ability to expand our business and enhance our liquidity. For example, if we do not have sufficient net cash flow to fund our future liquidity, pay our trade and bills payables and repay our outstanding debt obligations when they become due, we may need to significantly increase external borrowings or secure other external financing. If adequate funds are not available from external borrowings, whether on satisfactory terms or at all, we may be forced to delay or abandon our development and expansion plans, and our business, prospects, financial condition and results of operations may be materially and adversely affected.

We may not have adequate financing to fund our future property development, and capital resources may not be available on favorable terms, or at all.

Property development is capital-intensive, with substantial capital investments during the land acquisition and property construction period. We fund our land acquisition and property construction primarily through proceeds from the pre-sales and sales of our properties and financing channels, including bank and other borrowings, ABS and senior notes. However, we cannot assure you that our capital resources will be sufficient, or that we will always be able to obtain additional external financing on favorable terms, or at all. Our ability to obtain external financing may be subject to factors beyond our control, including, among others, general economic conditions, changes to regulations, our financial performance and credit availability. In recent years, the PRC Government has taken a number of measures in the financial sector to further tighten lending requirements to property developers, which, among other things:

- prohibit PRC commercial banks from extending loans to property developers to finance land premiums;
- prohibit PRC commercial banks from granting or extending revolving credit facilities to property developers that hold idle land;
- restrict PRC commercial banks from granting new property development loans to property developers that hold a large amount of vacant commodity properties;
- prohibit PRC commercial banks from taking commodity properties that have been vacant for more than three years as security for mortgage loans;
- prohibit PRC commercial banks and trust financing companies from granting loans to development projects that fail to meet capital ratio requirements or lack the required government permits and certificates;
- tighten the grant of trust financing to property developers to control the scale and growth of real estate financing; and
- prohibit property developers from using borrowings obtained from any local banks to fund property developments outside that local region.

The PBOC regulates the reserve requirement ratio for commercial banks in the PRC, which affects the availability and cost of financing from them. We cannot assure you that the PRC Government will not introduce additional measures that may restrict our access to capital resources and external financing. Failure to secure sufficient external financing on favorable terms, or at all, may hinder our ability to implement our business strategies, acquire land parcels and complete the development of our property projects, and, in turn, may materially and adversely affect our business, financial condition and results of operations.

In addition, the PRC Government has implemented restrictions on the ability of PRC property developers to obtain offshore financing, which could affect our ability to deploy the funds raised outside China in our business in the PRC. On May 23, 2007, the MOFCOM and the SAFE jointly promulgated the Notice on Further Strengthening and Regulating the Approval and Supervision of Foreign Direct Investment in the Real Estate Industry (《關於進一步加強、規範外商直接投資房地產業審批和監管的通知》), which provides that foreign-invested real estate enterprises approved to be incorporated by the competent local authority shall promptly complete required filings with the MOFCOM. These regulations effectively restrict our ability to fund our PRC subsidiaries by way of shareholder loans. Pursuant to the Guidelines for Administration over Foreign Debt Registration (《外債登記管理操作指引》) promulgated by the SAFE on April 28, 2013 and effective from May 13, 2013 and amended on May 4, 2015, real estate enterprises with foreign investment approved by local MOFCOM branches and filed with the MOFCOM

after (and including) June 1, 2007 are not allowed to register foreign debt contracts with the SAFE or its local branches in specified circumstances. According to the Circular of the General Office of the National Development and Reform Commission on Requirements for Record-filing for Issuance of Foreign Debts by Real Estate Enterprises (《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)) promulgated by the NDRC that came into effect on July 9, 2019, foreign debt issued by real estate enterprises could only be used for repaying medium- and long-term offshore debt that will be due in the upcoming year.

Furthermore, equity contributions by us and our non-PRC subsidiaries to our PRC subsidiaries will require registration or other procedures with various government authorities, which may take considerable time and delay the actual contribution to the PRC subsidiaries. This may adversely affect the financial condition of the PRC subsidiaries and may cause delays to the development undertaken by such PRC subsidiaries. In addition, our PRC subsidiaries which are foreign-invested enterprises shall register with the foreign exchange authorities after established, and shall undergo modification registration in case of any subsequent capital modification, such as capital increase or decrease or equity transfer. We cannot assure you that we have completed or will complete in a timely manner all relevant necessary registration for all of our operating subsidiaries in the PRC to comply with this regulation. Moreover, we cannot assure you that the PRC Government will not introduce any new policies that further restrict our ability to deploy, or that prevent us from deploying, in China the funds raised outside China. Therefore, we may not be able to use all or any of the capital that we may raise outside China to finance our projects in a timely manner, or at all.

We may not be able to identify desirable locations or acquire land use rights for future property development on favorable terms, or at all.

We believe our ability to identify desirable locations and acquire suitable land use rights is key to the sustainable growth of our business. In particular, we have established a “Shinsun Town” (祥生小鎮) development model under which we cooperate with local governments to develop featured comprehensive real estate development projects with a mix of residential and commercial properties. Through such model, we are able to acquire sizeable quality land parcels in Zhejiang Province and the Pan-Yangtze River Delta Region at reasonable costs. We need to replenish our land reserves periodically in order to grow our business. However, our success in carrying out these business operations may be subject to factors beyond our control and we may not be able to apply “Shinsun Town” development model to all cities and provinces. The PRC Government may promulgate laws and regulations that effectively reduce the availability of new land suitable for development and hinder our ability to obtain land use rights, thereby intensifying competition between us and other property developers. Such government policies may materially and adversely affect our business and financial condition. Furthermore, the rapid development of the cities in which we operate or we plan to enter may result in a limited supply of undeveloped land in desirable locations and at reasonable acquisition costs. As a result, we may not be able to acquire more land parcels under our “Shinsun Town” development model, and our cost for acquiring land use rights will rise further in the future, our business, financial condition, results of operations and prospects may be materially and adversely affected if we are unable to acquire land parcels for development in a timely manner or at prices that allow us to achieve reasonable returns upon sales to our customers.

Moreover, there is no assurance that we will be able to consistently leverage our knowledge of and experience in the PRC real estate market to identify desirable locations for property development. We may incur significant costs in identifying, evaluating and acquiring suitable new land parcels for development. To the extent that we are unable to obtain land parcels on favorable terms, or at all, we may fail to grow our business and achieve expected returns, and consequently our business, financial condition and results of operations may be materially and adversely affected.

We may not be able to effectively implement our “1+1+X” strategy in the future, which has been a key strategy to our rapid growth in 2018, 2019 and 2020.

In 2016, we adopted a “1+1+X” expansion strategy where we base our development in Zhejiang Province, deeply penetrate into the Pan-Yangtze River Delta Region, and expand into other regional cities with high economic growth potentials beyond this region. Our “1+1+X” expansion strategy has led to significant growth in our business in 2018, 2019 and 2020. In order to continue to achieve sustainable growth, we plan to continue to seek development opportunities in select regions and cities in the PRC with high growth potential, both within and outside Zhejiang Province and the Pan-Yangtze River Delta Region, by following the “1+1+X” strategy. Expanding into new geographical locations involves uncertainties and challenges as we may be less familiar with local regulatory practices and customs, customer preferences and behavior, the reliability of local contractors and suppliers, business practices and business environments and municipal planning policies in the relevant sub-markets. In addition, expanding our business into new geographical locations would entail competition with developers who have a better established local presence or greater access to local labor, expertise and knowledge than we do. Competitive pressures may compel us to reduce prices and increase our costs, thus lowering our profit margins. There is no assurance that we will be able to pass any additional costs onto our customers. Furthermore, the construction, market and tax-related regulations in our target cities may be different from each other, and we may face additional expenses or difficulties in complying with new procedural requirements and adapting to new environments. Certain cities may also subject us to higher land acquisition costs and longer acquisition time.

As we may face challenges not previously encountered, we may fail to recognize or properly assess risks or take full advantage of opportunities, or otherwise fail to adequately leverage our past experience to meet challenges encountered in these new markets. For example, we may have difficulty in accurately predicting market demand for our properties in the cities into which we expand. We may also have difficulty in promoting and maintaining high occupancy rates and/or rental rates in the investment properties that we may develop in these new markets after these properties are completed and commence operations.

In addition, expanding into new regions and cities requires a significant amount of capital and management resources. We may not be able to manage the growth in our workforce to match the expansion of our business, and, accordingly, we may experience issues such as capital constraints, construction delays, and lack of skillful and qualified personnel. Moreover, expanding our geographical reach will divert management attention from our existing operations. There is no assurance that we will be able to hire, train or retain sufficient talent to successfully implement our expansion plans. Any of these issues could impede the implementation of our “1+1+X” strategy, and therefore lead to material adverse effects on our business, financial condition, results of operations and prospects.

Our results of operations may fluctuate due to factors such as the timing of our property sales and property delivery.

We generated substantially all of our revenue from property development and sales. In 2018, 2019 and 2020, our revenue from property development and sales accounted for approximately 99.0%, 99.6% and 99.7%, respectively, of our total revenue for the same years. Our results of operations may fluctuate due to factors such as the timing of our property sales and property delivery. We generally recognize revenue from sales of our properties when or as the control of the asset is transferred to the customer. There is a time difference between pre-sales of projects under development and the delivery of properties upon the completion of construction. Because the timing of delivery of our properties varies according to our construction timetable, our results of operations may vary significantly from period to period depending on the GFA sold or pre-sold, and the timing between our pre-sales and the delivery of the properties to purchasers. Periods in which we pre-sell a large amount of aggregate GFA may not be periods in which we generate a correspondingly high level of revenue, if the properties pre-sold are not delivered

within the same period. The effect of timing of delivery on our operational results is accentuated by the fact that during any particular period of time we can only undertake a limited number of projects due to the substantial capital requirements for land acquisition and construction costs.

Fluctuations in our operating results may also be caused by other factors, including fluctuations in expenses, such as land acquisition costs, development costs, administrative expenses, selling and marketing expenses, and changes in market demand for our properties. As a result, our period-to-period comparisons of results of operations and cash flow positions may not be indicative of our future results of operations and may not be taken as meaningful measures of our financial performance for any specific period. In addition, the cyclical nature of the PRC property market affects the optimal timing for land acquisition, development and the sales of properties. This cyclical nature, together with the lead time required for the sales of properties and the delivery of projects, means that our results of operations relating to property development activities may be susceptible to significant fluctuations from period to period. Furthermore, the development of our property projects may be delayed or adversely affected by a combination of factors beyond our control, which may in turn adversely affect our revenue recognition and consequently our cash flows and results of operations.

We may be unsuccessful in implementing our business strategies.

We formulate our business strategies based on, among others, our judgment of market conditions and the regulatory environment. For example, we intend to focus on Zhejiang Province and other cities in the Pan-Yangtze River Delta Region where we have successfully established presence and plan to solidify our market positions by increasing our market shares in such areas. We also plan to strategically expand into other cities with high growth potential in China, such as Changsha and Xiamen. See “Business — Our Business Strategies.” However, we are subject to uncertainties in relation to implementing our business strategies and achieving the expected economic results. We may be hindered by factors beyond our control, such as competitive pressures from other members of our industry, lack of qualified and experienced personnel, natural disasters, difficulties in obtaining the required permits, licenses and certificates, delays in construction and logistical difficulties, among others. Failure to successfully implement our business strategies may weaken our competitiveness in the long term and materially and adversely affect our business, financial condition and results of operations.

Our property sales may vary from period to period, and such fluctuations make it difficult to predict our future performance.

We rely on the cash flow generated from pre-sales and sales of our properties to fund our operations. Our property sales, however, may fluctuate from period to period due to a combination of various factors, including but not limited to general market conditions of the property market in China and in the cities we operate, national and local government and bank policies, the overall development schedules and sales plans of our projects, our mixture of geographic locations and product types, the launching of pre-sales in a particular period, and the timing and size of GFA approved by governmental authorities for our pre-sales. We cannot assure you that the GFA sold or pre-sold and selling prices of our properties, and, accordingly, the recognized GFA of our properties, respectively, will always increase in the future. Because the timing of delivery of our properties varies according to our construction timetable, our results of operations may vary significantly from period to period depending on the GFA sold or pre-sold and the timing of delivery of the properties we sell. Should our selling prices or recognized ASP decrease due to the mix in geographic locations and product types for a particular period in the future or for reasons beyond our control, our cash position and sales revenue will be materially adversely affected, which may adversely affect our ability to service our indebtedness as well.

In addition, there is no assurance that our selling prices or recognized ASP, as a whole, will always be consistent with the industry trends in the cities in which we operate. Although historically the fluctuations of the selling prices or recognized ASP for our residential and commercial properties were generally in line with the industry trend in the cities in which we operate, our selling prices or recognized

ASP, as a whole, might deviate from the industry trends as a result of the changes in the mixture of property series and product types, the launching of sales and pre-sales in a particular period and the timing of the delivery of properties and, therefore, it may be difficult to evaluate our historical performance and to predict the future trends.

The total GFA of some of our property developments may be different from the original authorized area.

Government grants of land use rights for a parcel of land specify in the land grant contract the permitted total GFA that the developer may develop on the land. In addition, the total GFA is also set out in the relevant urban planning approvals and construction permits. However, the actual GFA constructed may be different from the total GFA authorized in the land grant contract or relevant urban planning approvals and construction permits due to factors such as subsequent planning and design adjustments. The actual GFA may be subject to approval when the relevant authorities inspect the properties after completion. A 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 completion certificate (房屋建築工程竣工驗收備案表) can be issued to the property developer. Until the completion certificate is issued, we would not be able to deliver individual units to purchasers or to recognize the related pre-sale proceeds as revenue. If issues related to excess GFA cause delays in the property delivery, we may also incur liability to purchasers under our sales contracts. There can be no assurance that the constructed total GFA for each of our existing projects under development or any future property developments will not exceed permitted total GFA. Any of these factors may adversely affect our business.

We may fail to complete our projects on time, on budget, or at all.

Property development typically requires significant capital resources, and a substantial amount of time may pass before properties generate revenue. The progress of a property development project may be affected by various factors, which may include, among others:

- natural disasters or adverse weather conditions;
- changes in market conditions, economic downturns and/or decline in customer interest;
- delays in obtaining requisite licenses, permits or approvals from relevant government authorities;
- changes in laws, rules, regulations and government policies;
- disputes with our business partners;
- availability and cost of financing;
- increases in the prices of raw materials and labor costs;
- shortages of materials, equipment, contractors and skilled labor;
- latent soil or subsurface conditions and latent environmental damage requiring remediation;
- unforeseen engineering, design, environmental or geographic problems;
- labor disputes and strikes;
- construction accidents; and

- other unforeseen problems or circumstances, such as the COVID-19 pandemic. See “— The macroeconomic conditions and real estate markets of the PRC may have been and may continue to be affected by the COVID-19 pandemic. As a result, our results of operations, financial condition and cash flows may be adversely and materially affected by the COVID-19 pandemic.”

When we are affected by one or more of the above factors, we may have already expended significant capital resources with little or no prospect of recovering or mitigating our losses. Substantial capital expenditures are generally incurred for land acquisition and property construction. We typically formulate our pre-sales plan based on our construction plan. In the event that the construction schedule of a project has been significantly delayed due to various factors, including factors listed above, we may not be able to complete the construction as scheduled, which may in turn, cause delays in property delivery. For example, one of our projects located in Shaoxing experienced delays in property delivery as a result of delays in construction completion. Construction delays or failure to complete the construction of a project according to its planned specifications, schedules or budgets as a result of the above factors may adversely affect our business and financial condition and may also cause damage to our reputation.

We face risks related to the pre-sales of properties from any potential limitations or restrictions imposed by the PRC Government and claims from customers.

We make certain undertakings in our pre-sale contracts. These pre-sale contracts and the relevant PRC laws and regulations provide remedies for breach of these undertakings. For example, if we fail to deliver a pre-sold property on time, we may be liable to the relevant purchasers for late delivery. If our delay extends beyond a specified period, the purchasers may terminate their pre-sale contracts and claim for damages. For example, in 2018, 2019 and 2020, we experienced certain delays in property delivery for several projects and as a result incurred compensation and default payments of RMB3.2 million, RMB30.3 million and RMB2.9 million (US\$0.4 million), respectively. We may continue to experience delays in property delivery due to various reasons, and may as a result need to pay compensation to purchasers. In addition, purchasers may also refuse to accept the delivery or even terminate the pre-sale contracts if the GFA of the relevant unit, as set out in the individual property ownership certificate, deviates by more than 3% from the GFA of that unit set out in the pre-sale contract. We cannot assure you that we will not experience any delays in the delivery of our properties, nor that the GFA for a delivered unit will not deviate more than 3% from the GFA set out in the relevant pre-sale contract. If we fail to deliver the properties according to the terms of the pre-sale contracts, we may be subject to legal proceedings or negotiations with our customers, who may become entitled to repudiate the pre-sale contract. We also cannot assure you that any legal proceedings or renegotiations resulting from delays or failures to deliver will have a favorable outcome. Any of such factors could have a material adverse effect on our business, financial condition and results of operations.

Under the current PRC laws, property developers must fulfill certain conditions before they can commence pre-sales of the relevant properties. In addition, the deposit and use of pre-sale proceeds are also restricted. If we fail to deposit the pre-sale proceeds into the designated escrow accounts in accordance with the relevant PRC laws and any relevant local requirements, we may be subject to certain administrative measures, including suspending the allocation of pre-sale proceeds, suspending the qualification for online contracting and being recorded in the credit files of real estate development enterprises. According to the Notice of the MOHURD on Further Strengthening the Supervision of the Real Estate Market to Improve the Pre-sale System of Commodity Housing (《住房和城鄉建設部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》), the pre-sale proceeds of commodity housing shall be fully deposited in an escrow account, and the relevant authority shall be responsible for the supervision and control to ensure that the pre-sale proceeds are used for the construction of the relevant projects, the pre-sale proceeds are appropriated according to the construction progress, and sufficient funds are retained to ensure the completion and delivery of the property projects. The pre-sale proceeds can generally be classified into two categories, key escrow funds and general escrow funds. For the use of key escrow funds, a project company can apply for withdrawal of pre-sale proceeds exceeding the minimum amount of key escrow funds required to be maintained in the designated escrow accounts for use on purposes as allowed under the local regulatory requirements. General escrow funds, which refer to the

surplus proceeds that exceed key escrow funds, can be transferred to the general corporate accounts of the project company, in some case after completing the necessary application procedures in accordance with local regulatory requirements, or in other cases freely if no such application requirements. If we fail to comply with the relevant regulations and requirements, we may face fines which may have a material adverse effect on our financial condition and results of operations.

In the event that the PRC Government imposes bans or further restrictions on the conduct of pre-sales, we may be forced to seek alternative sources of funding to finance the development of our property projects. Alternative sources of funding may not be available to us on favorable terms or at all, which may have a material adverse effect on our financial condition and results of operations.

The macroeconomic conditions and real estate markets of the PRC have been and may continue to be affected by the COVID-19 pandemic. As a result, our results of operations, financial condition and cash flows may be adversely and materially affected by the COVID-19 pandemic.

Toward the end of 2019, an outbreak of highly infectious novel coronavirus was reported. In March 2020, the World Health Organization characterized the outbreak of COVID-19 a pandemic. As of the date of this offering memorandum, the COVID-19 pandemic has spread to over 200 countries and territories globally, with the death toll and number of infected cases continuing to rise. Many countries have imposed unprecedented measures to halt the spread of the COVID-19 pandemic, including strict city lockdowns and travel bans. Several cities in China where we have land bank and operations had been under a lockdown and have imposed travel restrictions in an effort to curb the spread of the COVID-19 pandemic.

According to the data released on April 17, 2020 by the National Bureau of Statistics, China's first quarter GDP of 2020 contracted by 6.8% in 2020 compared with the first quarter of 2019. The PRC real estate market in general is under pressure in the short term as the COVID-19 pandemic has curbed on-site sales, though the impact started to ease starting from April 2020. According to the data released by the National Bureau of Statistics on April 17, 2020, China's real estate investment in the first quarter of 2020 amounted to RMB2,196.3 billion, representing a decrease of approximately 7.7% compared with the first quarter of 2019. According to the data released by the National Bureau of Statistics on July 16, 2020, China's GDP in the first half of 2020 was RMB45,661.4 billion, representing a decrease of 1.6% from the first half of 2019. Compared with the year on year (y-o-y) decline of 6.8% in the first quarter of 2020, the decrease narrowed by 5.2 percentage points. The national real estate investment in the first half of 2020 was RMB6,278.0 billion, representing a 1.9% y-o-y increase, which, compared with the y-o-y decrease of 0.3% from January to May 2020, indicates a rebound in real estate investment.

Most of our commercial properties temporarily suspended operations pursuant to local governments' regulations and measures to combat the COVID-19 pandemic. We implemented rent exemption for one month for tenants of certain of our properties. As the COVID-19 outbreak has stabilized in the PRC, we have resumed our normal operation. See "Business — Recent Developments — The Recent Coronavirus Epidemic Outbreak" The supply chains in all industries had been disrupted to a certain extent by the COVID-19 pandemic due to the prolonged suspension of business operations in the PRC and the instability of workforce arising from the mandatory quarantine requirements. If our contractors or suppliers encounter any disruption in their business operations, our construction schedule may also be disrupted.

It remains uncertain as to when the COVID-19 pandemic will be completely contained globally. In the event that the COVID-19 pandemic is not completely controlled within a short timeframe, our business and results of operations may be materially and adversely affected as a result of the changes in the outlook of the PRC property market, slowdown in China's economic growth, negative business sentiment or other factors that we cannot foresee.

We have indebtedness and may incur additional indebtedness in the future, and may not be able to fully and timely repay our indebtedness.

We maintained a substantial level of borrowings to finance our operations. As of December 31, 2018, 2019 and 2020, our total borrowings, comprising interest-bearing bank and other borrowings, ABS and senior notes, amounted to RMB29,065.1 million, RMB28,527.4 million and RMB46,176.6 million (US\$7,076.9 million), respectively. Our indebtedness and gearing could have an adverse effect on us, for example, by (i) increasing our vulnerability to downturns of general economic or industry conditions; (ii) limiting our flexibility in planning for, or reacting to, changes in our business or the industry in which we operate; (iii) placing us at a competitive disadvantage compared to our competitors with lower levels of indebtedness; (iv) limiting our ability to borrow additional funds; and (v) increasing our cost of additional financing. In the future, we expect to incur additional indebtedness to complete our projects under development and projects held for future development, and we may also utilize proceeds from additional debt financing to acquire land resources, which could intensify the risks we face as a result of our indebtedness.

Our ability to generate sufficient cash to satisfy our outstanding and future debt obligations will depend upon our future operating performance, which will be affected by, among other things, prevailing economic conditions, PRC governmental regulation, the demand for properties in the regions we operate and other factors, many of which are beyond our control. We may not generate sufficient cash flows to pay our anticipated operating expenses and to service our debts, in which case we will be forced to adopt an alternative strategy that may include actions such as reducing or delaying capital expenditures, disposing of our assets, restructuring or refinancing our indebtedness or seeking equity capital. In particular, in 2018 and 2020, our interest coverage ratio was 0.3 and 1.0, respectively, which was less than one, primarily due to the significant balance of bank and other borrowings and senior notes as of December 31, 2018 and 2020. We cannot guarantee that our interest coverage ratio will not fall below one in the future. An interest coverage ratio of below one could potentially impact the adequacy of our cash flow to cover our outstanding debt. If we are unable to fulfill our repayment obligations under our borrowings, or are otherwise unable to comply with the restrictions and covenants in our current or future bank loans and other financing arrangements, there could be a default under the terms of these arrangements. In the event of a default under these arrangements, the lenders may accelerate the repayment of outstanding debt or, with respect to secured borrowings, enforce the security interest securing the borrowings. Any cross-default and acceleration clause may also be triggered as a result. If any of these events occur, we cannot assure you that our assets and cash flows would be sufficient to repay all of our indebtedness, or that we would be able to obtain alternative financing on terms that are favorable or acceptable to us. As a result, our cash flows, cash available for distributions, financial condition and results of operations may be materially and adversely affected.

We are subject to credit risk in respect of our trade and bills receivables.

Our trade and bills receivables as of December 31, 2018, 2019 and 2020 amounted to approximately RMB226.1 million, RMB195.0 million and RMB127.4 million (US\$19.5 million), respectively. While the amount of our trade and bills receivables fluctuated in 2018, 2019 and 2020, in the event that the credit worthiness of our customers deteriorate or should a significant number of our customers fail to settle their trade and bills receivables in full for any reason, we may incur impairment losses and our results of operations and financial position could be materially and adversely affected. As of December 31, 2018, 2019 and 2020, we had a provision for impairment of trade receivable of RMB1.3 million, RMB1.4 million and RMB1.5 million (US\$0.2 million), respectively. In addition, there may be a risk of delay in payment by our customers, which in turn may also result in an impairment loss provision. There is no assurance that we will be able to fully recover our trade and bills receivables from our customers or that they will settle our trade and bills receivables in a timely manner. In the event the settlements from our customers are not made in a timely manner, our financial position, profitability and cash flow may be adversely affected.

We may not be able to fulfil our obligation in respect of contract liabilities.

We depend on cash flows from pre-sales of properties as an important source of funding for our property developments. Proceeds from customers of pre-sold properties are recorded as contract liabilities under current liabilities before relevant sales revenue is recognized. Since the revenue from property development and sales is only recognized upon the delivery of properties, the timing of such delivery may affect the amount and growth rate of our revenue from sales of properties. Moreover, we make certain undertakings in our pre-sale contracts, and our pre-sale contracts and the PRC laws and regulations provide for remedies for breach of these undertakings. For example, if we fail to complete delivery of a pre-sold property on time, we may be liable to the relevant customers for such late delivery under the relevant pre-sale contracts or pursuant to relevant PRC laws and regulations. If our delay extends beyond a specified period, the purchasers may terminate their pre-sale contracts and claim for compensation. A customer may also terminate his or her contract with us and/or bring claims for compensation for certain other contractual disputes, including, for example, if the GFA of the relevant unit, as set out in the individual building ownership certificate, deviates by more than 3.0% from the GFA of that unit as set out in the contract; if the interior decoration of the relevant unit is inferior to what is set out in the contract; or if the customer fails to receive the individual property ownership certificate within a statutory period due to our fault. Any of such factors could have a material adverse effect on our business, financial condition and results of operations.

We may be liable to our customers for damages if we cannot assist them in obtaining ownership certificates in a timely manner.

Property developers or sellers in the PRC are required to assist purchasers in obtaining the relevant individual property ownership certificates within the time frame set out in the relevant sales contracts, or, in the absence of such time frame, usually within 90 days of delivery of the property if the construction of the property purchased has not been completed, or within 90 days of execution of the contracts if the construction of the property purchased has been completed. We generally elect to specify the deadline for the delivery in the property sales contracts to allow sufficient time for the application and approval process. In accordance with local regulations for pre-sold properties, we are required to submit the documents required for registration, including land use rights certificates, construction works planning permits and construction works commencement permits, to the local bureau of land resources and housing administration to apply for the property ownership initial registration in respect of these properties. We are then required to assist purchasers to obtain the property ownership certificate. Delays by administrative authorities in reviewing the relevant applications and granting approvals, as well as other factors, may affect timely application of the general as well as individual property ownership certificates. There can be no assurance that we will not incur material liability to purchasers in the future for the late application of individual property ownership certificates due to our fault or for any reason beyond our control.

We guarantee the mortgage loans provided by financial institutions to our customers, and, consequently, we may be liable to the mortgagees if our customers default on their mortgage payments.

Our customers may apply for mortgage loans to purchase our properties. As consistent with market practice, we guarantee these mortgages for a period until the purchasers of our properties obtain the relevant strata-title building ownership certificate (分戶產權證) and mortgage registration certificate (抵押登記證書) registered in favor of the bank. These are contingent liabilities not reflected on our balance sheets. In the event that a customer defaults on the mortgage payment, the mortgage bank may deduct the payment due from the deposited sum and demand our immediate payment of the outstanding balance. Once we have satisfied our obligations under the guarantee, the bank would then assign its rights under the mortgage to us and we would have full recourse to the property.

As we generally rely on credit assessments conducted by banks on our customers in making our guarantees, we cannot assure you that such credit assessments are sufficient. Furthermore, any significant decline of the economic conditions of the PRC or local markets in which we operate may lead to lowered income of our customers and, subsequently, an increased risk of default on loans. As of December 31, 2020, our outstanding guarantees in respect of the mortgages of our customers amounted to RMB27,241.5 million (US\$4,174.9 million). We did not experience any material defaults by customers on their mortgage loans in 2018, 2019 and 2020. In the event that several guarantee payment obligations arise at one time, we may experience material and adverse effects on our business, financial condition and results of operations, especially if the market value of the relevant properties depreciates substantially or the prevailing conditions prevent us from reselling our properties on favorable terms.

We may be subject to late land fees or have to forfeit land to the PRC Government if we fail to pay land grant premiums or fail to develop properties within the time and in accordance with the terms set out in the relevant land grant contracts.

Under PRC laws, if we fail to pay any outstanding land grant premium by the stipulated deadlines, or develop a property project according to the terms of a land grant contract, the designated use of the land and the time for commencement and completion of the property development, government authorities may issue a warning, impose a late land fee and/or order us to forfeit the land. Specifically, under current PRC laws, we fail to pay any outstanding land grant premium by the stipulated deadlines, we may be subject to late land fees or the repossession of the land by the PRC Government. If we fail to commence development within one year of the commencement date stipulated in the land grant contract, the relevant PRC land bureau may issue a warning to us and impose an idle land penalty of up to 20% of the land premium. If we fail to commence development within two years from the commencement date stipulated in the land grant contract, the relevant PRC land bureau may confiscate our land use rights without compensation, except where the delay in the development is attributable to a force majeure event or the action of the relevant government department or delay in the requisite preliminary work preceding commencement of such development. Moreover, if a property developer commences development of the property in accordance with the timeframe stipulated in the land grant contract but work is suspended for more than one year without government approval and falls under either of the following two situations: (i) the developed land area is less than one-third of the total land area; or (ii) the total invested capital is less than one-fourth of the total planned investment in the project, the land may be treated as idle land and will be subject to the risk of forfeiture.

In January 2008, the State Council issued a Notice of the State Council on Promoting Land Saving and Efficient Use (《國務院關於促進節約集約用地的通知》) to escalate the enforcement of existing rules on idle land management. 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 reiterated the applicable rules with regard to idle land management. On June 1, 2012, the Ministry of Land and Resources promulgated the revised Measures on the Disposal of Idle Land (《閒置土地處置辦法》), which went into effect on July 1, 2012. These further measures may prevent competent land authorities from accepting any application for new land use rights or processing any title transfer transaction, lease transaction, mortgage transaction or land registration application with respect to idle land prior to the completion of the required rectification procedures.

We experienced delays in the commencement and/or completion of construction for our properties. We experienced delays mainly because of (i) adjustments of city planning, change of land use nature or other administrative procedures out of our control; (ii) adjustments of construction schedules to optimize the construction plans; (iii) adjustments of construction schedules taking into consideration market conditions; and (iv) delays in meeting construction conditions due to reasons not related to us. We cannot assure you that circumstances leading to the repossession of land or delays in the commencement and completion of a property development will not arise in the future. If our land is repossessed, we will not be able to continue our property development on the forfeited land, recover the costs incurred for the initial acquisition of the repossessed land or recover development costs and other costs incurred up to the

date of the repossession. In addition, we cannot assure you that regulations relating to idle land or other aspects of land use rights grant contracts will not become more restrictive or punitive in the future. If we fail to comply with the terms of any land use rights grant contract as a result of delays in project development, or as a result of other factor, we may lose the opportunity to develop the project as well as our past investments in the land, which could materially and adversely affect our business, financial condition and results of operations.

We are susceptible to the effects that interest rate hikes may have on our customers' mortgage rates and our financing costs.

Changes in interest rates generally affect our customers' mortgage rates and our financing costs. The PBOC had adjusted the benchmark one-year bank lending rate several times since the financial crisis in 2008. The PBOC lowered its benchmark one-year loan prime rate, or the LPR, from 4.31% in January 2019 to 4.05% in March 2020. However, the PBOC may adjust benchmark interest rates upward. We incurred finance costs of RMB432.1 million, RMB777.6 million and RMB1,113.4 million (US\$170.6 million), in 2018, 2019 and 2020, respectively. Any increase in benchmark interest rates is likely to increase our customers' mortgage rates and our financing costs. Increases in mortgage rates may negatively affect growth in the real estate market, while increases in our financing costs may materially and adversely affect our results of operations.

We may not be able to realize the anticipated economic and other benefits from our joint ventures and associates, and disputes with business partners or any violation of PRC laws by them may adversely affect our business, results of operations and financial condition.

We have formed joint ventures and established associates with other property developers to develop property projects and may continue to do so in the future. As of December 31, 2020, we had 29 projects that were being developed by our joint ventures and associates. The success of a joint venture or an associate depends on a number of factors, some of which are beyond our control. As a result, we may not be able to realize the anticipated economic and other benefits from our joint ventures and associates. In addition, in accordance with PRC law, the agreements and the articles of association of our joint ventures and associates, and certain matters relating to joint ventures and associates require the consent of all parties to the joint ventures and associates. Joint ventures and associates may involve risks associated with, among others, the possibility that our business partners may:

- have economic or business interests or goals inconsistent with ours;
- take actions contrary to our instructions, requests or our policies or objectives;
- be unable or unwilling to fulfill their obligations under the relevant agreements and the articles of association of our joint ventures and associates;
- have financial difficulties; or
- have disputes with us as to the scope of their responsibilities and obligations.

In addition, since we do not have full control over the business and operations of our joint ventures and associates, we cannot assure you that they have been, or will be, in strict compliance with all applicable PRC laws and regulations. We cannot assure you that we will not encounter problems with respect to our joint ventures and associates or our joint ventures and associates will not violate applicable PRC laws and regulations, which may have an adverse effect on our business, results of operations and financial condition.

Our results of operations have been affected, and will continue to be affected, by the performance of our joint ventures and associates, and our investments in joint ventures and associates are subject to liquidity risk.

The performance of our joint ventures and associates has affected, and will continue to affect, our results of operations and financial position. Generally, we do not expect to record gains from such joint ventures and associates until they start to generate revenue by delivering properties they develop. In 2018 and 2019, our share of loss on joint ventures and associates was RMB61.4 million and RMB43.1 million, respectively. In 2020, our share of profit on joint ventures and associates was RMB17.7 million (US\$2.7 million).

In addition, our investment in joint ventures and associates are subject to liquidity risk. Our investments in joint ventures and associates are not as liquid as other investment products as there is no cash flow until dividends are received even if our joint ventures and associates reported profits under the equity accounting. Furthermore, our ability to promptly sell one or more of our interests in the associates or joint ventures in response to changing economic, financial and investment conditions is limited. The market is affected by various factors, such as general economic conditions, availability of financing, interest rates and supply and demand, many of which are beyond our control. We cannot predict whether we will be able to sell any of our interests in the associates or joint ventures for the price or on the terms set by us, or whether any price or other terms offered by a prospective purchaser would be acceptable to us. We also cannot predict the length of time needed to find a purchaser and to complete the relevant transaction. Therefore, the illiquidity nature of our investment in associates or joint ventures may significantly limit our ability to respond to adverse changes in the performance of our joint ventures and associates. In addition, if there is no share of results or dividends from our associates or joint ventures, we will also be subjected to liquidity risk and our financial condition or result of operations could be materially affected.

We engage third-party contractors during the construction and development stages of our property projects, who may not perform in accordance with our expectations.

We engage third-party contractors to carry out various services relating to property development, including project design, pile setting, foundation building, construction, equipment installation, elevator installation and landscaping. We may select third-party contractors through a tender process or a direct engagement, and we endeavor to engage companies with a strong reputation and track record, high performance reliability and adequate financial resources. However, our third-party contractors may fail to provide satisfactory services at the level of quality or within the time required by us. In addition, completion of our property developments may be delayed, and we may incur additional costs, due to the financial or other difficulties of our contractors. If the performance of any third-party contractor is unsatisfactory, we may need to replace such contractor or take other remedial actions, which could increase the costs and adversely affect the development schedules of our projects and materially and adversely affect our reputation, credibility, financial condition and business operations. Moreover, we cannot assure you that our employees will be able to consistently apply our quality standards in carrying out quality control, and to detect all defects in the services rendered by third-party contractors. In addition, as we enter into new geographical areas in the PRC, there may be a shortage of third-party contractors that meet our quality standards and other requirements in such locations and, as a result, we may not be able to engage a sufficient number of high-quality third-party contractors, which may adversely affect the construction schedules and development costs of our property projects. Furthermore, if our relationship with any of the third-party contractors deteriorates, a serious dispute with such third-party contractor may arise, which may in turn result in costly legal proceedings. The occurrence of any of the above events may have a material adverse effect on our business, financial condition, results of operations and prospects.

Fluctuations in the price of construction materials and our construction contractors' labor costs could affect our business and financial performance.

The cost of construction materials such as steel and cement, as well as contractors' labor costs, are subject to a high degree of volatility. We enter into agreements with general contractors for each project, which provide for fees that include construction material and labor costs. The agreement typically provides for a price range for major construction materials, such as steel and cement. When the actual prices of these materials exceed the specified price range, we will be solely responsible for paying the portion beyond the upper limit. Furthermore, we typically pre-sell our properties prior to their completion and we will not be able to pass the increased costs on to our customers if the costs of construction materials and labor increase subsequent to the pre-sales. If any of these occur, our business, financial condition and results of operations may be adversely affected. Any increase in the cost of construction materials may result in additional costs to us and may lead to future increases in construction contract costs. Construction costs fluctuated in 2018, 2019 and 2020. Any increase in the cost of any significant construction materials will adversely affect our overall construction costs, which is generally one of the largest components of our cost of sales. If we are unable to successfully pass on such increase in construction costs to our customers by pricing our properties at a level sufficient to cover all the increased costs, our profit margin could be adversely impacted.

The illiquidity of investment properties and the lack of alternative uses of investment properties may significantly limit our ability to respond to adverse changes in the performance of our investment properties.

As of December 31, 2018, 2019 and 2020, the fair value of our investment properties was RMB1,102.6 million, RMB1,492.6 million and RMB2,018.6 million (US\$309.4 million), respectively. Because property investments in general are relatively illiquid, our ability to promptly sell one or more of our investment properties in response to changing economic, financial and investment conditions is limited. The property market is affected by various factors, such as general economic conditions, availability of financing, interest rates and supply and demand, many of which are beyond our control. We cannot predict whether we will be able to sell any of our investment properties for the price or on the terms set by us, or whether any price or other terms offered by a prospective purchaser would be acceptable to us. We also cannot predict the length of time needed to find a purchaser and to complete the sale of a property. Moreover, we may also need to incur capital expenditure to manage and maintain our properties or to correct defects or make improvements to these properties before selling them. We cannot assure you that financing for such expenditures would be available when needed, or at all. In addition, if we sell an investment property during the term of that property's tenancy agreement, we may have to pay termination fees to our retail tenants.

Furthermore, the aging of investment properties, changes in economic and financial condition or changes in the competitive landscape in the PRC property market may adversely affect the amount of rents and revenue we generate from, as well as the fair value of, our investment properties. However, investment properties may not be readily converted to alternative uses, as such conversion requires extensive governmental approvals in the PRC and involves substantial capital expenditures for the purpose of renovation, reconfiguration and refurbishment. We cannot assure you that we will possess the necessary approvals and sufficient funds to carry out the required conversion. These factors and any others that would impede our ability to respond to adverse changes in the performance of our investment properties could affect our ability to compete against our competitors and our results of operations.

The fair value of our investment properties is likely to fluctuate from time to time and may decrease significantly in the future, it may also change due to the uncertainty of accounting estimates in the valuation of investment properties with the use of significant unobservable inputs in the valuation techniques, which may materially and adversely affect our profitability.

We are required to reassess the fair value of our investment properties at the end of each period. Under IFRS, gains or losses arising from changes in the fair value of our investment properties are included in our combined statements of profit or loss and other comprehensive income for the period in which they arise. Our investment properties are appraised by an independent property valuer at each of the relevant dates, and are measured at fair value with significant unobservable inputs used in the valuation techniques. We recognized the aggregate fair value of our investment properties and relevant deferred tax on our combined statements of financial position and changes in fair value of investment properties and the relevant deferred income tax expenses on our combined statements of profit or loss and other comprehensive income.

Despite their impact on the reported profit, fair value gains or losses do not change our cash position as long as the relevant investment properties are held by us. The amount of revaluation adjustment has been, and will continue to be, subject to market fluctuations and the changes of significant unobservable inputs in the valuation techniques. As a result, we cannot assure you that changes in the market conditions or valuation techniques will continue to create fair value gains on our investment properties or that the fair value of our investment properties may materially differ from the amounts it would receive in actual sales of the investment properties. Any significant decreases in the fair value of our investment properties or any significant decreases in the amount we receive in actual sales of the investment properties as compared with the recorded fair value of such properties would materially and adversely impact our results of operations.

Our financial condition and results of operations may be materially impacted by gains or losses arising from changes in the fair value of our investment properties.

We are required to reassess the fair value of any investment properties that we hold. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external appraisers. Fair value is based on active market prices, adjusted, if necessary, for any differences in the nature, location or condition of the specific asset. Gains or losses arising from changes in the fair value of any such investment properties will affect our results of operations in the periods when they arise and the impact may be significant. The fair value gains on our investment properties in 2018, 2019 and 2020 were RMB14.0 million, RMB22.4 million and RMB4.6 million (US\$0.7 million), respectively. We cannot assure you that we can recognize comparable fair value gains in investment properties in the future and we may also recognize fair value losses, which would impact our results of operations for future periods. Fair value gains in investment properties would not change our cash position as long as these properties are held by us, and thus would not increase our liquidity in spite of the increased profit. Nevertheless, fair value losses in investment properties would have a negative effect on our results of operations, even though such losses would not change our cash position as long as these properties are held by us.

We may not be able to continue to attract and retain quality tenants for our commercial properties.

Historically, we derived a small portion of revenue from the investment and operation of our commercial properties. We may seek to selectively increase our portfolio of commercial properties by adding commercial properties with appreciation potential. However, we are subject to risks incidental to the ownership and operation of commercial properties, including volatility in market rental rates and occupancy levels, competition for tenants, costs resulting from ongoing maintenance and repair and inability to collect rent from tenants or renew leases with tenants due to bankruptcy, insolvency, financial difficulties or other reasons. We may not be able to identify new tenants or retain existing tenants for our commercial properties. In addition, an increase in the number of competing properties, particularly in close proximity to our properties, could increase competition for tenants and force us to reduce rent or

incur additional costs in order to market our properties. If there is a significant downturn in the commercial property markets or in the cities where we have commercial properties, we may not be able to maintain our current levels of revenue from the investment and operation of commercial properties. Our inability to expand our portfolio of commercial properties, to secure suitable tenants or otherwise to enhance the financial performance of our commercial properties or to maintain our current levels of rental income may have an adverse effect on our financial performance and results of operations. All these factors could negatively affect the demand for our commercial properties, and as a result, reduce our rental income, which may have an adverse effect on our business, financial condition and results of operations.

The PRC Government may tighten regulations relating to trust financing being provided to property developers, which may affect our ability to obtain trust financing.

We enter into trust financing arrangements from time to time in the ordinary course of our business. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Indebtedness — Bank and Other Borrowings — Trust Financing.” There are uncertainties regarding trust financing. The operation of trust financing companies in the PRC is primarily regulated by the China Banking and Insurance Regulatory Commission, or the CBIRC. In 2009 and 2010, the CBIRC issued detailed restrictions on trust financing arrangements with property projects, including but not limited to (i) restricting trust companies from providing financing to property developers that have not obtained the relevant land use rights certificates, construction land planning permits, construction works planning permits and construction works commencement permits, or to projects that fail to meet project capital ratio requirements; and (ii) restricting trust companies from funding projects developed by property developers which, or whose controlling shareholders, do not have qualification at or above second-level. On May 8, 2019, the CBIRC issued the Notice on Launching the Work of Consolidating the Achievements in Rectification of Chaotic Practices and Promoting the Compliance Construction (《中國銀保監會關於開展“鞏固治亂象成果促進合規建設”工作的通知》), or Notice No. 23, to further tighten the trust financing and other financing arrangements in the real estate industry. Pursuant to Notice No. 23, trust companies and other financial institutions are prohibited from providing financing to property developers without necessary certificates, permits, licenses or sufficient capital, or making equity investments in or providing shareholders’ loan of a debt nature to property developers, or providing financing to property developers for the payment of land premiums. See “Regulation — Real Estate Financing — Trust and Asset Management Financing.” The foregoing and other governmental actions and policy initiatives may limit our flexibility and ability to use future bank loans or other forms of financing, including trust financing or ABS to finance our property developments and therefore may require us to maintain a relatively high level of internally generated cash. As a result, our business, financial condition and results of operations may be materially and adversely affected. There can be no assurance that the PRC Government will not implement additional or more stringent requirements with regard to trust financing companies. This could result in a reduction in our financing options and/or an increase in the cost of financing our properties, which in turn could have a material adverse effect on our business, financial condition, results of operations and prospects.

We may be subject to fines due to the lack of registration of our leases.

Pursuant to relevant PRC regulations, parties to a lease agreement are required to file the lease agreements for registration and obtain property leasing filing certificates for their leases. As of the date of this offering memorandum, we leased 28 properties mainly for our office premises. See “Business — Leased Properties.” We may be required by relevant government authorities to file the lease agreements to complete the registration formalities and may be subject to a fine for non-registration within the prescribed time limit, which may range from RMB1,000 to RMB10,000 per lease agreement. The registration of these lease agreements to which we are a party requires additional steps to be taken by the respective other parties to the lease agreement which are beyond our control. We cannot assure you that the other parties to our lease agreements will be cooperative and that we can complete the registration of these lease agreements and any other lease agreements that we may enter into in the future.

There are uncertainties about the recoverability of our deferred tax assets.

We recorded deferred tax assets of RMB1,702.8 million, RMB1,960.6 million and RMB2,100.5 million (US\$321.9 million), respectively, as of December 31, 2018, 2019 and 2020. We periodically assess the probability of the realization of deferred tax assets, using significant judgments and estimates with respect to, among other things, historical operating results, expectations of future earnings and tax planning strategies. In particular, deferred tax assets can only be utilized to the extent that it is probable that future taxable profits will be available against which the unused tax credits can be utilized. However, there is no assurance that our expectation of future earnings could be accurate due to factors beyond our control, such as general economic conditions and negative development of the regulatory environment, in which case we may not be able to recover our deferred tax assets which thereby could have an adverse effect on our results of operations.

There are uncertainties about the recoverability of our prepaid taxes and other tax recoverable, due from non-controlling shareholders of the subsidiaries, progress prepayments for acquisition of land use rights for development.

There are uncertainties about the recoverability of our prepaid taxes and other tax recoverable, due from non-controlling shareholders of the subsidiaries, progress prepayments for acquisition of land use rights for development. Prepaid taxes and other tax recoverables primarily represent prepaid taxes other than LAT and corporate income taxes, such as turnover taxes, VAT taxes, and other miscellaneous taxes and surcharges. We had prepaid taxes and other tax recoverables of RMB3,546.5 million, RMB4,177.9 million and RMB3,955.3 million (US\$606.2 million) as of December 31, 2018, 2019 and 2020, respectively. Amounts due from non-controlling shareholders of the subsidiaries represent cash advances to the non-controlling shareholders and predecessor shareholders of subsidiaries from time to time before the final settlement and distribution of our property projects. We had amounts due from non-controlling shareholders of the subsidiaries of RMB2,299.1 million, RMB1,631.7 million and RMB4,194.2 million (US\$642.8 million) as of December 31, 2018, 2019 and 2020, respectively. Progress prepayments for acquisition of land use rights for development represent payments we made prior to obtaining the land use rights. We recorded such progress prepayments for acquisition of land use rights for development of RMB4,078.0 million, RMB2,479.6 million and RMB1,107.5 million (US\$169.7 million) as of December 31, 2018, 2019 and 2020, respectively.

We conduct assessments on the recoverability of prepaid taxes and other tax recoverable, due from non-controlling shareholders of the subsidiaries, progress prepayments for acquisition of land use rights for development, among others, our historical settlement records, our relationship with relevant counterparties, payment terms, current economic trends and to a certain extent, the larger economic and regulatory environment, which involve the use of various judgments, assumptions and estimates by our management. However, there is no assurance that our expectations or estimates will be entirely accurate for the future, as we are not in control of all the underlying factors affecting such prepayments. Accordingly, there are uncertainties about the recoverability of our prepaid taxes and other tax recoverable, due from non-controlling shareholders of the subsidiaries, progress prepayments for acquisition of land use rights for development. Therefore, if we are not able to recover the prepaid taxes and other tax recoverable, due from non-controlling shareholders of the subsidiaries, progress prepayments for acquisition of land use rights for development, our financial position and results of operations may be adversely affected.

Our results of operations, financial condition and prospects may be adversely affected by our amounts due from our joint ventures and associates.

In 2018, 2019 and 2020, in order to support the business operations of our joint ventures and associates, we recorded amounts due from our joint venture and associates of approximately RMB3,237.1 million, RMB2,944.0 million and RMB1,722.2 million (US\$263.9 million) as of December 31, 2018, 2019 and 2020, respectively. We make periodic assessments on the amounts due from our joint ventures and associates based on their financial position, credit history and other factors. However, the risk of

recoverability is inherent in our outstanding balances for such amounts, as the ability of the joint ventures and associates to repay us depends on a number of factors, some of which are beyond our control. In the event that we could not recover the outstanding balances from our joint ventures and associates in full or in timely manner, there could be a material adverse effect on our profitability, cash flow and financial position.

Gain on bargain purchase, gain on disposal of subsidiaries and joint ventures, subsidy income and gain on remeasurement of previously held equity interests in joint ventures and associates are non-recurring in nature. Accordingly, we may not record such gain or recognize such income in the future.

We recorded one-off gains on disposal of associates and subsidiaries in an aggregate amount of approximately RMB10.0 million, RMB4.0 million and RMB14.4 million (US\$2.2 million) in 2018, 2019 and 2020, respectively. In 2018, 2019 and 2020, we received sizeable government grants in the form of tax refunds and special subsidies of RMB4.0 million, RMB70.8 million and RMB32.4 million (US\$5.0 million) respectively. We also recorded one-off gain on remeasurement of previously held equity interests in joint ventures and associates of approximately RMB1.6 million in 2018. While such gain or income had an impact on our reported profit for the relevant period, they were non-recurring in nature. Therefore, we may not record such gain or income in the future, which may in turn adversely affect our financial performance.

The LAT calculated by the relevant PRC tax authorities may be different from our calculation of LAT liabilities for provision purposes.

Pursuant to PRC regulations on LAT, both domestic and foreign investors engaged in real estate development in the PRC are subject to LAT on income from the sale or transfer of land use right, properties and their attached facilities, at progressive rates ranging from 30% to 60% on the appreciation of land value. In 2018, 2019 and 2020, we recorded LAT expenses of RMB138.9 million, RMB995.5 million and RMB581.6 million (US\$89.1 million), respectively, in our combined statements of profit or loss and other comprehensive income. In accordance with a circular issued by the SAT, which became effective on February 1, 2007, LAT obligations are required to be settled with the relevant tax bureaus within a specified time after the completion of a property development project. We make provision for the estimated full amount of applicable LAT in accordance with relevant PRC tax laws and regulations. Our estimates are based on, among other factors, our own apportionment of deductible expenses, which is subject to final confirmation by the relevant tax authorities upon settlement of the LAT.

In 2018, 2019 and 2020, we had made all prepayments and/or full provisions for LAT in compliance with the relevant LAT laws and regulations in China as interpreted and enforced by the relevant local tax authorities. LAT liabilities are subject to determination by the tax authorities upon the completion of property projects and may be different from the amounts that were initially provided for. Any such differences may impact our profit after tax and deferred tax provision in the periods in which such taxes are finalized with the relevant tax authorities. Our financial condition may be adversely and materially affected if our LAT liabilities as calculated by the relevant tax authorities are higher than our provisions. In addition, as we continue to expand our property developments, we cannot assure you that our provision for LAT obligations based on our estimates in new markets will be sufficient to cover our actual LAT obligations in future. As there are uncertainties as to when the tax authorities will enforce the LAT collection and whether it will apply the LAT collection retroactively to properties sold before the enforcement, any payment as a result of the enforcement of LAT collection may significantly restrict our cash flow positions, our ability to finance our land acquisitions and to execute our business plans.

Impairment losses for properties under development and completed properties held for sale may adversely affect our financial position.

The real estate market volatility may subject us to risks in connection with possible impairment loss for properties under development as well as completed properties held for sale, if we fail to complete the construction and sell the properties in a timely manner at our desired prices. Impairment loss may arise when the carrying value of a property exceeds its recoverable amount. At the beginning of 2017, we had provision for impairment losses on property under development and completed properties held for sale in the amount of RMB744.6 million. In 2018, 2019 and 2020, the amount of impairment losses transferred to cost of sales amounted to RMB63.2 million, RMB100.1 million and RMB86.1 million (US\$13.2 million), respectively. The balance of provision for impairment losses of property under development was RMB360.7 million, RMB270.0 million and RMB273.5 million (US\$41.9 million), respectively, and the balance of provision for impairment losses of completed properties held for sale was RMB168.8 million, RMB159.4 million and RMB84.0 million (US\$12.4 million) as of December 31, 2018, 2019 and 2020, respectively. We cannot assure you that we may not incur impairment losses, if any or at a similar level, during adverse market conditions in the future. If we incur impairment losses or experience increases in impairment losses for properties under development and completed properties held for sale, our financial position may be adversely affected.

Net changes in fair value of financial assets are linked to market and therefore subject to uncertainties of accounting estimates in the fair value measurement and the use of significant unobservable inputs in the valuation techniques.

We purchased wealth management products issued by financial institutions in the PRC, which are classified as financial assets at fair value through profit or loss on our financial statements. We incurred a net gain from financial assets at fair value through profit or loss in the amount of RMB11.5 million, RMB1.9 million and RMB31.3 million (US\$4.8 million) in 2018, 2019 and 2020, respectively, in connection with the fair value of such investments of RMB49.4 million, RMB17.5 million and RMB626.6 million (US\$96.0 million) as of December 31, 2018, 2019 and 2020, respectively. Such financial assets are measured at fair value with significant unobservable inputs used in the valuation techniques and the changes in their fair value are recorded in our combined income statements, therefore directly affecting our results of operations. There is no assurance that we will not incur fair value losses in the future. If we incur significant fair value net changes, our results of operations, financial condition and prospects may be adversely affected.

Potential liability for health and environmental issues could result in costs.

We are subject to a variety of laws and regulations concerning the protection of health and the environment. As required by PRC laws and regulations, property projects in environmentally sensitive regions and with self-built sewage treatment facilities are required to undergo environmental assessments and the related assessment document must be submitted to the relevant government authorities for approval before commencement of construction. If we fail to meet such requirements, local authorities may issue orders to stop construction and based on the circumstances of the violation and the consequences thereof, impose on us a fine of between 1% to 5% of the total investment amount of the project, and may also issue orders to restore the original conditions before the construction, and the persons directly in charge and other directly responsible persons of us shall be subject to administrative sanctions under the law. For other property projects, we are required to file the environmental impact registration form for record. If we fail to meet such requirements, we shall be ordered to make the filing and face a fine of up to RMB50,000. After the completion of construction, we are required to make an acceptance check of the environmental protection facilities and prepare an acceptance report according to the standards and procedures stipulated by the competent administrative department of environmental protection under the State Council. When making an acceptance check of environmental protection facilities, we are required not to commit fraud. We are also required to make the acceptance report publicly available in accordance with the law unless we are required to keep the report confidential according to national provisions. If we cannot make an acceptance check of environmental protection facilities in due

course, the development of our projects may be delayed. As environmental awareness grows in China, we anticipate that the PRC Government will continue to promulgate increasingly stringent environmental laws and regulations. We anticipate that these developments will increase our project development costs in general.

We may fail to obtain or experience delays in obtaining the relevant PRC governmental permits and certificates for our property projects.

We are required to obtain various permits and certificates throughout multiple stages of our property projects, including but not limited to land use rights certificates, construction land planning permits, construction works planning permits, construction works commencement permits and pre-sales permits. In addition, each entity engaging in real estate development is required to obtain a qualification certificate for real estate development enterprise. Those who engage in real estate development without obtaining a qualification certificate will be ordered to cease development activities. Generally, these permits and qualification certificates are only issued or renewed after certain conditions have been satisfied. We cannot assure you that we will not encounter obstacles toward fulfilling such conditions which may delay us in obtaining, or result in our failure to obtain, the requisite permits and certificates. Moreover, as the real estate industry is closely monitored by the PRC Government, we anticipate that new policies may be promulgated from time to time in relation to the conditions for issuance or renewal of requisite permits and certificates. We cannot assure you that such new policies will not present unexpected obstacles toward our ability to obtain or renew the required permits and certificates or that we will be able to overcome these obstacles in a timely manner, or at all.

We may be involved in legal and other proceedings arising out of our operations from time to time.

We may be involved in claims, legal proceedings and other disputes with various parties involved in the development and sales of our properties, including contractors, suppliers, regulatory bodies, customers and business partners. These disputes may lead to protests or legal or other proceedings and may result in damage to our reputation, substantial costs and diversion of resources and management's attention from our core business activities. Purchasers of our properties may take legal action against us if our developed properties are perceived to be inconsistent with our representations and warranties made to such purchasers. In addition, we may have compliance issues with regulatory bodies in the course of our operations, in respect of which we may face administrative proceedings and unfavorable decisions that may result in liabilities and cause delays to our property developments.

Our operations are dependent on a limited number of major suppliers.

Our suppliers are mainly construction contractors and equipment suppliers. In 2018, 2019 and 2020, we were dependent on a limited number of major suppliers to operate our businesses. In 2018, 2019 and 2020, purchases from our five largest suppliers accounted for approximately 47.3%, 57.5% and 40.6% of our total purchases, respectively. Purchases from our single largest supplier, Xiangsheng Construction (which is a connected person) in 2018, 2019 and 2020 accounted for approximately 43.5%, 50.1% and 31.7% of our total purchases, respectively.

Our reliance on Xiangsheng Construction may expose us to various risks. For example, Xiangsheng Construction may run into difficulties that would, as the case may be, undermine its ability to provide construction services that we require for our business operations. In such a case, we will be required to engage the services of other construction companies, including companies which we have not worked with before. There can be no assurance that the terms offered to us by such other construction companies will be comparable to or more favorable than those provided to us by Xiangsheng Construction. In addition, we may not be able to maintain the same level of efficiency and could experience other difficulties working with new construction contractors. Any of the above factors could have a material adverse effect on our business operations.

In addition, if our other major suppliers decide to terminate business relationships with us or, if the services, equipment or materials supplied by our current suppliers fail to meet our standards, or if our current service, equipment or raw material supplies are interrupted for any reason, we may not be able to easily switch to other qualified suppliers in a timely fashion or at all. In such events, our business, financial condition and results of operations may be materially and adversely affected.

The property development business is subject to customer claims under statutory quality warranties.

All property developers in the PRC, including us, must provide certain quality warranties for the properties they construct or sell. We have received customer claims in relation to the quality of our projects in the past and we expect to continue to receive customer claims of this nature in the future. Generally, we coordinate with the relevant third-party contractors to respond to such customer claims as most of such complaints were mainly due to the customers' dissatisfaction with the quality of properties they have purchased. Subject to the agreements we enter into with our third-party contractors, we typically receive quality warranties from our third-party contractors to cover claims that may be brought against us under our warranties. See "Business — Our Property Development Management — Delivery of Properties and After-sales Customer Service — Warranties and Returns."

Although we believe that these claims are generally immaterial by nature or amount, we cannot assure you that we will not face any significant customer claims in the future. If a significant number of claims or claims involving significant amounts 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, or if the money retained by us to cover our payment obligations under the quality warranties is not sufficient, we could incur significant expenses to resolve such claims or face delays in correcting the related defects, which could in turn harm our reputation and could have a material adverse impact on our business, financial condition and results of operations.

We may fail to retain members of our senior management team and key personnel.

The growth and success of our business has depended significantly on our ability to identify, hire, train and retain suitable employees with capable skills and qualifications, including management personnel with relevant professional skills. We provide incentives to attract and retain management and experienced personnel to meet the future development needs. In particular, we rely on the expertise, experience and leadership ability of Mr. Chen, our founder and certain key management personnel. If we were to lose the services of any of our senior management for any reason, we may not be able to find suitable replacements for them. As competition in the PRC for senior management and key personnel with experience in property development is intense and the pool of qualified candidates is limited, we may not be able to retain the services of key personnel, or hire, train and retain high quality senior executives or key personnel in the future. In addition, if any member of our senior management team or any of our other key personnel were to join a competitor or carry on a competing business, we may lose customers, key professionals and staff members. Furthermore, as our business continues to grow, we will need to recruit and train additional qualified persons. If we lose senior management executives or key personnel, our ability to develop and successfully market our products could be harmed and our business and prospects could be adversely affected.

Our historical financial results may not be indicative of our future performance.

Our business achieved rapid growth in 2018, 2019 and 2020 in terms of revenue. In 2018, 2019 and 2020, our revenue was RMB14,215.3 million, RMB35,519.5 million and RMB46,638.4 million (US\$7,147.6 million), respectively. We recorded a net profit for the year of RMB427.9 million, RMB3,209.0 million and RMB3,053.4 million (US\$468.0 million) in 2018, 2019 and 2020, respectively. These historical results should not be taken as indicative of our future performance. We may not be able to sustain our rapid growth or may not even be able to grow our business at all.

To focus our resources on property development and sales, we disposed of the property management service business and hotel business. The disposals were completed by May 2020. In 2018, 2019 and 2020, revenue derived from our property management services was RMB2.7 million, RMB3.8 million and RMB12.1 million (US\$1.9 million), respectively, while revenue derived from our hotel services was RMB111.9 million, RMB107.1 million and RMB16.4 million (US\$2.5 million), respectively. We do not expect to record revenue from property management services and hotel services after the disposals.

We may not have adequate insurance coverage to cover all risks related to our business.

We maintain or require general contractors to maintain insurance policies as required by applicable PRC laws and regulations and as we consider appropriate for our property projects under construction and commercial properties. For example, we require general contractors to maintain all-risks insurance policies for our projects under development, including natural or accidental damage and destruction by fire, flood, lightning, explosions or other hazards during construction periods and maintain insurance policies for our self-owned completed project against certain risks. When requested to do so by the relevant financial institutions, we may maintain construction related insurance policies for certain projects under development where such projects are pledged to secure our borrowings from such financial institutions. However, we do not maintain insurance in respect of litigation risks, business termination risks, product liability or our important personnel for all of our subsidiaries, as such is not required under the applicable PRC laws and regulations. We may be required to bear our losses to the extent that our insurance coverage is insufficient. If we were to incur substantial losses and liabilities that are not covered by our insurance policies, we could incur significant costs and diversion of our resources, and thereby materially and adversely affect our financial condition and results of operations.

We may not be able to prevent or detect actions by our employees or agents which violate applicable anti-corruption laws and regulations.

Bribery and other misconduct by our employees or agents may be difficult to prevent or to detect on a timely basis, or at all. Although we have put in place relevant internal control measures aimed at preventing our employees and agents from engaging in conduct which would violate applicable anti-corruption laws and regulations, there can be no assurance that we will be able to prevent or detect such misconduct. Such misconduct by our employees or agents could subject us to financial losses and harm our business and operations. In addition to potential financial losses, such misconduct could subject us to third-party claims and regulatory investigations. Any of the foregoing could have a material adverse effect on our business, financial condition, results of operations and prospects.

Certain portions of our property projects and investment properties are designated as civil air defense properties, and we may not be able to use these areas as planned in times of war.

Certain portions of our property projects and investment properties are designated as civil air defense properties. According to PRC laws and regulations, new buildings constructed in cities should contain basement areas that can be used for civil air defense purposes in times of war. Under the PRC Civil Air Defense Law (《中華人民共和國人民防空法》) promulgated by the NPC on October 29, 1996, as amended on August 27, 2009 and Management Measures for Peacetime Development and Usage of Civil Air Defense Properties (《人民防空工程平時開發利用管理辦法》) promulgated by the House Civil Air Defense Office in November 2001, after obtaining approval from the civil air defense supervising authority, a developer can manage and use such areas designated as civil air defense properties at other times and generate profits from such use. In 2018, 2019 and 2020, we had entered into contracts to transfer the right to use civil air defense properties in our property projects to our customers as car parks and we intend to continue such transfer. However, in times of war, such areas may be used by the PRC Government at no cost. In the event of war and if the civil air defense area of our projects is used by the public, we may not be able to use such area as car parks, and such area will no longer be a source of our

revenue. In addition, while our business operations have complied with the laws and regulations on civil air defense property in all material respects, we cannot assure you that such laws and regulations will not be amended in the future which may make it more burdensome for us to comply with and may increase our compliance cost.

We may experience failures of or disruptions to our information technology systems.

We rely on our information technology systems to manage key operational functions such as processing financial data and coordinating business operations among the operational teams at the headquarters, regional and city level. However, we cannot assure you that damage or interruptions caused by power outages, computer viruses, hardware and software failures, telecommunication failures, fires, natural disasters, security breaches and other similar occurrences relating to our information systems will not occur going forward. We may incur significant costs in restoring any damaged information technology systems. Failures of or disruptions to our information technology systems, and loss or release of confidential information could cause transaction errors, processing inefficiencies and the loss of customers and sales. We may thus experience material and adverse effects on our business and results of operations.

Our business depends largely on our brand image and our intellectual property rights, and any damage to them could adversely affect our brand value and our business.

We rely on our brand name, “Shinsun” (祥生), in marketing our properties. Brand value is based largely on subjective public perception and can be damaged by isolated incidents. Any negative incident or negative publicity concerning us or our business could adversely affect our reputation and business. Our brand value and consumer demand for our properties could decline significantly if we fail to maintain the quality of our properties, offer consistently negative experience to our customers or are perceived to have acted in an unethical or socially irresponsible manner.

Further, we may be subject to or associated with negative publicity, including on the Internet, with respect to our corporate affairs and conduct related to our personnel, or the real estate market we operate in or intend to operate in. We may also be subject to negative reports or criticisms by various media. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. Nonetheless, any negative coverage, whether or not related to us or our related parties and regardless of truth or merit, may have an impact on our brand and reputation and, consequently, may undermine the confidence of our customers and investors in us, which may in turn materially and adversely affect our business, financial condition, results of operations and prospects.

Additionally, our efforts to protect our brand name may not be adequate, and we may be unable to identify any unauthorized use of our brand name or to take appropriate steps to enforce our rights on a timely basis. Any unauthorized use or infringement of our brand name may impair our brand value, damage our reputation and materially and adversely affect our business and results of operations. Third parties may use our intellectual property in ways that damage our reputation in the real estate industry. Although we are not aware that any such instances occurred in 2018, 2019 and 2020, we cannot assure you that our measures to protect our intellectual property will be sufficient. We primarily rely on contracts with our employees and business partners under trademark and copyright laws and regulations to protect our intellectual property rights. Despite the precautions taken, there can be no assurances that we will be able to detect all misappropriation or unauthorized use of our trade name and trademarks in a timely manner, or at all. There is also no assurance that we will be successful in any enforcement proceedings that we undertake. Litigation to protect our intellectual property may be time-consuming, costly and divert management attention from our operations. We may experience material and adverse effects on our business and financial condition in the short term, while failures to protect our intellectual property rights may diminish our competitiveness and market share in the long term.

False advertising of our properties may lead to penalties, undermine our sales and marketing efforts, and deteriorate our brand name.

As a property developer in the PRC, we are subject to a variety of laws and regulations concerning the marketing and promotion of our property projects, our business and our brand image. If any of our advertisements are considered to be untruthful or any of the sales and marketing efforts by us or our agents are considered to be unlawful, we may be penalized and required to cease publishing the advertisements and eliminate adverse effects by publishing notice on the same media or media with equivalent significance to correct the previous false advertisements and clarify the truth. In addition, any false advertising may cast doubt on our other disclosures, advertisements, filings and publications, deteriorate our brand name and reputation and consequently materially and adversely affect our business, financial condition and results of operations. As of the date of this offering memorandum, certain of our project companies were imposed penalties by local government authorities for inappropriate advertising, pricing and marketing activities.

RISKS RELATING TO OUR INDUSTRY

The PRC property market is heavily regulated and subject to PRC government policies, regulations and measures intended to discourage speculation in the property market.

As a property developer in the PRC, we are subject to extensive government regulations in many aspects of our operations and are highly susceptible to changes in the regulatory measures and policy initiatives implemented by the PRC government. Over the past few years, property developers and investors have invested heavily in the PRC, raising concerns that the property market had started to overheat. In response to concerns over the scale of the increase in property investment, the PRC government has from time to time introduced policies intended to curtail the overheating of the PRC property market, including:

- strictly enforcing laws and regulations relating to idle land;
- restricting the grant or extension of revolving credit facilities to property developers that hold a large amount of idle land and vacant commodity properties;
- prohibiting commercial banks from lending funds to property developers with an internal capital ratio of less than a certain prescribed percentage;
- requiring the real estate developers to deleverage;
- restricting PRC commercial banks from extending loans for the development of luxury residential properties;
- restricting property developers from using borrowings obtained from any local banks to fund property developments outside that local region, and issuing guidance to a number of Chinese banks to tighten the size of real estate development loans;
- restricting the ability of property developers to raise funds via foreign debt;
- restricting PRC commercial banks from granting loans to property developers for the purpose of paying land premiums;
- tightening the grant of trust financing to property developers to control the scale and growth of real estate financing; and
- requiring property developers to promptly and fully pay land premiums before becoming eligible to receive the relevant land use rights certificate.

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 the second half of 2020, media reported that the MOHURD and PBOC have held a joint meeting to communicate with key real estate enterprises and other relevant governmental departments. According to media reports, in the meeting, it is announced that the MOHURD and PBOC, jointly with other relevant governmental departments, have formulated rules for fund monitoring and financing administration of key real estate enterprises to establish a more market-oriented, rule-based and transparent administration over the financing by real estate enterprises. Such rules are yet to be released in public. In addition, the PRC government had also introduced the following policies, among others, to specifically control the growth of the residential property market:

- limiting the maximum amount of monthly mortgage and total monthly debt service payments of individual borrowers;
- suspending land supply for villa developments and restricting land supply for high-end developments, while mandating a minimum land supply for affordable housing;
- imposing a business tax levy on the sales proceeds from secondary sales, based on the length of the holding period and type of property;
- requiring the strict enforcement of a 20% individual income tax on profits from sales of owner-occupied houses to individuals with more than one residential property and/or hold the house-for-sale for less than five years;
- increasing the minimum down payment on the purchase price of the residential property of a family;
- raising pre-sale thresholds for commodity housing;
- strengthening the government's management of financing activities by property enterprises which have engaged in certain illegalities or irregularities;
- limiting the purchase of and mortgage loans for residential properties based on a purchaser's place of residence and number of residential properties owned;
- continuing the enforcement of purchase restrictions imposed on commodity housing;
- tightening the availability of individual housing loans in the property market to individuals and their family members with more than one residential property;
- giving local branches of the PBOC more latitude in raising the down-payment rate and mortgage rate for the purchase of a second residential property in cities where housing prices are increasing at an excessively high rate;
- limiting the availability of individual housing provident fund loans for the purchase of second (or further) residential properties by laborers or their family members;
- requiring property developers to make public the sales and pre-sale price of its units for sales within a certain time period and conduct sales strictly in accordance with this stated price;

- requiring financial institutions to prioritize mortgage applications for ordinary commodity housing construction projects where small to medium-sized housing units constitute 70% or more of the total units in such construction projects so long as credit extension conditions are satisfied; and
- requiring banks to contain in their real estate loans a fixed ratio that varying from 40% to 12.5%, and in individual housing loans a fixed ratio that varying from 32.5% to 7.5%.

Following a downturn in the PRC property market in late 2008 and early 2009, property prices and transaction volume began to increase sharply in the second half of 2009. This has led to the imposition of further regulations and policies by the PRC government aimed at slowing down the property market. These measures resulted in downward pricing pressures on the PRC property market starting in the second half of 2011 and low transaction volumes in the first half of 2012.

As a result of the downturn in the PRC property market in 2014 and 2015, some of the above restrictive policies have been amended or terminated by the PRC government. Home-purchase restrictions in most second and third tier cities have been canceled, the minimum down-payment on the purchase of the residential property has been reduced, and lending rates of banks have been lowered.

However, starting from October 2016, multiple PRC local governments and regulators introduced measures to cool down the PRC's property market, such as strengthening the requirements on land transfer, raising down-payment requirements for first and second residential property purchasers and tightening buyer eligibility criteria for real estate purchases. The recent tightening measures adopted in Shenzhen, Foshan and Zhuhai, include, among other things:

- increasing the guarantee payment for the bidding of the land to more than 50% of the land base price;
- requiring the down-payment for the first or second property purchasers to be not lower than 30% or 70% of the purchase price;
- suspending the project approval of new commodity apartments or the properties below certain square footage to local and non-local resident families which have reached their respective limits for property purchase;
- demanding the non-local resident families to furnish the evidence of personal income tax or social insurance payment for a required period when purchasing the second commodity apartment or the properties below certain square footage;
- requiring developers of newly completed properties to file the selling price to local pricing supervisory authorities, and the authorities have discretion to reject the filing if the developers refuse to adjust the price when it materially exceeds the prevailing price of the surrounding properties or the properties developed in previous construction phase by such developers.

As a considerable portion of the Company's land bank are located in these cities, these recent tightening measures and any other possible tightening measures in the future may have material and adverse impact on the Company's contracted sales, average selling price, land acquisition cost and development cost, and the Company's overall business and financial results.

We cannot assure you that the PRC government will not implement tightening measures to restrain the PRC property market at the national, provincial, municipal and local levels in the future, in which case the declining trends in transaction volume and selling prices of properties in the PRC may continue or further intensify. As a result, our business, financial condition and results of operations may be, and or may continue to be, materially and adversely affected.

The PRC government has adopted various measures to regulate the property development industry and may adopt further restrictive measures in the future.

In addition to its policies and measures implemented to address housing prices, the PRC government has implemented a number of regulations and measures governing the property development industry. In July 2006, the MOHURD, the National Development and Reform Committee (“NDRC”), the PBOC, the State Administration for Industry and Commerce, or SAIC, and the State Administration of Foreign Exchange, or SAFE, issued *Opinions on Regulating the Entry and Administration of Foreign Investment in the Real Estate Market* (關於規範房地產市場外資准入和管理的意見) which was amended on August 19, 2015, which imposes significant requirements on foreign investment in the PRC real estate sector. For Instance, to transfer the equity in or the project of a foreign-invested real estate enterprise, it shall be examined and approved by the authority in charge of commerce and other authorities strictly in accordance with the provisions of the relevant laws, regulations and policies.

On July 10, 2007, SAFE issued the *Notice on Publicity of the List of the 1st Group of Foreign-Invested Real Estate Projects filed with MOFCOM* (國家外匯管理局綜合司關於下發第一批通過商務部備案的外商投資房地產項目名單的通知) (Circular No. 130), under which some notices will have a significant impact on offshore financings of foreign invested real enterprises: a foreign invested real enterprise which has obtained a certificate (including new establishment and registered capital increase) and filed with MOFCOM after June 1, 2007 may not incur foreign debt or convert loans in foreign currency into RMB; and a foreign invested real enterprise which obtains a certificate after June 1, 2007 but fails to file with MOFCOM after June 1, 2007, may not conduct a foreign exchange registration nor a foreign exchange conversion of its registered capital.

Though Circular No. 130 has become invalid since the issuance of The Notice of the State Administration of Foreign Exchange on Issuance of the Provisions on the Foreign Exchange Administration of Domestic Direct Investment of Foreign Investors and the 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) on May 10, 2013 (“Circular No. 21”), The Notice of SAFE on Issuance of Administrative Measures on Registration of Foreign Debts (國家外匯管理局關於發佈《外債登記管理辦法》的通知) (“Circular No. 19”) issued on April 28, 2013 and partly amended by the Notice of the State Administration of Foreign Exchange on Repealing and Amending Relevant Regulatory Documents Involving the Reform of the Registration System for Registered Capital 《(國家外匯管理局關於廢止和修改涉及註冊資本登記制度改革相關規範性文件的通知》) (Huifa [2015] No. 20) issued by SAFE on May 4, 2015, states that if a foreign invested real enterprise fails to acquire a land use right certificate, or to have its development project fund reach 35% of the total investments to the project, it shall not borrow any foreign debt from abroad, nor shall the foreign exchange bureau implement the registration of its foreign debt or approve the conversion of foreign debt into RMB. These notices may strictly limit our capacity to raise funds offshore for the purpose of funding our PRC subsidiaries by means of increasing their registered capital or extending shareholders’ loans.

On December 24, 2011, MOFCOM and the NDRC jointly issued the *Catalogue of Industries for Guiding Foreign Investment (2011 Revision)*, or the Catalogue 2011, which took effect on January 30, 2012. Consistent with the provisions of a prior catalogue, the Catalogue 2011 restricts the construction and operation of high-end residential and commercial properties by foreign investment entities. Further, on March 10, 2015, the *Catalogue of Industries for Guiding Foreign Investment (2015 Revision)*, or Catalogue 2015, was issued and supersedes the Catalogue 2011. Compared with its 2011 revision, the development of tracts of land, the construction and operation of high-end hotels, office buildings, international conference centers, and real estate intermediary/agency business have been removed from the category under which foreign investment is restricted, with the construction and operation of large-scale scheme parks remaining in the category. The latest version of the Catalogue of Industries for Guiding Foreign Investment is of 2017 Revision 《外商投資產業指導目錄(2017年修訂)》 (Decree No. 4 of NDRC and MOFCOM) jointly promulgated by MOFCOM and NDRC on June 28, 2017, and executed on July 28, 2017. The latest version has further removed the construction and operation of large-scale scheme parks.

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, including Guangdong Province, in the early 1990s culminated in an over-supply in the mid-1990s and a corresponding fall in property values and rentals in the second half of the decade. Since the late 1990s, 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 such as Guangdong Province and cities therein have experienced rapid and significant growth. The risk of property over-supply has increased in recent years in certain parts of China, where property investment, trading and speculation have become overly active. In the event of actual or perceived over-supply, 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. We cannot assure you that the problems of over-supply 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 as described in the section entitled “— Risks relating to Our Business — The global economic slowdown and financial crisis have negatively affected, and may continue to negatively affect, our business.”

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

Adjustments by the PBOC to the benchmark one-year lending rate and reserve requirement ratios may increase our finance costs and the finance costs of our customers.

The PBOC regulates and continually adjusts the lending rates and reserve requirement ratios for commercial banks in the PRC, which affects the availability and cost of financing from PRC commercial banks for property developers and leveraged property buyers. The reserve requirement refers to the amount of funds that banks must hold in reserve with the PBOC against deposits made by their customers. Increases in the reserve requirement ratios reduce the amount of bank funds available for lending. The PBOC increased the reserve requirement ratios six times in 2010, and another six times up to November 2011, before reducing the reserve requirement ratios three times between December 2011 and December 31, 2012. The current reserve requirement ratios of 16.5% to 20.0% took effect on May 18, 2012.

The PBOC increased the benchmark one-year lending rate nine times between October 2004 and December 2007, from 5.58% to 7.47%. In 2008, the PBOC reduced the benchmark one-year lending rate five times, from 7.47% to 5.31%. Since late 2009, the PRC government introduced a new round of austerity measures to control the growth of the economy, including increasing the benchmark one-year lending rate five times between October 2010 and July 2011, to 6.56%. The PBOC subsequently lowered the benchmark one-year lending rate in June and July 2012 and on November 21, 2014, resulting in a new benchmark one-year lending rate of 5.60%. On August 26, 2015, the PBOC again lowered the benchmark one-year bank lending rate to 4.60%, and on October 24, 2015, the PBOC further lowered the benchmark one-year bank lending rate to 4.35%. The benchmark one-year bank lending rates published by the PBOC for the years ended December 31, 2017 and 2018 were 4.35% and 4.35%, respectively. We expect that increases in interest rates and reserve requirement ratios would increase our finance costs in general and the finance costs of leveraged property buyers and as a result, may delay potential purchasers from making a purchase. The effect of the increases in interest rates on our finance costs are not immediately apparent due to our capitalization of finance costs. Upon completion of a project and once the property has been delivered to buyers, the capitalized finance costs of the relevant property will be recognized as direct costs on our consolidated income statements.

Any further increases in interest rates on our bank borrowings, including as a result of interest rate increases by the PBOC, could have a material adverse effect on our business, financial condition, results of operations and prospects. These and other credit tightening measures by the PRC government in recent years have affected the ability of Chinese companies, including property developers, to borrow funds to finance their operation and development plans. Despite recent decreases, the reserve requirement ratio remains at a relatively high level. We cannot assure you that the PBOC will not raise lending rates or reserve requirement ratios in the future, or that our business, financial condition and results of operations would not be adversely affected as a result of these adjustments.

We face intense competition.

In recent years, a large number of property developers have undertaken property development and investment projects in Guangdong Province and elsewhere in the PRC. Our major competitors include large national and regional property developers and overseas developers, including a number of leading Hong Kong property developers, some of which may be more sophisticated than us in terms of engineering and technical skills, and may have better track records and greater financial, land and other resources, broader name recognition and greater economies of scale than us.

In addition, the PRC government has recently introduced various policies and measures in order to limit the growth and to prevent the overheating of the property development sector, which has further increased competition for land among real estate developers. For more details, please refer to the section entitled “Regulation.”

Competition among property developers may result in an increase in acquisition costs of land for development, an increase in the cost or a shortage of raw materials, an over-supply of properties, a decrease in property prices in certain parts of the PRC or an inability to sell such properties, a slowdown in the rate at which new property developments are approved or reviewed by the relevant PRC government authorities and an increase in administrative costs for hiring or retaining qualified personnel, any of which may adversely affect our business, financial position and results of operations.

In addition, recent market downturns in the PRC may further intensify competition. If we cannot respond to changes in market conditions or changes in customer preferences more swiftly or effectively than our competitors, our business, financial condition and results of operations could be adversely affected.

Property markets in the PRC are still at an early stage of development and lack adequate infrastructural support.

The property markets in the PRC are still at a relatively early stage of development. The growth of the PRC property markets is often coupled with volatility in market conditions and fluctuation in property prices. We cannot predict how much and when demand will develop, as various factors, including social, political, economic and legal factors may affect the development of the market. The level of uncertainty is increased by limited availability of accurate financial and market information as well as the overall low level of transparency in the PRC.

The lack of an effective liquid secondary market for residential properties may discourage investors from acquiring new properties because resale is not only difficult, but also can be a long and costly process. In addition, the limited amount of property mortgage financing available to PRC individuals, compounded by the lack of security of legal title and enforceability of property rights may further inhibit demand for residential properties.

In addition, risk of property over-supply is increasing in certain parts of China, where property investment, trading and speculation have become overly active. In the event of actual or perceived over-supply, property prices may fall significantly and our revenue and results of operations will be adversely affected.

The property development business is subject to claims under statutory quality warranties.

Under the Regulations on the Administration of Quality of Construction Works 《(建設工程質量管理條例)》, which became effective on January 30, 2000 and was amended on October 7, 2017 and April 23, 2019, all property developers in the PRC must provide certain quality warranties for the properties they construct or sell. In addition, general contractors are required to provide quality warranties for the properties they build to the relevant property developers, and such property developers may seek reimbursement from the relevant general contractors for amounts paid to customers as a result of claims brought under quality warranties. We act as general contractor for a majority of our property projects, and in such cases we are directly responsible for construction quality and are generally not able to seek reimbursement from third-party contractors where customer claims are brought against us under our quality warranties. We cannot guarantee that we will not receive customer claims in relation to the quality of our projects. If a significant number of claims were brought against us under our quality warranties and if we were unable to obtain reimbursement for such claims from third-party contractors in a timely manner or at all, or if the money retained by us to cover our payment obligations under the quality warranties was not sufficient, we could incur significant expenses to resolve such claims or face delays in remedying the related defects, which could in turn harm our reputation, and materially and adversely affect our business, financial condition and results of operations.

RISKS RELATING TO THE PRC

Substantially all of our assets are located in the PRC and our revenue is sourced from the PRC. Accordingly, our results of operations, financial position and prospects are directly affected by the economic, political and legal developments of the PRC.

PRC economic, political and social conditions as well as government policies could affect our business.

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;
- control of foreign exchange; and
- allocation of resources.

While the PRC economy has grown significantly in the past 30 years, the 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.

The PRC economy has been transitioning from a planned economy to a market oriented economy. For the past three decades, the PRC government has implemented economic reform measures emphasizing the utilization of market forces in the development of the PRC economy. However, since early 2004, the PRC government has implemented certain measures in order to prevent the PRC economy, including the

property market, from overheating. These measures may cause a decrease in the level of economic activity, including demand for residential properties, and may have an adverse impact on economic growth in the PRC. See the section entitled “Regulation” for further information. 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.

The PRC national economy and economies in different regions of the PRC may be adversely affected by natural disasters, acts of God, and occurrence of epidemics.

Our business is subject to general economic and social conditions in China. Epidemics, natural disasters and other acts of God which are beyond our control may adversely affect the economy, infrastructure and livelihood of the people in China. Some regions in China, including the cities where we operate, are under the threat of epidemics such as the most recent novel coronavirus named COVID-19 by the World Health Organization, the Severe Acute Respiratory Syndrome, or SARS, the H5N1 avian flu or the human swine flu, also known as Influenza A (H1N1), flood, earthquake, sandstorm, snowstorm, fire or drought.

The COVID-19 pandemic which began at the end of 2019 has affected millions of individuals and adversely impacted national economies worldwide, including China. Several cities in China where we have significant land bank and operations had imposed travel restrictions in an effort to curb the spread of the highly infectious COVID-19. As a result, sales offices and construction of our development projects were temporarily shut down. Moreover, supply of our raw materials and productivity of our employees were adversely affected. Our operations had experience disruptions, such as temporary closure of our offices and/or those of our contractors or suppliers and suspension of services. As a result, the 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. Further, customers who have previously entered into contracts to purchase properties may 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. Furthermore, our properties or facilities may be required to be suspended or quarantined, if there were clusters for the COVID-19 cases in our properties or facilities or governmental ordinance to contain the outbreaks. Any of these circumstances will result in material adverse impact on our business, financial condition, results of operations, performance and prospects. Since March 2020, China and some other countries gradually lifted stay-at-home orders and began to resume work and school at varying levels and scopes. However, there can be no assurance that this recovery momentum will continue in the future.

Past occurrences of epidemics, depending on their scale, have caused different degrees of damage to the national and local economies in China. 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, 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. In addition, 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.

The global financial markets have experienced significant deterioration and volatility, which have negatively affected the global economy. Any further downturn may adversely affect our results of operations and financial condition.

The global financial markets have been affected by a general slowdown of economic growth globally, resulting in substantial volatility in global equity securities markets and tightening of liquidity in global credit markets. Since 2011, the tightening monetary policies and high inflation in the PRC, global economic uncertainties and the euro zone sovereign debt crisis have resulted in adverse market conditions and increased volatility in the PRC and overseas financial markets. While it is difficult to predict how long these conditions will exist and the extent to which we may be affected, these developments may continue to present risks to our business operations for an extended period of time, including increase in interest expenses on our bank borrowings, or reduction in the amount of banking facilities currently available to us. More recently, on June 23, 2016, the United Kingdom held a remain-or-leave referendum on its membership within the European Union, the result of which favored the exit of the United Kingdom from the European Union (“Brexit”). On January 31, 2020, the United Kingdom officially exited the European Union following a UK-EU Withdrawal Agreement signed in October 2019. Given the lack of precedent and uncertainty of the negotiation, the effect of Brexit remains uncertain, and Brexit has and may continue to create negative economic impact and increase volatility in the global market. These challenging market conditions have resulted in reduced liquidity, widening of credit spreads in credit markets, a reduction in available financing and a tightening of credit terms. Furthermore, China’s economic growth may also slow down due to weakened exports as a result of tariffs and trade tensions caused by the U.S.-China trade war. In 2018 and 2019, the U.S. government, under the administration of President Donald J. Trump, imposed several rounds of tariffs on cumulatively US\$550 billion worth of Chinese products. In retaliation, the Chinese government responded with tariffs on cumulatively US\$185 billion worth of U.S. products. In addition, in 2019, the U.S. government restricted certain Chinese technology firms from exporting certain sensitive U.S. goods. The Chinese government lodged a complaint in the World Trade Organization against the U.S. over the import tariffs in the same year. The trade war created substantial uncertainties and volatilities to global markets. On January 15, 2020, the U.S. and Chinese governments signed the U.S.-China Economic and Trade Agreement (the “Phase I Agreement”). Under the Phase I Agreement, the U.S. agreed to cancel a portion of tariffs imposed on Chinese products, China promised additional purchases of U.S. goods and services, and both parties expressed a commitment to further improving various trade issues. Despite this reprieve, however, it remains to be seen whether the Phase I Agreement will be abided by both governments and successfully reduce trade tensions. If either government violates the Phase I Agreement, it is likely that enforcement actions will be taken and trade tensions will escalate. Furthermore, additional concessions are needed to reach a comprehensive resolution of the trade war. The roadmap to the comprehensive resolution remains unclear, and the lasting impact it may have on China’s economy and the PRC real estate industry remains uncertain. Should the trade war between the United States and the PRC begin to materially impact the PRC economy, the purchasing power of our customers in the PRC would be negatively affected. Any severe or prolonged slowdown or instability in the global or China’s economy may materially and adversely affect our business, financial condition and results of operations.

Should there be a further economic downturn or credit crisis for any reason, our ability to borrow funds from current or other funding sources may be further limited, causing our continued access to funds to become more expensive, which would adversely affect our business, liquidity, financial condition, results of operations, and most importantly, our property development projects. As such, we cannot assure you that our business operations will not suffer further adverse effects caused by the previous or future credit crisis in the near future.

Inflation in China may have a material adverse effect on our business, financial condition and results of operations.

While the PRC economy has experienced rapid growth, such growth has been uneven among various sectors of the economy and in different geographic areas of the country. Rapid economic growth can lead to growth in money supply and inflation. If prices of our properties rise at a rate that is insufficient to compensate for the rise in our costs, our business, financial condition and results of operations may be materially and adversely affected. To control inflation in the past, the PRC government has imposed control on bank credits, limits on loans for fixed assets and restrictions on state bank lending. Such austerity measures can lead to a slowdown in the economic growth and may materially and adversely affect our business, financial condition and results of operations.

Governmental control of currency conversion may limit our ability to use capital effectively.

The PRC government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. We receive our revenues 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 their foreign currency denominated obligations, if any. 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 appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of indebtedness denominated in foreign currencies. The restrictions on foreign exchange transactions under capital accounts could also affect our subsidiaries' ability to obtain foreign exchange through debt or equity financing, including by means of loans or capital contribution from us. The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions. If the foreign exchange control system prevents us from obtaining sufficient foreign currency to satisfy our currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders.

The labor contract law and other labor laws and regulations in the PRC may adversely affect our business and profitability.

The labor contract law promulgated in the PRC on June 29, 2007 and amended on December 28, 2012, effective on July 1, 2013, imposes more stringent requirements on employers in relation to entering into fixed term employment contracts, the hiring of temporary employees and dismissing employees. In addition, under the Regulations on Paid Annual Leave for Employees 《(職工帶薪年休假條例)》, which came into effect on January 1, 2008, employees who have continuously worked for more than one year are entitled to a paid holiday ranging from five to 15 days, depending on their length of service. Employees who agree to waive part or all of their holiday entitlement at the request of their employers must be compensated with three times their normal daily salaries for each day of holiday entitlement being waived. As a result of the labor contract law and related regulations, our labor costs may increase. We cannot assure you that any disputes, work stoppages or strikes will not arise in the future. Increases in our labor costs and future disputes with our employees could have a material adverse effect on our business, financial condition or results of operations.

In addition, in accordance with relevant PRC labor laws and regulations, we are required to contribute to a number of employee social insurance schemes including medical, maternity, work-related injury, unemployment and pension insurance, and to the employee housing provident fund. We provide social insurance and contribute to the housing provident fund for our employees in accordance with the policies and practices of local government authorities' interpretation and implementation of relevant PRC labor laws and regulations. Changes in labor laws or regulations in the PRC in which we operate may result in us incurring significant costs in order to maintain compliance with such laws and regulations and may delay or prevent project completion. Any failure to comply with such labor regulations may result in penalties or litigation, and as a result, our business, financial condition and results of operations could be adversely affected.

Uncertainty with respect to the PRC legal system could adversely affect us and may limit the legal protection available to you.

As substantially all of our businesses are conducted, and substantially all of our assets are located, in the PRC, our operations are governed principally by PRC laws and regulations. The PRC legal system is based on written statutes, and prior court decisions can only be cited as reference. Since 1979, the PRC government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organization and governance, commerce, taxation, foreign exchange and trade, with a view to developing a comprehensive system of commercial law. 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. For example, since the tenor exceeds one year, we have registered the issuance of the Notes with the NDRC with reference to the NDRC Notice and are required to file a post-issuance report with the NDRC within 10 working days in the PRC pursuant to the registration certificate. As the NDRC Notice is a new regulation, there are still uncertainties regarding its interpretation, implementation and enforcement by the NDRC. If we fail to complete such filing in accordance with the relevant requirements, due to any change in the relevant regulation we may be subject to penalties or other enforcement actions by relevant PRC government authorities. Depending on the governmental agency or the presentation of an application or case to such agency, we may receive less favorable interpretations of laws and regulations than our competitors. Some of the laws and regulations, and the interpretation, implementation and enforcement thereof, are subject to policy changes. There is no guarantee that the introduction of new laws, changes to existing laws and the interpretation or application thereof, or delays in obtaining rulings, interpretations or approvals from the relevant authorities will not have an adverse impact on our business or prospects.

Even where adequate laws exist in China, the enforcement of existing laws or contracts based on existing laws may be uncertain or sporadic, and it may be difficult to obtain swift and equitable enforcement of a judgment by a court of another jurisdiction. In addition, any litigation in China may be protracted and result in substantial costs and the diversion of resources and management's attention. All these uncertainties could limit the legal protection available to foreign investors, including you.

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

A majority of our senior management members reside in mainland China, and substantially all of our assets, and substantially all of the assets of those persons are located in mainland China. Therefore, it may be difficult for investors to effect service of process upon those persons inside mainland China or to enforce against us or them in mainland China any judgments obtained from non-PRC courts. China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the Cayman Islands, the United States, the United Kingdom, Japan and many other developed countries. Therefore, recognition and enforcement in China of judgments of a court in any of these jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or even impossible.

We may be deemed a PRC resident enterprise under the EIT Law and be subject to a tax rate of 25% on our global income.

Pursuant to the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) (the "EIT Law"), which came into effect on January 1, 2008 and was amended on February 24, 2017 and December 29, 2018, an enterprise established outside China whose "de facto management body" is located in China is considered a "PRC resident enterprise" and will generally be subject to the uniform enterprise income tax rate, or EIT rate, of 25% on its global income. Under the implementation rules of the EIT Law, "de facto management body" is defined as the organizational body that effectively exercises management and control over such aspects as the business operations, personnel, accounting and properties of the enterprise.

On April 22, 2009, SAT released the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies (《關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》) (the "Circular 82"), as amended on December 29, 2017, which sets out the standards and procedures for determining whether the "de facto management body" of an enterprise registered outside of China and controlled by PRC enterprises or PRC enterprise groups is located within China. Under Circular 82, a foreign enterprise controlled by a PRC enterprise or PRC enterprise group is considered a PRC resident enterprise if all of the following apply: (i) the senior management and core management departments in charge of daily business operations are located mainly within China; (ii) financial and human resources decisions are subject to determination or approval by persons or bodies in China; (iii) major assets, accounting books, company seals and minutes and files of board and shareholders' meetings are located or kept within China; and (iv) at least half of the enterprise's directors with voting rights or senior management reside within China. In addition, Circular 82 also requires that the determination of "de facto management body" shall be based on the principle that substance is more important than form. Further to Circular 82, SAT issued the Chinese-Controlled Offshore Incorporated Resident Enterprises Income Tax Regulation (Trial Implementation) (境外註冊中資控股居民企業所得稅管理辦法(試行)) (the "Bulletin 45"), which took effect on September 1, 2011 and amended on June 1, 2015, June 28, 2016 and June 15, 2018, to provide more guidance on the implementation of Circular 82 and clarify the reporting and filing obligations of such "Chinese-controlled offshore incorporated resident enterprises". Bulletin 45 provides procedures and administrative details for the determination of resident status and administration of post-determination matters. Although Circular 82 and Bulletin 45 explicitly provide that the above standards apply to enterprises which are registered outside of China and controlled by PRC enterprises or PRC enterprise groups, Circular 82 may reflect the State Administration of Taxation's criteria for determining the tax residence of foreign enterprises in general. All members of our senior management are currently based in China; if we are deemed a PRC resident enterprise, the EIT rate of 25% on our global taxable income may reduce capital we could otherwise divert to our business operations.

RISKS RELATING TO THE NOTES, SUBSIDIARY GUARANTEES AND JV SUBSIDIARY GUARANTEES

We are a holding company and payments with respect to the Notes are structurally subordinated to 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 but none of our current PRC subsidiaries will provide a Subsidiary Guarantee or JV Subsidiary Guarantee either upon issuance of the Notes or at any time thereafter. Therefore, almost all of our revenue and income (as shown in our consolidated financial information included elsewhere in this offering memorandum) are attributed to our PRC operating subsidiaries and any contribution from direct operations of the Subsidiary Guarantors (or JV Subsidiary Guarantors) are immaterial. The Notes will not be guaranteed by any current or future PRC subsidiaries. Our primary assets are ownership interests in our PRC subsidiaries, which are held through the Subsidiary Guarantors and certain Non-Guarantor Subsidiaries. The Subsidiary Guarantors do not, and the JV Subsidiary Guarantors (if any) may not, have material operations. Accordingly, our ability to pay principal

and interest on the Notes and the ability of the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) to satisfy their obligations under the Subsidiary Guarantees or JV Subsidiary Guarantees (as the case may be) will depend upon our receipt of principal and interest payments on the intercompany loans and distributions of dividends from our subsidiaries.

Creditors, including trade creditors of Non-Guarantor Subsidiaries, would have a claim on the Non-Guarantor Subsidiaries' assets that would be prior to the claims of holders of the Notes. As a result, our payment obligations under the Notes will be effectively subordinated to all existing and future obligations of our Non-Guarantor Subsidiaries, including their obligations under guarantees they have issued or will issue in connection with our business operations, and all claims of creditors of our Non-Guarantor Subsidiaries will have priority as to the assets of such entities over our claims and those of our creditors, including holders of the Notes. As of December 31, 2020, our Non-Guarantor Subsidiaries had total debt in the amount of RMB42,285.9 million (US\$6,480.6 million), capital commitments in the amount of RMB27,016.9 million (US\$4,140.5 million) and contingent liabilities arising from guarantees in the amount of RMB27,241.5 million (US\$4,174.9 million). The Notes and the Indenture permit us, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any) and our Non-Guarantor Subsidiaries to incur additional indebtedness and issue additional guarantees, subject to certain limitations. In addition, our secured creditors or those of any Subsidiary Guarantor or JV Subsidiary Guarantor (if any) would have priority as to our assets or the assets of such Subsidiary Guarantor or JV Subsidiary Guarantor (if any) securing the related obligations over claims of holders of the Notes.

Under the terms of the Notes, a Subsidiary Guarantee required to be provided by a subsidiary of the Company may be replaced by a limited-recourse guarantee, or JV Subsidiary Guarantee, following the sale or issuance to a third party of equity interest of no less than 20% in such subsidiary by its direct or indirect majority shareholders (subject to the satisfaction of certain conditions). Recovery under a JV Subsidiary Guarantee is limited to an amount equal to our proportional interest in the issued share capital of such Subsidiary Guarantor, or JV Subsidiary Guarantor, multiplied by the fair market value of the total assets in such JV Subsidiary Guarantor and its subsidiaries, on a consolidated basis, as of the date of the last fiscal year end of the Company. As a result, the amount that may be recovered by the Trustee pursuant to a JV Subsidiary Guarantee (compared to a Subsidiary Guarantee) is reduced, which in turn may affect your ability to recover any amounts due under the Notes.

We have substantial indebtedness, including indebtedness that will be mature within one year, and we may incur substantial additional indebtedness in the future, which could adversely affect our financial health and our ability to generate sufficient cash to satisfy our outstanding and future debt obligations on a timely manner.

We now have, and will continue to have after the offering of the Notes, a substantial amount of indebtedness. As of December 31, 2020, our indebtedness (including current and noncurrent interest-bearing bank and other borrowings) amounted to RMB42,285.9 million (US\$6,480.6 million). Subsequent to December 31, 2020, we also incurred other indebtedness for our general business operation. As of December 31, 2020, we had interest-bearing bank and other borrowings amounting to RMB20,754.8 million (US\$3,180.8 million) due within one year. As a result, we are subject to refinancing risks against such maturing indebtedness. We cannot assure you that we would be able to refinance our indebtedness, in a timely manner on acceptable terms or at all. The risk is exacerbated by the current volatility in the global capital and credit markets.

Our substantial indebtedness could have important consequences to you. For example, it could:

- limit our ability to satisfy our obligations under the Notes and other debt;
- 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;
- place us at a competitive disadvantage compared to our competitors that have less debt;
- limit, along with the financial and other restrictive covenants of our indebtedness, among other things, our ability to borrow additional funds; and
- increase the cost of additional financing.

In the future, we may from time to time incur substantial additional indebtedness and contingent liabilities. Under the Indenture, our ability to incur additional debt is subject to limitations on indebtedness and preferred stock covenants. Under such covenants, we may incur (i) certain Permitted Indebtedness or (ii) additional indebtedness if we can, among other things, satisfy the Fixed Charge Coverage Ratio. The Fixed Charge Coverage Ratio is derived by dividing Consolidated EBITDA by Consolidated Fixed Charges. Because our definition of Consolidated Net Income (which is a significant component of Consolidated EBITDA) for the Notes includes our unrealized gains on valuation adjustments on our investment properties, our Consolidated EBITDA and therefore our ability to incur additional debt under such covenants could be substantially larger when compared to other similarly situated PRC senior notes issuers whose covenants may not include such unrealized gains in the definition of consolidated net income. In addition, because our definition of Consolidated Interest Expense for the Notes excludes (i) the interest expense on indebtedness of third parties that we guarantee (except to the extent that such interest expense is actually paid by us), (ii) interest expenses arising from lease liability which would have been classified as “operating lease” before the adoption of GAAP 16 and (iii) interest expense arising from pre-sale receipts in advance from customers, our Consolidated Interest Expense and our ability to incur additional debt could be even larger when compared to other similarly situated PRC senior notes issuers whose covenants would typically include such interest expense in the definition of consolidated interest expense. If we or our subsidiaries incur additional debt, the risks that we face as a result of our already substantial indebtedness and leverage could intensify.

Our ability to generate sufficient cash to satisfy our outstanding and future debt obligations will depend upon our future operating performance, which will be affected by prevailing economic conditions and financial, business and other factors, many of which are beyond our control. We anticipate that our operating cash flow will be sufficient to meet our anticipated operating expenses and to service our debt obligations as they become due. However, there is no assurance that we will be able to generate sufficient cash flow for these purposes. In addition, certain of our PRC loans are guaranteed by our controlling shareholders. If we are unable to service our indebtedness, or if our guarantors are unable to perform their guarantee obligations and we are unable to secure alternative guarantees, we will be forced to adopt an alternative strategy that may include actions such as reducing or delaying capital expenditures, selling assets, restructuring or refinancing our indebtedness or seeking equity capital. These strategies may not be instituted on satisfactory terms, if at all.

In addition, the terms of the Indenture prohibit us from incurring additional indebtedness unless (i) we are able to satisfy certain financial ratios or (ii) we are able to incur such additional indebtedness pursuant to any of the exceptions to the financial ratio requirements, and meet any other applicable restrictions. Our ability to meet our financial ratios may be affected by a number of factors, such as the dividend restrictions on our PRC subsidiaries, including Shinsun Property Group Co., Ltd. (祥生地產集團有限公司), and events beyond our control. We cannot assure you that we will be able to meet these ratios. Certain of our financing arrangements also impose operating and financial restrictions on our business. See the section entitled “Description of Material Indebtedness and Other Obligations” and “— Our subsidiaries are subject to restrictions on the payment of dividends and the repayment of

intercompany loans or advances to us and our subsidiaries.” Such restrictions in the Indenture and our other financing arrangements may negatively affect our ability to react to changes in market conditions, take advantage of business opportunities we believe to be desirable, obtain future financing, fund required capital expenditures, or withstand a continuing or future downturn in our business or the general economy. Any of these factors could materially and adversely affect our ability to satisfy our obligations under the Notes and other debt.

The Notes may not be a suitable investment for all investors seeking exposure to green assets.

We engaged Sustainalytics to review the Sustainable Finance Framework and to provide a second party opinion (the “SPO”) on the Sustainable Finance Framework’s environmental credentials and its alignment with the ICMA Green Bond Principles 2018, the ICMA Social Bond Principles 2020, the ICMA Sustainability Bond Guidelines 2018, the LMA Green Loan Principles 2020.

The SPO provides an opinion on certain environmental and related considerations and is not intended to address any credit, market or other aspects of an investment in the Notes, including without limitation market price, marketability, investor preference or suitability of any security. The SPO are not incorporated into, and do not form part of, this offering memorandum. None of the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any) or the Joint Lead Managers makes any representation as to the suitability of the SPO. The SPO is not, nor should not be deemed to be, a recommendation to buy, sell or hold securities and is only current as of the date that the SPO were initially issued, and may be updated, suspended or withdrawn by the relevant provider(s) at any time. Furthermore, the SPO are for information purposes only and Sustainalytics does not accept any form of liability for the substance of the SPO and/or any liability for loss arising from the use of the SPO and/or the information provided in them. A withdrawal of the SPO may affect the value of the Notes and/or may have consequences for certain investors with portfolio mandates to invest in green assets. Prospective investors must determine for themselves the relevance of the SPO and/or the information contained therein and/or the SPO provider for the purpose of any investment in the Notes.

The SPO and the Sustainable Finance Framework have been made available to investors on the Company’s website (http://www.shinsunholdings.com/inv_jbzl.html)

In addition, in connection with the issue of the Notes, the Company has requested the Hong Kong Quality Assurance Agency (the “HKQAA”) to issue independent certification (a “HKQAA Pre-issuance Stage Certificate”) confirming that the Notes 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 Notes.

There is currently no market consensus on what precise attributes are required for a particular project to be defined as “green” or “social”, and therefore no assurance can be provided to potential investors that the eligible green and social projects will continue to meet the relevant eligibility criteria. Although applicable green and social projects are expected to be selected in accordance with the categories recognised by the HKQAA Green and Sustainable Finance Certification Scheme and are expected to be developed in accordance with applicable legislation and standards, there can be no guarantee that adverse environmental and/or social impacts will not occur during the design, construction, commissioning and/or operation of any such green and social projects. Where any negative impacts are insufficiently mitigated, green and social projects may become controversial, and/or may be criticised by activist groups or other stakeholders.

The HKQAA Pre-issuance Stage Certificate is not incorporated into, and does not form part of this offering memorandum. The HKQAA Pre-issuance Stage Certificate may not reflect the potential impact of all risks related to the Notes, their marketability, trading price or liquidity or any other factors that may affect the price or value of the Notes. 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.

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 Description of the Notes 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 Notes, may affect the value and/or trading price of the Notes, and/or may have consequences for certain investors with portfolio mandates to invest in green projects. In the event that the Notes 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.

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

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 our obligations under the Notes. 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 or agreements of such subsidiaries. Pursuant to the loan agreements with certain PRC banks, several of our PRC subsidiaries are subject to certain dividend distribution limitations. In particular, Shinsun Property Group Co., Ltd. (祥生地產集團有限公司), an indirect wholly-owned PRC subsidiary of our Company who holds all of our other PRC subsidiaries except for Zhuji Zhuojie Enterprise Management Co., Ltd. (諸暨卓傑企業管理有限公司), is restricted from making any dividend or distribution to us without prior consent from the lenders under a number of financing agreements, which may render us unable to receive any dividends or distributions from substantially all of our PRC operating subsidiaries, if lenders refuse to grant consents, and will significantly reduce the amount of our Consolidated Net Income (as defined in "Description of the Notes"), which in turn would adversely affect our ability to, among other things, incur additional debt or make restricted payments under the Indenture, or satisfy our payment obligations under the Notes and other offshore indebtedness. In addition, if any of our subsidiaries raises capital by issuing equity securities to third parties, dividends declared and paid with respect to such equity securities would not be available to us to make payments on the Notes. These restrictions could reduce the amounts that we receive from our subsidiaries, which would restrict our ability to meet our payment obligations under the Notes and the obligations of the Subsidiary Guarantors or JV Subsidiary Guarantors (if any) under the Subsidiary Guarantees or JV Subsidiary Guarantees as the case may be.

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 IFRS 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 PRC accounting standards and regulations to fund certain reserves that are not distributable as cash dividends. In addition, 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. Pursuant to an avoidance of double taxation arrangement between Hong Kong and the PRC, if the non-PRC parent company is a Hong Kong resident and directly holds a 25% or more interest in the PRC enterprise, such withholding tax rate may be lowered to 5%. As a result of such restrictions, there could be limitations on payments from our PRC subsidiaries to meet payments required by the Notes or satisfy the obligations of the Subsidiary Guarantors or JV Subsidiary Guarantors (if any) under the Subsidiary Guarantees or JV Subsidiary Guarantees as the case may be, and there could be restrictions on payments required to redeem the Notes at maturity or as required for any early redemption.

Furthermore, although we currently do not have any offshore shareholder loan to our PRC subsidiaries, we may resort to such offshore lending in the future, rather than equity contribution, to our PRC subsidiaries to finance their operations. In such events, the market interest rates that our PRC subsidiaries can pay with respect to offshore loans generally may not exceed comparable interest rates in the international finance markets. The interest rates on shareholder loans paid by our subsidiaries, therefore, are likely to be lower than the interest rate for the Notes. Our PRC subsidiaries are also required to pay a 10% (or 7% if the interest is paid to a Hong Kong resident) withholding tax on our behalf on the interest paid under any shareholder loan. Prior to payment of interest and principal on any such shareholder loan, the PRC subsidiaries (as foreign-invested enterprises in China) must present evidence of payment of the withholding tax on the interest payable on any such shareholder loan and evidence of registration with SAFE, as well as any other documents that SAFE or its local branch may require.

The eligibility for the reduced tax rates described above on payments from our PRC subsidiaries to our Hong Kong subsidiary is subject to limitations, including that the Hong Kong recipient company must be treated as the beneficial owner of the income and the PRC tax authorities approve the reduced withholding rate. There is no assurance that such approval will be granted by the PRC tax authorities.

As a result of the foregoing, we cannot assure you that we will have sufficient cash flow from dividends or payments on intercompany loans or advances from our subsidiaries to satisfy our obligations under the Notes or the obligations of the Subsidiary Guarantors or JV Subsidiary Guarantors (if any) under the Subsidiary Guarantees or JV Subsidiary Guarantees as the case may be.

The Notes are subject to optional redemption by us.

As set forth in “Description of the Notes — Optional Redemption,” the Notes may be redeemed at our option in the circumstances set out therein. An optional redemption feature is likely to limit the market value of the Notes. During any period when we may elect to redeem the Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

We may be expected to redeem the Notes when its cost of borrowing is lower than the interest rate on the Notes. In such case, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. It may therefore cause a negative financial impact on the Noteholders. Potential investors should consider reinvestment risk in light of other investments available at that time.

The terms of the Notes give us enhanced flexibility to pay substantial amount of dividends.

We pay dividends to our shareholders from time to time. Under the Indenture, any such dividend payment will be a “Restricted Payment,” which could not be made unless we can, among other things, satisfy the Fixed Charge Coverage Ratio. However, such restriction is subject to important exceptions and qualifications. Under the terms of the Notes, we may, without satisfying the Fixed Charge Coverage Ratio, pay dividends on our common stock in an aggregate amount not to exceed 25.0% of our profit for the year

in the immediate prior fiscal year. With such an exception, we may be able pay substantial amount of dividends even when we are highly leveraged, which may materially and adversely affect our ability to service our indebtedness, including the Notes.

Interest payable by us to our foreign investors and gain on the sale of our Notes may be subject to withholding taxes under PRC tax laws.

We may be treated as a PRC resident enterprise for PRC tax purposes. See “— Risks Relating to the PRC — We may be deemed as a PRC resident enterprise under the EIT Law and be subject to a tax rate of 25% on our global income.” If we are deemed a PRC resident enterprise, the interest payable on the Notes may be considered to be sourced within China. In that case, PRC income tax at the rate of 10% will be withheld from interest paid by us to investors that are “non-resident enterprises” so long as such “non-resident enterprise” investors do not have an establishment or place of business in China or, if despite the existence of such establishment or place of business in China, the relevant income is not effectively connected with such establishment or place of business in China. Any gain realized on the transfer of the Notes by such investors will be subject to a 10% PRC income tax if such gain is regarded as income derived from sources within China. Furthermore, if we are considered a PRC resident enterprise and the relevant PRC tax authorities consider interest we pay with respect to the Notes, or any gains realized from the transfer of Notes, to be income derived from sources within the PRC, such interest or gains earned by nonresident individuals may be subject to PRC income tax (which in the case of interest, may be withheld by us) at a rate of 20%. It is uncertain whether we will be considered a PRC “resident enterprise.” In addition, pursuant to Circular 36 promulgated by the MOF and SAT on March 23, 2016, if the Issuer is treated as a PRC tax resident and if PRC tax authorities take the view that the holders of the Notes are providing loans within the PRC, the holders of the Notes shall be subject to VAT at the rate of 6% when receiving the interest payments under the Notes. In addition, the holders of the Notes shall be subject to the local levies at approximately 12% of the VAT payment and consequently, the combined rate of VAT and local levies would be around 6.72%.

Where a holder of the Notes who is an entity or individual located outside of the PRC resells the Notes to an entity or individual located outside of the PRC and derives any gain, since neither the seller nor the buyer is located in the PRC, theoretically the Circular 36 does not apply and the Issuer does not have the obligation to withhold the VAT or the local levies. However, there is uncertainty as to the applicability of VAT if either the seller or buyer of Notes is located within the PRC.

If we are required to withhold PRC tax on interest payable to our foreign noteholders that are “non-resident enterprises,” we will be required, subject to certain exceptions, to pay such additional amounts as will result in receipt by a holder of a Note 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 Notes, and could have a material adverse effect on our ability to pay interest on, and repay the principal amount of, the Notes, as well as our profitability and cash flow. In addition, if you are required to pay PRC income tax on the transfer of our Notes, the value of your investment in our Notes may be materially and adversely affected. It is unclear whether, if we are considered a PRC “resident enterprise,” holders of our Notes might be able to claim the benefit of income tax treaties or agreements entered into between China and other countries or areas.

We may be able to redeem the Notes in whole at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest in the event we are required to pay additional amounts because we are treated as a PRC “resident enterprise.”

In the event we are treated as a PRC “resident enterprise”, we may be required to withhold PRC tax on interest payable to certain of our non-resident investors. In such case, we will, subject to certain exceptions, be required to pay such additional amounts as will result in receipt by a holder of a Note of such amounts as would have been received by the holder had no such withholding been required. As described under “Description of the Notes — Redemption for Taxation Reasons,” in the event we are required to pay additional amounts as a result of certain changes in specified tax law or certain other

circumstances, including any change in interpretation or statement of the official position that results in our being required to withhold tax on interest payments as a result of our being treated as a PRC “resident enterprise,” we may redeem the Notes in whole at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest.

We may not be able to repurchase the Notes upon a Change of Control Triggering Event.

We must offer to purchase the Notes upon the occurrence of a Change of Control Triggering Event, at a purchase price equal to 101% of the principal amount plus any accrued and unpaid interest. See “Description of the Notes — Repurchase of Notes Upon a Change of Control Triggering Event.” The source of funds for any such purchase would be our available cash or third-party financing. However, we may not have sufficient available funds at the time of the occurrence of any Change of Control Triggering Event to make purchases of outstanding Notes. Our failure to make the offer to purchase or to purchase the outstanding Notes would constitute an Event of Default under the Notes. 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 our other debt were to be accelerated, we may not have sufficient funds to purchase the Notes and repay the debt.

In addition, the definition of a Change of Control Triggering Event for purposes of the Indenture does not necessarily afford protection for the holders of the Notes in the event of some highly leveraged transactions, including certain acquisitions, mergers, refinancings, restructurings or other recapitalizations. These types of transactions could, however, increase our indebtedness or otherwise affect our capital structure or credit ratings. The definition of Change of Control Triggering Event for purposes of the Indenture also includes a phrase relating to the sale of “all or substantially all” of our assets. Although there is a limited body of case law interpreting the phrase “substantially all,” there is no precise established definition under applicable law. Accordingly, our obligation to make an offer to purchase the Notes and the ability of a holder of the Notes to require us to purchase its Notes pursuant to the offer as a result of a highly leveraged transaction or a sale of less than all of our assets may be uncertain.

The insolvency laws of the Cayman Islands, the British Virgin Islands and Hong Kong and other local insolvency laws may differ from U.S. bankruptcy law or those of another jurisdiction with which holders of the Notes are familiar.

Because we are incorporated, and the JV Subsidiary Guarantors (if any) may be incorporated, under the laws of the Cayman Islands, an insolvency proceeding relating to us or any such JV Subsidiary Guarantor, even if brought in the United States, would likely involve Cayman Islands insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of United States federal bankruptcy law. In addition, our other Subsidiary Guarantors and JV Subsidiary Guarantors (if any) are incorporated or may be incorporated in the BVI or Hong Kong and the insolvency laws of the BVI and Hong Kong may also differ from the laws of the United States or other jurisdictions with which the holders of the Notes are familiar.

We conduct substantially all of our business operations through PRC-incorporated subsidiaries in China. The Subsidiary Guarantors, as equity holders in our PRC subsidiaries, are necessarily subject to the bankruptcy and insolvency laws of China in a bankruptcy or insolvency proceeding involving any of such PRC subsidiaries. Any JV Subsidiary Guarantors which become equity holders of our PRC subsidiaries would also be subject to such laws. The PRC laws and regulations relating to bankruptcy and insolvency and the legal proceedings in that regard may significantly differ from those of the United States and other jurisdictions with which the holders of the Notes are familiar. You should analyze the risks and uncertainties carefully before you invest in our Notes.

We may be unable to obtain and remit foreign exchange.

Our ability to satisfy our obligations under the Notes depends solely upon the ability of our PRC subsidiaries to obtain and remit sufficient foreign currency to pay dividends to us and, if applicable, to repay shareholder loans. Our PRC subsidiaries must present certain documents to SAFE, its authorized branch, or the designated foreign exchange bank, for approval before they can obtain and remit foreign currencies out of China, including, in the case of dividends, evidence that the relevant PRC taxes have been paid and, in the case of shareholder loans, evidence of the registration of the loan with SAFE. Prior to payment of interest and principal on any shareholder loan we make to our PRC subsidiaries, the relevant PRC subsidiary must also present evidence of payment of the 10% (or 7% if the interest is paid to a Hong Kong resident) withholding tax on the interest payable in respect of such shareholder loan. If any PRC subsidiary for any reason fails to satisfy any of the PRC legal requirements for remitting foreign currency payments, the PRC subsidiary will be unable to pay us dividends or interest and principal on shareholder loans, which may affect our ability to satisfy our obligations under the Notes.

If we are unable to comply with the restrictions and covenants in our debt agreements or the Indenture, there could be a default under the terms of these agreements or the Indenture, which could cause repayment of our debt to be accelerated.

If we are unable to comply with the restrictions and covenants in the Indenture or our current or future debt obligations and other agreements, there could be a default under the terms of these agreements. In the event of a default under these agreements, 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, some of our debt agreements, including the Indenture, 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 debt, including the Notes, or result in a default under our other debt agreements, including the Indenture. If any of these events occur, we cannot assure you that our assets and cash flow would be sufficient to repay in full all of our indebtedness, or that we would be able to find alternative financing. Even if we could obtain alternative financing, we cannot assure you that it would be on terms that are favorable or acceptable to us.

Our operations are restricted by the terms of the Notes, which could limit our ability to plan for or to react to market conditions or meet our capital needs, which could increase your credit risk.

The Indenture includes a number of significant restrictive covenants. These covenants restrict, among other things, our ability, and the ability of our Restricted Subsidiaries, to:

- incur or guarantee additional indebtedness and issue disqualified or preferred stock;
- make investments or other specified restricted payments;
- issue or sell capital stock of Restricted Subsidiaries;
- guarantee indebtedness of Restricted Subsidiaries;
- sell assets;
- create liens;
- enter into sale and leaseback transactions;
- engage in any business other than permitted business;

- enter into agreements that restrict the Restricted Subsidiaries' ability to pay dividends, transfer assets or make intercompany loans;
- enter into transactions with shareholders or affiliates; and
- effect a consolidation or merger.

These covenants could limit our ability to plan for or react to market conditions or to meet our capital needs. Our ability to comply with these covenants may be affected by events beyond our control, and we may have to curtail some of our operations and growth plans to maintain compliance.

The terms of the Notes permit us to make investments in Unrestricted Subsidiaries and minority owned joint ventures.

In light of land prices, sizes of projects and other factors, we may from time to time consider developing property developments jointly with other PRC property developers. As a result, we may need to make investments in joint ventures (including joint ventures in which we may own less than a 50% equity interest) and such joint ventures may or may not be Restricted Subsidiaries. Although the Indenture restricts us and our Restricted Subsidiaries from making investments in Unrestricted Subsidiaries or minority joint ventures, these restrictions are subject to important exceptions and qualifications, including, among others, that we may, subject to certain conditions, make investments in any Unrestricted Subsidiaries and minority owned joint ventures primarily engaged in permitted business up to an aggregate amount equal to 20.0% of our total assets (of which, an aggregate amount of up to 10% of our total assets would not be required to satisfy the permitted business requirement), without satisfying the Fixed Charge Coverage Ratio requirement. See "Description of the Notes."

The ratings assigned to the Notes and our corporate ratings may be lowered or withdrawn in the future.

The Notes are expected to be "BB-" by Lianhe Ratings Global Limited ("Lianhe Global"). The ratings address our ability to perform our obligations under the terms of the Notes and the credit risks in determining the likelihood that payments will be made when due under the Notes. Additionally, we have been assigned a long-term corporate credit rating of B2 with a stable outlook by Moody's, B with a stable outlook by Standard & Poor's Ratings Services, B with a positive outlook by Fitch and an issuer rating of BB- with a stable outlook by Lianhe Global. As of the date of this offering memorandum, there has not been any downgrading on our long-term issuer rating by other rating agencies. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. We cannot assure you that a rating will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by the relevant rating agency in the future if in its judgment circumstances so warrant. We have no obligation to inform holders of the Notes of any such revision, downgrade or withdrawal. A suspension, reduction or withdrawal at any time of the rating assigned to us may adversely affect the market price of the Notes.

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

Although application will be made to the SEHK for listing of the Notes by way of debt issues to Professional Investors only as described in this offering memorandum, we cannot assure you that we will obtain or be able to maintain a listing on the SEHK, or that, if listed, a liquid trading market will develop. We have been advised that the Initial Purchasers intend to make a market in the Notes, 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 Notes may be allocated to a limited number of investors, in which case liquidity of the Notes may be limited. Given holders of a significant percentage of the aggregate principal amount of the Notes will have certain rights under the Indenture and the Notes, if a few investors purchase a significant percentage of the Notes, even if less than a majority, they will be able to exercise such rights on behalf of all holders of the Notes and significantly influence the outcome of the voting on matters related to the Notes. Furthermore, the Notes are being offered pursuant to exemptions from registration

under the U.S. Securities Act and, as a result, you will only be able to resell your Notes in transactions that have been registered under the U.S. Securities Act or in transactions not subject to or exempt from registration under the U.S. Securities Act. See the section entitled “Transfer Restrictions.” No assurance can be given as to the liquidity of, or the development and continuation of an active trading market for the Notes. If an active trading market does not develop or is not continued, the market price and liquidity of the Notes could be adversely affected.

Certain transactions that constitute “connected transactions” under the Listing Rules will not be subject to the “Limitation on Transactions with Shareholders and Affiliates” covenant.

Our shares are listed on the SEHK and we are required to comply with its Listing Rules, which provide, among other things, that any transaction between a listed company or any of its subsidiaries, on the one hand, and a “connected person” of such listed company, on the other hand, is a “connected transaction” that, if the value of such transaction exceeds the applicable de minimis thresholds, will require the prior approval of the independent shareholders of such listed company. The definition of “connected person” to a listed company includes, among others, any 10% or more shareholder of (i) such listed company or (ii) any subsidiary of such listed company. The concept of “connected person” also captures “associates,” which include, among others, (a) any subsidiary of such “connected person,” (b) any holding company of such “connected person” and any subsidiary of such holding company, and (c) any company in which such entity or entities mentioned in (a) and (b) above taken together has/have the power to exercise control, directly or indirectly, of 30% or more of the voting power of such company.

The “Limitation on Transactions with Shareholders and Affiliates” covenant in the Notes only applies to transactions between the Company or any Restricted Subsidiary, on the one hand, and (x) any holder (or any Affiliate of such holder) of 10% or more of the shares of the Company or (y) any Affiliate of the Company, on the other hand. As such, transactions between the Company or any Restricted Subsidiary, on the one hand, and an Affiliate of any Restricted Subsidiary, on the other hand, will not be captured by such covenant, even though they are subject to the independent shareholders’ requirement under the Listing Rules. As a result, we are not required by the terms of the Notes to ensure that any such transactions are on terms that are fair and reasonable, and we will not need to deliver officers’ certificates or procure the delivery of fairness opinions of accounting, appraisal or investment banking firms to the trustee of the Notes for any such transactions.

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

The price and trading volume of the Notes may be highly volatile. Factors such as variations in our revenues, earnings and cash flows, proposals for new investments, strategic alliances and/or acquisitions, changes in interest rates, fluctuations in price for comparable companies, government regulations and changes thereof applicable to our industry and general economic conditions nationally or internationally could cause the price of the Notes to change. Any such developments may result in large and sudden changes in the trading volume and price of the Notes. We cannot assure you that these developments will not occur in the future.

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 memorandum has been prepared in accordance with IFRS, 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 memorandum. We have not prepared a reconciliation of our consolidated financial statements and related footnotes between IFRS and other GAAPs. In making an investment decision, you must rely upon your own examination of us, the

terms of the offering and our financial information. You should consult your own professional advisers for an understanding of the differences between IFRS and other GAAPs and how those differences might affect the financial information contained in this offering memorandum.

The Notes 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 Notes will initially only be issued in global certificate form and held through Euroclear and Clearstream. Interests in the Notes represented by the global certificate will trade in book entry form only, and notes in definitive registered form, or definitive registered notes, 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 Notes. The nominee of the common depository for Euroclear and Clearstream will be the sole registered holder of the global certificate representing the Notes. Payments of principal, interest and other amounts owing on or in respect of the global certificate representing the Notes will be made to the paying and transfer agent, which will make payments to Euroclear and Clearstream. Thereafter, these payments will be credited to accounts of participants that hold book-entry interests in the global certificate representing the Notes and credited by such participants to indirect participants. After payment to the nominee of the common depository for Euroclear and Clearstream, we will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book entry interests. Accordingly, if you own a book-entry interest, you must rely on the procedures of Euroclear and Clearstream or, if you are not a participant in Euroclear and Clearstream, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of holders of the Notes under the Indenture.

Unlike the holders of the Notes themselves, owners of book-entry interests will not have the direct right to act upon our solicitations for consents, requests for waivers or other actions from Noteholders. Instead, if you own a book-entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from Euroclear and Clearstream. The procedures implemented for the granting of such proxies may not be sufficient to enable you to vote on a timely basis.

Similarly, upon the occurrence of an Event of Default under the Indenture, unless and until definitive registered notes 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 Notes.

Our initial Subsidiary Guarantors do not currently have significant operations and certain Subsidiary Guarantees may in some cases be replaced by limited-recourse guarantees.

We conduct substantially all of our business operations through our PRC subsidiaries, but none of our current PRC subsidiaries will provide a Subsidiary Guarantee or JV Subsidiary Guarantee either upon issuance of the Notes or at any time thereafter. Therefore, almost all of our revenue and income (as shown in our consolidated financial information included elsewhere in this offering memorandum) are attributed to our PRC operating subsidiaries and any contribution from direct operations of the Subsidiary Guarantors (or JV Subsidiary Guarantors) are immaterial. No future subsidiaries that are organized under the laws of the PRC will provide a Subsidiary Guarantee or JV Subsidiary Guarantee at any time in the future. Moreover, the Notes will not be guaranteed by certain of our offshore subsidiaries upon issuance. In addition, certain of our future offshore subsidiaries will not be required to guarantee the Notes if the consolidated assets of all our offshore subsidiaries that do not guarantee the Notes (other than Exempted Subsidiaries and Listed Subsidiaries) do not exceed 15.0% of our total assets. As a result, the Notes will be effectively subordinated to all the debt and other obligations, including contingent obligations and trade payables, of such Non-Guarantor Subsidiaries. See “Description of the Notes — The Subsidiary Guarantees and the JV Subsidiary Guarantees” in the Offering Memorandum for a list of the Non-Guarantor Subsidiaries.

The Subsidiary Guarantees or JV Subsidiary Guarantees may be challenged under applicable insolvency or fraudulent transfer laws, which could impair the enforceability of the Subsidiary Guarantees or JV Subsidiary Guarantees.

Under bankruptcy laws, fraudulent transfer laws, insolvency or unfair preference or similar laws in the Cayman Islands, the BVI, Hong Kong and other jurisdictions where future Subsidiary Guarantors or JV Subsidiary Guarantors (if any) may be established, a guarantee could be voided, or claims in respect of a guarantee could be subordinated to all other debts of that guarantor if, among other things, the guarantor, at the time it incurred the indebtedness evidenced by, or when it gives, its guarantee:

- incurred the debt with the intent to hinder, delay or defraud creditors or was influenced by a desire to put the beneficiary of the guarantee in a position which, in the event of the guarantor's insolvency, would be better than the position the beneficiary would have been in had the guarantee not been given;
- received less than reasonably equivalent value or fair consideration for the incurrence of such guarantee;
- was insolvent or rendered insolvent by reason of the incurrence of such guarantee;
- was engaged in a business or transaction for which the guarantor's remaining assets constituted unreasonably small capital; or
- intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature.

The measure of insolvency for purposes of the foregoing will vary depending on the laws of the applicable jurisdiction. Generally, however, a guarantor would be considered insolvent at a particular time if it were unable to pay its debts as they fell due or if the sum of its debts was then greater than all of its properties at a fair valuation or if the present fair saleable value of its assets was then less than the amount that would be required to pay its probable liabilities in respect of its existing debts as they became absolute and matured.

In addition, a guarantee may be subject to review under applicable insolvency or fraudulent transfer laws in certain jurisdictions or subject to a lawsuit by or on behalf of creditors of the guarantor. In such case, the analysis set forth above would generally apply, except that the guarantee could also be subject to the claim that, since the guarantee was not incurred for the benefit of the guarantor, the obligations of the guarantor thereunder were incurred for less than reasonably equivalent value or fair consideration.

In an attempt to limit the applicability of insolvency and fraudulent transfer laws in certain jurisdictions, the obligations of the Subsidiary Guarantors or JV Subsidiary Guarantors (if any) under the Subsidiary Guarantees or JV Subsidiary Guarantees (as the case may be) will be limited to the maximum amount that can be guaranteed by the applicable Subsidiary Guarantor or JV Subsidiary Guarantor without rendering the guarantee, as it relates to such Subsidiary Guarantor or JV Subsidiary Guarantor, voidable under such applicable insolvency or fraudulent transfer laws.

If a court voids a Subsidiary Guarantee or JV Subsidiary Guarantee (as the case may be), subordinates such guarantee to other indebtedness of the Subsidiary Guarantor or JV Subsidiary Guarantor, or holds the Subsidiary Guarantee or JV Subsidiary Guarantee (as the case may be) unenforceable for any other reason, holders of the Notes would cease to have a claim against that Subsidiary Guarantor or JV Subsidiary Guarantor based upon such guarantee, would be subject to the prior payment of all liabilities (including trade payables) of such Subsidiary Guarantor or JV Subsidiary Guarantor (as the case may be), and would solely be creditors of us and any Subsidiary Guarantors or JV Subsidiary Guarantors whose guarantees have not been voided or held unenforceable. We cannot assure you that, in such an event, after providing for all prior claims, there would be sufficient assets to satisfy the claims of the holders of the Notes.

The Trustee may request that the holders of the Notes provide an indemnity and/or security and/or pre-funding to its satisfaction.

In certain circumstances, the Trustee may (at its sole and absolute discretion) request the holders of the Notes to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes actions and/or steps and/or institutes proceedings on behalf of holders of the Notes. The Trustee shall not be obliged to take any such actions and/or steps and/or institute proceedings if not indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to any indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when such actions and/or steps can be taken and/or such proceedings can be instituted. The Trustee may not be able to take actions and/or steps and/or institute proceedings, notwithstanding the provision of an indemnity and/or security and/or pre-funding to it, in breach of the terms of the Indenture (as subsequently supplemented and/or amended) governing the Notes and 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 holders of the Notes to take such actions and/or steps and/or institute proceedings directly.

USE OF PROCEEDS

We estimate that the gross proceeds from this offering, before deducting the underwriting discounts and commissions and other estimated expenses payable by us in connection with this offering, will be approximately US\$199 million, which we plan to use for refinancing our existing offshore indebtedness, in accordance with our Sustainable Finance Framework.

Pending the net proceeds of this offering, we intend to invest the Investments (as defined under “Description of the Notes — Definitions”).

NOTES BEING ISSUED AS SUSTAINABLE BONDS

PURPOSE

Our Sustainable Finance Framework (the “SFF”) has been developed to demonstrate how we will enter into Sustainable Financing Transactions to fund new and existing projects and businesses with environmental and social benefits in alignment with the ICMA Green Bond Principles 2018 (GBP), ICMA Social Bond Principles 2020 (“SBP”), ICMA Sustainability Bond Guidelines 2018 (“SBG”) and LMA Green Loan Principles 2020 (“GLP”). Sustainable Financing Transactions include the issuance of green bonds, social bonds as well as sustainability bonds. Our SFF is made public on our website.

ASSERTIONS FROM MANAGEMENT

For each Sustainable Financing Transaction issued, we assert that it will adopt: (1) use of proceeds; (2) project evaluation and selection; (3) management of proceeds; and (4) reporting, as set out in the SFF.

1. Use of Proceeds

The net proceeds of each Sustainable Financing Transaction will be used to fund or refinance, in whole in part, new or existing “Eligible Green Projects” and/or “Eligible Social Projects.” “Eligible Green Projects” and “Eligible Social Project” refer to projects that provide clear environmental, social and/or sustainability benefits recognized by the standards mentioned above.

“Eligible Green Projects” refers to projects that meet one or more of the following categories of eligibility as recognized in the GBP:

ELIGIBLE PROJECT CATEGORIES	ELIGIBILITY CRITERIA & EXAMPLES
GREEN PROJECT CATEGORIES	
GREEN BUILDINGS	<ul style="list-style-type: none">• Investments and expenditures in buildings which meet or expected to meet regional, national or internationally or any equivalent internationally-recognized third-party verified certification scheme:<ul style="list-style-type: none">• China Green Building Evaluation Label with a minimum of 2 Stars
ENERGY EFFICIENCY	<ul style="list-style-type: none">• Investments and expenditures in projects that improve energy efficiency and reduce energy consumption in buildings and facilities by a minimum of 15%, such as but not limited to:<ul style="list-style-type: none">• Installation/replacement of equipment in buildings such as LED lighting, smart metering, heating ventilation and air conditioning systems
POLLUTION PREVENTION AND CONTROL	<ul style="list-style-type: none">• Investments and expenditures in projects that prevent and reduce waste and pollution, such as but not limited to:<ul style="list-style-type: none">• Equipment and technologies for reducing resource consumption and pollution emission• Implementing waste sorting and recycling

ELIGIBLE PROJECT CATEGORIES

ELIGIBILITY CRITERIA & EXAMPLES

SUSTAINABLE WATER AND WASTEWATER MANAGEMENT

- Installation of rainwater collection systems, water conservation systems, water recycling and treatment systems

CLIMATE CHANGE ADAPTATION

- Investments to develop “sponge cities” that aim to reduce flood risk and replenish groundwater

RENEWABLE ENERGY

- Investments and expenditures in renewable energy generation projects and related infrastructure, including but not limited to:
 - Solar photovoltaic
 - Solar hot water

ENVIRONMENTALLY SUSTAINABLE MANAGEMENT OF LIVING NATURAL RESOURCES AND LAND USE

- Investments and expenditures in greening of landscapes and preservation or restoration of natural landscapes, such as but not limited to:
 - Creating and enhancing urban green space

CLEAN TRANSPORTATION

- Investments and expenditures in electric vehicles and related infrastructure, including but not limited to:
 - Installation of charging facilities for electric vehicles

SOCIAL PROJECT CATEGORIES

INDEMNIFICATORY HOUSING

- Investments and expenditures in projects that provide indemnificatory housing for the general public and vulnerable groups in accordance with local government and regulatory definitions such as public rental housing

ACCESS TO ESSENTIAL SERVICES

- Investment and expenditures in projects to develop education and training facilities in targeted communities for general public or vulnerable groups

2. Project Evaluation and Selection

Eligible Projects will be selected by the Sustainable Finance Working Group formed by representatives from the Property Management, Sustainability, Treasury, Investor Relations and Legal Departments in accordance to the criteria defined in the Sustainability Finance Framework. Selected Eligible Projects will be reviewed on an annual basis.

3. Management of Proceeds

The proceeds from each Green, Social, Sustainability debt instrument issued will be managed by the Finance department with oversight by the SFWG. We will track the allocation of proceeds to eligible projects within its internal management system including descriptions of the projects, the regions in which the projects are located, and the amount of proceeds allocated to the projects.

The proceeds of each Green, Social, Sustainability debt instrument can be used both for the financing and/or refinancing of eligible projects. If all or a proportion of the proceeds are used for refinancing, we will provide an estimate of the share of financing versus refinancing. We will allow a look-back period of two years for refinanced projects.

Any balance of issuance proceeds which are not yet allocated to eligible green projects and eligible social projects will be held in accordance with our liquidity guidelines for short term time deposits or investments. We commit not to invest unallocated proceeds to any high pollution activities or any projects that are in conflict with the eligibility criteria under the Framework.

4. Reporting

We will provide information on the allocation of the net proceeds from outstanding Sustainable Financing Transactions on our website and/or our annual report, ESG or sustainability report. Such information will be provided on an annual basis until all the net proceeds have been fully allocated.

Allocation Reporting, to be disclosed annually or until full allocation will include:

- Allocation amount by eligible project category, and clearly indicating the SDG(s) of which such allocation supports;
- Allocation amount by geographical distribution;
- Proportion between financing and refinancing;
- Project examples, subject to confidentiality; and
- Amount of unallocated proceeds and its temporary treatment.

Impact Reporting, to be disclosed annually up until the maturity of the bond, will include:

- Where possible and subject to data availability and confidentiality, reporting of environmental and/or social impact of the projects using relevant indicators as suggested in the ICMA Harmonized Framework for Impact Reporting:

<u>ELIGIBLE PROJECT CATEGORIES</u>	<u>POTENTIAL KPI AND REPORTING METRICS</u>
GREEN PROJECT CATEGORIES	
GREEN BUILDINGS	<ul style="list-style-type: none"> • Type/Number of green building certifications obtained • Total floor area of certified green buildings
ENERGY EFFICIENCY	<ul style="list-style-type: none"> • Annual energy savings in (MWh for electricity) (GJ for other energy) • Annual GHG emissions reduced/avoided (tonnes of CO₂ equivalent)
POLLUTION PREVENTION AND CONTROL	<ul style="list-style-type: none"> • Waste reduced/avoided (tonnes) • Annual GHG emissions reduced/avoided (tonnes of CO₂ equivalent)

<u>ELIGIBLE PROJECT CATEGORIES</u>	<u>POTENTIAL KPI AND REPORTING METRICS</u>
SUSTAINABLE WATER AND WASTEWATER MANAGEMENT	<ul style="list-style-type: none"> • Annual absolute (gross) water use before and after the project in m³ p.a., reduction in water use in % • Annual absolute (gross) amount of wastewater treated, reused or avoided before and after the project in m³ p.a. and as %
CLIMATE CHANGE ADAPTATION	<ul style="list-style-type: none"> • Area covered by sponge city-related projects in km² • Number of people benefitted from reduced flood risk and associated benefits of sponge city-related projects
RENEWABLE ENERGY	<ul style="list-style-type: none"> • Annual renewable energy generation (MWh for electricity) (GJ for other energy) • Annual GHG emissions reduced/avoided (tonnes of CO₂ equivalent)
ENVIRONMENTALLY SUSTAINABLE MANAGEMENT OF LIVING NATURAL RESOURCES AND LAND USE	<ul style="list-style-type: none"> • Area of green landscape conserved/enhanced/created in km²
CLEAN TRANSPORTATION .	<ul style="list-style-type: none"> • Number of electric vehicles/charging stations built • Annual GHG emissions reduced/avoided (tonnes of CO₂ equivalent)
SOCIAL PROJECT CATEGORIES	
INDEMNIFICATORY HOUSING	<ul style="list-style-type: none"> • Number of housing units constructed • Number of individuals/households benefitted
ACCESS TO ESSENTIAL SERVICES	<ul style="list-style-type: none"> • Number of education and training devices/facilities deployed • Number of individuals/households benefitted

We have engaged Sustainalytics to provide an External Review in the form of a Second Party Opinion on the Framework and confirm alignment with relevant ICMA and LMA principles and guidelines. The External Review has been made public on our website at http://www.shinsunholdings.com/inv_jbzl.html.

EXCHANGE RATE INFORMATION

China

The PBOC 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. From 1994 to July 20, 2005, the conversion of Renminbi into foreign currencies, including Hong Kong dollars and U.S. dollars, was based on rates set daily by PBOC on the basis of the previous day's inter-bank foreign exchange market rates and then current exchange rates in the world financial markets. During this period, the official exchange rate for the conversion of Renminbi to U.S. dollars remained generally stable. Although the PRC government introduced policies in 1996 to reduce restrictions on the convertibility of Renminbi into foreign currencies for current account items, conversion of Renminbi into foreign currencies for capital items, such as foreign direct investment, loan principals and securities trading, still requires the approval of SAFE and other relevant authorities. On July 21, 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 the Renminbi appreciated by approximately 2% 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 May 18, 2007, PBOC enlarged the floating band for the trading prices in the inter-bank foreign exchange market of the Renminbi against the U.S. dollar from 0.3% to 0.5% around the central parity rate, effective on May 21, 2007. This allows the Renminbi to fluctuate against the U.S. dollar by up to 0.5% above or below the central parity rate published by PBOC. The floating band was further widened to 1.0% on April 16, 2012 and 2.0% on March 17, 2014. The PBOC announces the closing price of a foreign currency traded against the Renminbi in the inter-bank foreign exchange market after the closing of the market on each working day, and makes it the central parity for trading against the Renminbi on the following working day. Effective since August 11, 2015, market makers are required to quote their central parity rates for Renminbi against U.S. dollar to the China Foreign Exchange Trade System daily before the market opens by reference to the closing rate of the PRC inter-bank foreign exchange market on the previous trading day in conjunction with the demand and supply conditions in the foreign exchange markets and exchange rate movements of major currencies. PBOC has further authorized the China Foreign Exchange Trade System to announce its central parity rate for Renminbi against the U.S. dollar through a weighted averaging of the quotes from the market makers after removing the highest quote and the lowest quote. PBOC announces the closing price of a foreign currency traded against the Renminbi in the inter-bank foreign exchange market after the closing of the market on each working day, and makes it the central parity for trading against the Renminbi on the following working day. The PRC government may adopt further reforms of its exchange rate system, including but not limited to making the Renminbi freely convertible in the future.

The following table sets forth the noon buying rate for U.S. dollars in New York City for cable transfer in Renminbi as certified for customs purposes by the Federal Reserve Bank of New York for the periods indicated:

Period	Noon buying rate			
	Period end	Average ⁽¹⁾	High	Low
		(RMB per US\$1.00)		
2016.....	6.9430	6.6549	6.9580	6.9430
2017.....	6.5063	6.7530	6.9575	6.4773
2018.....	6.8755	6.6292	6.9737	6.2649
2019.....	6.9618	6.9014	7.1786	6.6822
2020.....	6.5250	6.8878	7.1348	6.5250
November	6.5760	6.6029	6.6899	6.5556
December	6.5250	6.5393	6.5705	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	6.4932
April	6.4749	6.5186	6.5649	6.4710
May (through May 21, 2021)	6.4339	6.4449	6.4749	6.4156

Source: Federal Reserve H.10 Statistical Release

Note:

- (1) Determined by averaging the rates on the last business day of each month during the relevant year, except for monthly average rates, which are determined by averaging the daily rates during the respective months.

Hong Kong

The Hong Kong dollar is freely convertible into other currencies, including the U.S. dollar. Since October 17, 1983, the Hong Kong dollar has been linked to the U.S. dollar at the rate of HK\$7.80 to US\$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 July 1, 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 US\$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. However, we cannot assure you that the Hong Kong government will maintain the link within the current rate range or at all.

The following table sets forth the noon buying rate for U.S. dollars in New York City for cable transfer in Hong Kong dollars as certified for customs purposes by the Federal Reserve Bank of New York for the periods indicated:

Period	Noon buying rate			
	Period end	Average ⁽¹⁾	High	Low
		(HK per US\$1.00)		
2016.....	7.7534	7.7618	7.8270	7.7505
2017.....	7.8128	7.7950	7.8267	7.7540
2018.....	7.8305	7.8376	7.8499	7.8043
2019.....	7.7894	7.8335	7.8499	7.7850
2020.....	7.7534	7.7562	7.7927	7.7500
November	7.7522	7.7526	7.7552	7.7505
December	7.7534	7.7519	7.7539	7.7505
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 (through May 21, 2021)	7.7640	7.7664	7.7697	7.7631

Source: Federal Reserve H.10 Statistical Release

Note:

- (1) Determined by averaging the rates on the last business day of each month during the relevant year, except for monthly average rates, which are determined by averaging the daily rates during the respective months.

CAPITALIZATION AND INDEBTEDNESS

The following table sets forth our capitalization and indebtedness as of December 31, 2020 on an actual basis and on an adjusted basis after giving effect to the issuance of the Notes in this offering, in each case, before deducting the underwriting discounts and commissions and other estimated expenses payable by us in connection with this offering. The following table should be read in conjunction with the selected consolidated financial information and related notes included in this offering memorandum.

	As of December 31, 2020			
	Actual		As adjusted	
	(RMB)	(US\$)	(RMB)	(US\$)
	(in thousands)			
Cash and cash equivalents (excluding restricted cash)⁽¹⁾	10,914,741	1,672,757	12,213,738	1,871,837
Current borrowings:⁽²⁾				
Bank loans — secured	1,483,250	227,318	1,483,250	227,318
Other loans — secured	10,372,197	1,589,609	10,372,197	1,589,609
Current portion of long term bank loans — secured	713,000	109,272	713,000	109,272
Current portion of long term other loans — secured	8,071,310	1,236,982	8,071,310	1,236,982
Current portion of borrowings from other loans — secured	115,063	17,634	115,063	17,634
Notes to be issued	—	—	1,298,997	199,080
Total current borrowings	20,754,820	3,180,815	22,053,817	3,379,895
Non-current borrowings:				
Bank loans — secured	12,881,215	1,974,133	12,881,215	1,974,133
Other loans — secured	8,349,372	1,279,597	8,349,372	1,279,597
Other loans — unsecured	300,500	46,054	300,500	46,054
Total non-current borrowings	21,531,087	3,299,783	21,531,087	3,299,783
Total equity	16,037,036	2,457,783	16,037,036	2,457,783
Total capitalization⁽³⁾	37,568,123	5,757,567	37,568,123	5,757,567

Notes:

- (1) As of December 31, 2020, cash and cash equivalents excluded restricted cash of RMB7,236.6 million (US\$1,109.1 million), time deposits of RMB4,265.0 million (US\$653.6 million) and pledged deposits of RMB1,885.3 million (US\$288.9 million).
- (2) Our current debt includes the current portion of long-term borrowings.
- (3) Total capitalization equals total non-current debt plus total equity attributable to our equity holders.
- (4) Subsequent to December 31, 2020, we have from time to time entered into additional loan agreements to finance our property developments or for general corporate purposes in the ordinary course of business. These changes in our borrowings and any repayments after December 31, 2020 have not been reflected in this capitalization table.

Since December 31, 2020, we have incurred, and will continue to incur, indebtedness from time to time for general corporate purposes, including but not limited to refinancing of existing indebtedness and funding our operations in the ordinary course of business. Except as otherwise disclosed in this offering memorandum, there has been no material adverse change in our capitalization since December 31, 2020. See “Description of Other Material Indebtedness.”

SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

The following table presents our selected financial and other data. The selected consolidated income statement data for the years ended December 31, 2018, 2019 and 2020 and the selected consolidated statements of financial position as of December 31, 2018, 2019 and 2020 set forth below (except for EBITDA data) have been derived from our audited consolidated financial statements for such periods and as of such dates, as audited by Ernst & Young, our independent certified public accountants, and included elsewhere in this offering memorandum. Our financial statements have been prepared and presented in accordance with IFRS, which differ in certain respects from U.S. GAAP and generally accepted accounting principles in other jurisdictions. The selected financial data below should be read in conjunction with our consolidated financial statements and the notes to those statements included elsewhere in this offering memorandum. Potential investors must exercise caution when using such data to evaluate our financial condition and results of operations. Unaudited consolidated financial statements have been prepared on a basis consistent with our audited consolidated financial statements and, in the opinion of our management, include all adjustments considered necessary for a fair presentation of the financial position and results of operations for such periods. Historical results are not necessarily indicative of results that may be achieved in any future period.

Selected Consolidated Income Statement and Other Financial Data

	Year ended December 31,			
	2018	2019	2020	
	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000)
				(unaudited)
Revenue	14,215,302	35,519,538	46,638,413	7,147,650
Cost of sales	(11,216,121)	(27,039,427)	(38,203,574)	(5,854,954)
Gross profit	2,999,181	8,480,111	8,434,839	1,292,696
Finance income	71,376	151,883	75,773	11,613
Other income and gains	36,789	95,375	108,621	16,647
Selling and distribution expenses	(752,994)	(1,073,899)	(1,240,318)	(190,087)
Administrative expenses	(1,119,107)	(1,125,445)	(1,132,252)	(173,525)
Other expenses	(69,630)	(199,371)	(101,221)	(15,513)
Fair value gains on investment properties	13,978	22,406	4,624	709
Finance costs	(432,110)	(777,570)	(1,113,405)	(170,637)
Share of profit and loss of:				
Joint ventures	(30,492)	(54,644)	2,026	310
Associates	(30,929)	11,502	(19,770)	(3,030)
Profit before tax	686,062	5,530,348	5,018,917	769,183
Income tax credit/(expense)	(258,122)	(2,321,393)	(1,965,546)	(301,233)
Profit after tax for the year	427,940	3,208,955	3,053,371	467,950
Attributable to:				
Owners of the parent	325,047	2,312,283	2,646,006	405,518
Non-controlling interests	102,893	896,672	407,365	62,431
	427,940	3,208,955	3,053,371	467,950
Other Financial Data (Unaudited)				
EBITDA ⁽¹⁾	2,093,252	8,042,264	8,559,368	1,311,781
EBITDA margin ⁽²⁾	14.7%	22.6%	18.4%	18.4%

Notes:

- (1) EBITDA for any period consists of gross profit, finance income, other income and gains, selling and distribution expenses, administrative expenses, other expenses, capitalized interests, depreciation of property, plant and equipment, depreciation of right-of-use assets and amortization of intangible assets. EBITDA is not a standard measure under IFRS. EBITDA is a widely used financial indicator of a company's ability to service and incur debt. 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 EBITDA, we believe that investors should consider, among other things, the components of EBITDA such as sales and operating expenses and the amount by which EBITDA exceeds capital expenditures and other charges. We have included 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. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare our EBITDA to EBITDA presented by other companies because not all companies use the same definition. Investors should also note that EBITDA as presented herein may be calculated differently from Consolidated EBITDA as defined and used in the Indenture governing the Notes. Interest expense excludes amounts capitalized. See "Description of the Notes — Definitions" for a description of the manner in which Consolidated EBITDA is defined for purposes of the Indenture governing the Notes.
- (2) EBITDA margin is calculated by dividing EBITDA by revenue.

Selected Consolidated Financial Position Data

	As of December 31,			
	2018	2019	2020	
	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000) (unaudited)
NON-CURRENT ASSETS				
Property, plant and equipment	593,613	539,236	127,132	19,484
Right-of-use assets	56,625	113,221	74,064	11,351
Investment properties	1,102,558	1,492,630	2,018,554	309,357
Intangible assets	9,868	11,672	10,832	1,660
Investments in joint ventures	341,201	712,680	1,164,904	178,529
Investments in associates	370,813	742,052	686,226	105,169
Deferred tax assets	1,702,789	1,960,579	2,100,518	321,918
Total non-current assets	4,177,467	5,572,070	6,182,230	947,468
CURRENT ASSETS				
Properties under development	88,598,436	92,688,528	105,840,944	16,220,834
Completed properties held for sale	3,114,046	5,393,412	4,272,697	654,819
Inventories	8,008	8,315	—	—
Trade and bills receivables	226,136	195,012	127,380	19,522
Contract assets	277,380	278,260	227,970	34,938
Due from related parties	4,161,637	5,560,849	2,700,144	413,815
Prepayments, deposits and other receivables	12,051,553	11,388,198	13,265,996	2,033,103
Tax recoverable	1,541,883	1,968,017	2,191,243	335,823
Financial assets at fair value through profit or loss	52,433	20,567	626,231	95,974
Cash and cash balances	7,858,778	6,962,481	24,304,747	3,724,865
	117,890,290	124,463,639	153,557,352	23,533,694
Assets of a subsidiary classified as held for sale	—	591,983	—	—
Total current assets	117,890,290	125,055,622	153,557,352	23,533,694
CURRENT LIABILITIES				
Trade and bills payables	5,063,976	5,102,436	6,977,322	1,069,321
Other payables and accruals	3,759,979	4,898,470	13,220,334	2,026,105
Contract liabilities	74,573,736	77,901,721	68,791,434	10,542,749
Due to related parties	5,909,143	5,956,321	5,809,050	890,276
Interest-bearing bank and other borrowings	12,523,827	10,288,997	20,754,820	3,180,815
Senior notes	644,958	1,016,301	1,437,058	220,239
Corporate bonds	—	—	3,164	485
Asset-backed securities	2,416,926	205,551	—	—
Tax payable	566,218	1,923,178	2,409,194	369,225
Lease liabilities	30,812	50,744	34,207	5,242
	105,489,575	107,343,719	119,436,583	18,304,457
Liabilities directly associated with the assets classified as held for sale	—	41,638	—	—
Total current liabilities	105,489,575	107,385,357	119,436,583	18,304,457
NET CURRENT ASSETS	12,400,715	17,670,265	34,120,769	5,229,237

	As of December 31,			
	2018	2019	2020	
	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000) (unaudited)
TOTAL ASSETS LESS				
CURRENT LIABILITIES	<u>16,578,182</u>	<u>23,242,335</u>	<u>40,302,999</u>	<u>6,176,705</u>
NON-CURRENT LIABILITIES				
Interest-bearing bank and other borrowings	13,479,396	17,016,525	21,531,087	3,299,783
Senior notes	–	–	1,952,929	299,299
Lease liabilities	27,931	74,846	51,910	7,956
Deferred tax liabilities	189,996	175,848	232,537	35,638
Total non-current liabilities	<u>13,697,323</u>	<u>17,267,219</u>	<u>24,265,963</u>	<u>3,718,922</u>
NET ASSETS	<u>2,880,859</u>	<u>5,975,116</u>	<u>16,037,036</u>	<u>2,457,783</u>
EQUITY				
Equity attributable to owners of the parent				
Share capital	–	–	199,616	30,592
Reserves	1,957,796	4,617,425	8,231,939	1,261,600
	<u>1,957,796</u>	<u>4,617,425</u>	<u>8,431,555</u>	<u>1,292,192</u>
Non-controlling interests	<u>923,063</u>	<u>1,357,691</u>	<u>7,605,481</u>	<u>1,165,591</u>
TOTAL EQUITY	<u>2,880,859</u>	<u>5,975,116</u>	<u>16,037,036</u>	<u>2,457,783</u>

MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. In evaluating our business, you should carefully consider the information provided in the section headed “Risk Factors” in this offering memorandum. Unless the context otherwise requires, financial information in this section is described on a consolidated basis.

OVERVIEW

We are a fast-growing, large-scale, comprehensive real estate developer in China focusing on the development of quality residential properties in select regions in China. Headquartered in Shanghai and deeply rooted in Zhejiang Province, we have established a leading market position in Zhejiang Province through over 20 years of development, and have experienced rapid growth in terms of revenue and recognized GFA in 2018, 2019 and 2020. According to the Enterprise Research Institute of the Development Research Center of the State Council, the Center for Real Estate of Tsinghua University and the China Index Academy, we were ranked among the Top 10 developers in terms of Operational Efficiency among “China Top 100 Real Estate Developers” in three consecutive years since 2018. We were also awarded “Top 30 Brand of China Real Estate Companies” by the Enterprise Research Institute of the Development Research Center of the State Council, the Center for Real Estate of Tsinghua University and the China Index Academy in 2019.

We have adopted a “1+1+X” expansion strategy since 2016 pursuant to which we base our development in Zhejiang Province, deeply penetrate into the Pan-Yangtze River Delta Region, and expand into other cities with high growth potential outside the Pan-Yangtze River Delta Region. Our “1+1+X” strategy also represents our determination to accelerate the expansion of our property development business scale. We believe that after nearly 20 years of development, we have accumulated sufficient experience in project development from site selection to after-sales services, as well as abundant connections with suppliers, contractors and business partners which are necessary to carry out the acceleration of our expansion plans. In 2018, 2019 and 2020, our “1+1+X” expansion strategy has led to significant growth in our business, and our revenue amounted to RMB14,215.3 million, RMB35,519.5 million and RMB46,638.4 million (US\$7,147.6 million), respectively. In the same years, our recognized GFA amounted to 1,422,554 sq.m., 3,488,380 sq.m. and 4,187,123 sq.m., respectively. According to the Enterprise Research Institute of the Development Research Center of the State Council, the Center for Real Estate of Tsinghua University and the China Index Academy, we have been consistently ranked among “China’s Top 100 Real Estate Developers” for ten consecutive years in terms of comprehensive capabilities since 2011, and our rapid expansion has improved our ranking from 92nd in 2011 to 26th in 2021.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business, results of operations and financial condition have been and will continue to be affected by a number of factors, many of which are beyond our control. See “Risk Factors.” Some of the key factors include, without limitation, the following.

Economic Conditions and Regulatory Environment in the PRC

The overall economic growth and urbanization in the cities and regions where we operate and intend to operate are expected to continue to impact our business and results of operations. The overall economic growth in the PRC and the rate of urbanization will continue to be affected by a number of macroeconomic factors, including changes in the global economy, as well as the macroeconomic, fiscal and monetary policies of the PRC Government. Such macroeconomic dynamics and policies have in the past affected and are likely to continue to affect the trends of property supply, demand and pricing in cities and regions where we operate and intend to operate.

In addition, our business and results of operations have been, and will continue to be, significantly affected by governmental policies and regulations in the PRC, in particular those relating to the property market. In the past few years, the PRC Government implemented a series of measures to control the overheated property market, which aim to discourage speculative investments and increase the supply of affordable residential properties. See “Regulation — Measures on Stabilizing Housing Prices” for more details on land supply policies. From time to time, the central and local governments adjusted or introduced policies and regulations relating to land grants, property pre-sales, bank and other financing, taxation, zoning, building design and construction, which have significantly impacted our funding sources and financing costs. Further, regulations on mortgage interest rate and minimum down payment also affected the availability and costs of financing for potential property purchasers, while restrictions on property ownership and increased taxes related to property title transfers and ownership also affected the demand for properties by potential purchasers.

We primarily focus on developing properties that target first-time purchasers and upgraders who are less susceptible to the above-mentioned restrictive measures. Therefore, we believe we are able to continue to benefit from macroeconomic growth and urbanization, as well as favorable government policies over our target customers.

Ability to Acquire Suitable Land at Reasonable Costs

Our ability to acquire suitable land at reasonable costs largely affects our business operations, as well as financial performance. Under our “1+1+X” expansion strategy, we base our business operations in Zhejiang Province, deeply penetrate into the Pan-Yangtze River Delta Region, and expand into other cities with high growth potential outside Zhejiang Province and the Pan-Yangtze River Delta Region. To carry out our expansion strategy in 2018, 2019 and 2020, we acquired land for our projects through the listing-for-sale process organized by the relevant government authorities, auctions and public tenders. We also cooperate with third-party business partners through joint ventures or associates, and acquire or invest in third parties that possess land use rights over land we desire. Such combined approaches to land acquisition have contributed to and will continue to affect our business operations and our ability to acquire desirable land to implement our “1+1+X” strategy. As the PRC economy continues to grow and urbanization continues to progress, demand for residential properties remains relatively strong. We expect competition among property developers for acquiring suitable land to intensify, which could affect our future growth. Our ability to acquire suitable land to carry out our “1+1+X” strategy is critical to our future business operations and growth.

In addition to impacts on our business operations, we expect that the tightening land supply policies and intensified market competition for suitable land among property developers will lead to increased land acquisition costs, which could materially and adversely affect our results of operations, liquidity positions and financial condition. In order to participate in a public tender, auction and listing-for-sale processes, we are required to pay a deposit upfront, which typically represents a significant portion of the actual cost of the relevant land and we are typically required to settle the land premium within one year after signing the land grant contract, which have accelerated the timing of our payment for land acquisition costs and have had a significant impact on our cash flows. Our ability to control our land acquisition costs while carrying out our “1+1+X” strategy significantly affects our results of operations and financial condition.

Timing of Property Development, Pre-sales and Delivery

The number of property projects that a developer can undertake during any particular period is limited due to substantial capital requirements for land acquisitions and property construction, as well as limitations on land supply. It could take several months or even years for our projects to generate any cash inflow in the form of pre-sales, and even longer to generate revenue after project completion and delivery to purchasers. In addition, we may experience unexpected delays in construction, regulatory approvals and other processes, which disrupt our project pre-sale and delivery schedule. Delays in pre-sale leads to longer liquidity exposure, while delays in delivery defers our ability to recognize revenue and affects our results of operations for a particular period. Our financial performance in terms of revenue and liquidity may therefore fluctuate significantly due to unexpected project delays. See “Risk Factors — Risks Relating to Our Business — We face risks related to the pre-sales of properties from any potential limitations or restrictions imposed by the PRC Government and claims from customers.”

Construction Materials and Labor Costs

Construction costs, which primarily include costs of construction materials and labor, affect our results of operations. In 2018, 2019 and 2020, construction costs recognized in cost of sales was RMB6,115.2 million, RMB15,197.7 million and RMB17,606.7 million (US\$2,698.4 million), respectively, accounting for 54.8%, 56.3% and 46.1% of our total cost of sales for property development and sales, respectively. We enter into agreements with general contractors for each project, which provide for fees that include construction material and labor costs. The agreement typically provides for a price range for major construction materials, such as steel and cement. When the actual prices of these materials exceed the specified price range, we will be solely responsible for paying the portion beyond the upper limit. In addition, average wage levels of urban construction workers have been increasing in recent years, which contribute to higher overall construction costs. If we are unable to successfully pass on such increase in construction costs to our customers by pricing our properties at a price level sufficient to cover all the increased costs, our profit margin could be impacted.

Availability and Cost of Financing

Our ability to secure sufficient funding for our development projects on commercially reasonable terms affects our business operations and financial performance. In 2018, 2019 and 2020, we financed our operations primarily through internally generated cash flow from the pre-sales, as well as external financings, such as bank and other borrowings, ABS and senior notes. The monetary regulations imposed by the PRC Government from time to time may affect our access to capital and cost of financing, especially those that restrict the ability and cost for real estate developers to obtain bank and other financing.

As of December 31, 2018, 2019 and 2020, our total outstanding borrowings, mainly including bank and other borrowings, ABS which had been fully repaid in 2020, and senior notes, amounted to RMB29,065.1 million, RMB28,527.4 million and RMB46,176.6 million (US\$7,076.9 million), respectively. See “— Indebtedness” and notes 30 to 32 in our consolidated financial statements for the year ended December 31, 2018, 2019 and 2020. The weighted average effective interest rates on our bank and other borrowings, ABS and senior notes in 2018, 2019 and 2020 were 8.13%, 9.28% and 9.08%, respectively. The relatively high weighted-average interest rate as of December 31, 2019 was primarily due to the relatively larger proportion of the other borrowings with relatively high interest rate out of the total bank and other borrowings, ABS and senior notes as of the same date. We may continue to access both the international and domestic capital markets to diversify our financing sources, secure sufficient working capital and to support our business expansion. An increase in our finance costs will negatively affect our profitability and results of operations and the availability of financing will affect our ability to engage in our project development activities, which will adversely affect our results of operations.

LAT

All income from the sales or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30.0% to 60.0% of the appreciated value of the property, which is calculated by deducting from the gross sales proceeds the costs associated with property development and sales and certain other deductibles. See “Regulation — Taxation — Land Appreciation Tax.” In 2018, 2019 and 2020, we assessed the difference between the amount we prepaid and our estimated LAT liability. In 2018, 2019 and 2020, we recorded LAT expenses in the amount of RMB138.9 million, RMB995.5 million and RMB581.6 million (US\$89.1 million), respectively. See note 10 in our consolidated financial statements for the year ended December 31, 2018, 2019 and 2020. The provision for LAT requires our management to use a significant amount of judgment and estimates and we cannot assure you that the relevant tax authorities will agree to the basis on which we have calculated our LAT liabilities for provision purposes, or that such provisions will be sufficient to cover all LAT obligations that tax authorities may ultimately impose on us. Under such circumstances, our results of operations and cash flows may be materially and adversely affected.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Revenue Recognition

Property Development and Sales

We recognize revenues from property development and sales when or as the control of the asset is transferred to the customer. In determining the transaction price, we adjust the promised amount of consideration for the effect of a financing component if it is significant.

For a property development and sales contract for which the control of the property is transferred at a point in time, revenue is recognized when the customer obtains the physical possession, or the legal title of the completed property and the Group has present right to payment and the collection of the consideration is probable.

Property Management Services

We recognize property management service revenue when the relevant services are rendered, and the customer simultaneously receives and consumes the benefits provided by the entity’s performance as the entity performs.

Management Consulting Services

We recognize management consulting service revenue in connection with development of property projects when the relevant services are rendered, and the customer simultaneously receives and consumes the benefits provided by the entity’s performance as the entity performs.

Hotel Services

We recognize hotel service revenue when the services have been rendered.

Property Leasing

We recognize property leasing revenue on a time proportion basis over the lease terms.

Fair Value Measurement

We measure investment properties and financial assets at FVTPL at fair value at the end of each year in 2018, 2019 and 2020. Fair value is the price that we would receive to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by us. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

We use valuation techniques that are appropriate in the circumstances and for which sufficient held for sale data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For more details of fair measurement, see note 2.4 to our consolidated financial statements for the year ended December 31, 2018, 2019 and 2020.

We have implemented internal policies to ensure the reasonableness of fair value estimation on the level 3 financial assets. Our Directors are aware of the “Guidance note on directors’ duties in the context of valuations in corporate transactions” issued by the SFC on May 15, 2017. In this regard, we confirmed that: (i) they had exercised due care, skill and diligence and supervised the delegates when making the investment decisions; and (ii) they had complied with the standard exercised by a reasonably diligent person with the knowledge, skill and experience that be reasonably expected of a director carrying out the functions of the director in relation to the company. Prior to approving investment in financial assets, our Directors shall review the feasibility study or investment proposal of the financial assets prepared by our finance department, taking into consideration the size of the investments, their risk profiles and the rate of return. Upon making investment, our finance department closely monitors the performance of the investment and assess the fair value of level 3 financial assets at least once every reporting period or when necessary for our Directors’ review and approval. Our Directors would review the fair value estimation of level 3 financial assets, taking into account the significant unobservable inputs and the applicable valuation techniques, and determine if the fair value estimation of level 3 financial assets is in accordance with the applicable IFRS.

We are satisfied with the valuation work for financial assets categorized within level 3 of fair value estimation in our historical financial information.

Impairment of Non-financial Assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets, contract assets, deferred tax assets, properties under development, completed properties held for sale, investment properties and a subsidiary classified as held for sale), we estimate the recoverable amount of the asset using the higher of the value in use of the asset or cash-generating unit and its fair value less costs of disposal. We determine value for individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the year or period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each year in 2018, 2019 and 2020 as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the year or period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Investment Properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for property interests held as a right-of-use asset which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of each year in 2018, 2019 and 2020.

We include gains or losses arising from changes in the fair values of investment properties in profit or loss in the year or period in which they arise. We recognize any gains or losses on the retirement or disposal of an investment property in profit or loss in the year or period of the retirement or disposal.

Properties under Development

Properties under development are intended to be held for sale after completion.

We state properties under development at the lower of cost and net realizable value and comprise land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period.

We classify properties under development as current assets, unless the construction period of the relevant property development project is expected to be beyond the normal operating cycle. On completion, these properties are transferred to completed properties held for sale.

Completed Properties Held for Sale

We state completed properties held for sale at the lower of cost and net realizable value.

We determine cost by an apportionment of the total land and buildings costs attributable to unsold properties. Net realizable value takes into account the price ultimately expected to be realized less the costs we estimate will be incurred in selling the properties. Based on our historical experience and the nature of the subject properties, we estimate the selling prices, the costs of completion of properties under development, and the costs to be incurred in selling the properties based on prevailing market conditions. If costs to completion increase or net sales value decreases, net realizable value will decrease, which may result in a provision for properties under development and completed properties held for sale. Such provision requires the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the periods in which such estimate is changed will be adjusted accordingly.

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 capitalized as part of the cost of those assets. The capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalized. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Current and Deferred Income Tax

Income tax comprises current and deferred taxes. We recognize income tax relating to items recognized outside profit or loss, either in other comprehensive income or directly in equity. We measure current tax assets and liabilities at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which we operate. Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

We recognize deferred tax liabilities for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

We recognize deferred tax assets for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. We recognize deferred tax assets to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

We review the carrying amount of deferred tax assets at the end of each year of 2018, 2019 and 2020 and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. We reassess unrecognized deferred tax assets at the end of each year of 2018, 2019 and 2020 and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

We measure deferred tax assets and liabilities at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each year of 2018, 2019 and 2020.

Deferred tax assets and deferred tax liabilities are offset if and only if we have a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realized the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Allocation of Property Development Costs

We allocate land costs to each unit according to their respective saleable GFA over total saleable GFA. Construction costs relating to units were identified and allocated specifically. Common construction costs have been allocated according to the saleable GFA similar to land costs.

DESCRIPTION OF SELECTED INCOME STATEMENT ITEMS

Revenue

In 2018, 2019 and 2020, we derived our revenue primarily from development and sales of residential properties and commercial properties, and derived a small portion of revenue from management consulting services and property leasing, which amounted to RMB14,215.3 million, RMB35,519.5 million and RMB46,638.4 million (US\$7,147.6 million), respectively. Historically, we were also involved in certain ancillary businesses, including hotel services mainly to three hotels, and property management services mainly to four residential properties developed by us. Ancillary businesses require expertise, management and other resources which are different from our core business, namely, property development and sales. As such, our Group disposed of these ancillary businesses.

The following table sets forth a breakdown of our revenue by business line for the years indicated, both in absolute amount and as a percentage of total revenue.

	Year ended December 31,						
	2018		2019		2020		
	(RMB'000)	%	(RMB'000)	%	(RMB'000)	(US\$'000) (unaudited)	%
Property development and sales	14,077,218	99.0	35,372,157	99.6	46,487,347	7,124,498	99.7
Management consulting services	8,972	0.1	23,893	0.1	83,383	12,779	0.2
Property leasing	14,563	0.1	12,619	0.0	39,191	6,006	0.1
Hotel services ⁽¹⁾	111,853	0.8	107,088	0.3	16,408	2,515	0.0
Property management services ⁽¹⁾	2,696	0.0	3,781	0.0	12,084	1,852	0.0
Total	14,215,302	100.0	35,519,538	100.0	46,638,413	7,147,650	100.0

Note:

- (1) To focus our resources on property development and sales, we disposed of our hotel services and property management services. We do not expect to record revenue from hotel services and property management services after the disposals. We reclassified Hubei Shinsun Fairyland International Hotel (湖北祥生仙苑國際大酒店) and Zhuji Shinsun Century Hotel (諸暨祥生世紀酒店) from property, plant and equipment to investment properties in March 2020 and April 2020, respectively, and expect to generate property leasing income from these two hotels thereafter. These two hotels were not profitable immediately prior to their disposals.

Revenue from property development and sales represents a vast majority of our total revenue. Revenue from property development and sales is dependent on the total recognized GFA and the recognized ASP per sq.m of the delivered properties in the relevant year. In 2018, 2019 and 2020, our recognized GFA fluctuated from period to period depending on the size of the projects and the stage of their development. The recognized ASP of properties delivered also fluctuated from period to period depending on the selling prices for properties of different series or different types, as well as in cities and regions where we developed and sold property projects.

The following table sets forth a breakdown of total recognized GFA and the respective recognized ASP per sq.m. for each property type, as well as a breakdown of our revenue by property type for the years indicated, both in absolute amount and as a percentage of total property development and sales revenue.

	Year ended December 31,													
	2018						2019						2020	
	Revenue	%	Recognized GFA ⁽²⁾	Recognized ASP	Revenue	%	Recognized GFA ⁽²⁾	Recognized ASP	Revenue	%	Recognized GFA ⁽²⁾	Recognized ASP		
(RMB'000)		sq.m.	RMB per sq.m.	(RMB'000)		sq.m.	RMB per sq.m.	(US\$'000) (unaudited)		sq.m.	RMB per sq.m.			
Residential properties ⁽¹⁾ . . .	13,768,974	97.8	1,395,618	9,866	34,400,043	97.3	3,392,852	10,139	6,899,688	96.8	3,985,236	11,297		
Commercial properties	308,244	2.2	26,936	11,444	972,114	2.7	95,528	10,176	224,810	3.2	201,887	7,266		
Total	<u>14,077,218</u>	<u>100.0</u>	<u>1,422,554</u>	<u>9,896</u>	<u>35,372,157</u>	<u>100.0</u>	<u>3,488,380</u>	<u>10,140</u>	<u>7,124,498</u>	<u>100.0</u>	<u>4,187,123</u>	<u>11,102</u>		

Notes:

(1) Include both residential properties and car parks.

(2) The total recognized GFA of residential properties does not include GFA of car parks.

Consistent with industry practice, we typically enter into pre-sale contracts with customers while the properties are still under development after satisfying pre-sale conditions under PRC laws and regulations. In general, pre-sales of properties under development take place before the completion of the construction of such properties. We do not recognize any revenue from the pre-sales of the properties until such properties are completed and delivered to the customers. Proceeds from customers of pre-sold properties are recorded as contract liabilities under current liabilities before relevant sales revenue is recognized. Since the revenue from property development and sales is only recognized upon the delivery of properties, the timing of such delivery may affect the amount and growth rate of our revenue from sales of properties.

We commenced the provision of management consulting services to primarily our joint ventures and associates and generated service revenue in 2018. These services primarily cover project construction, cost control, project design, procurement and sales and marketing of properties during the development and sales processes.

Revenue from property leasing primarily represents rental income from tenants that lease investment properties we develop and own.

Hotel service revenue primarily represents hotel room fees and charges we generate from guests who stay at our hotels.

Property management revenue arises out of our property management services provided by Xiuyan Manchu Autonomous County Xiangsheng Yuedu Property Co., Ltd. (岫岩滿族自治縣祥生越都物業有限公司) and Taizhou Xiangsheng Property Management Co., Ltd. (泰州祥生物業管理有限公司) to four residential property projects, which primarily include security, cleaning, greening, repair and maintenance services.

Cost of Sales

We incurred the vast majority of our cost of sales in our property development and sales business. In 2018, 2019 and 2020, our cost of sales amounted to RMB11,216.1 million, RMB27,039.4 million and RMB38,203.6 million (US\$5,855.0 million), respectively. The following table sets forth a breakdown of our cost of sales by business line and property type in terms of property development and sales business for the years indicated, both in absolute amount and as a percentage of total cost of sales.

	Year ended December 31,						
	2018		2019		2020		
	(RMB'000)	%	(RMB'000)	%	(RMB'000)	(US\$'000) (unaudited)	%
Property development and sales							
Residential properties ⁽¹⁾ . . .	10,948,964	97.6	26,388,132	97.6	37,055,716	5,679,039	97.0
Commercial properties . . .	205,769	1.9	586,974	2.2	1,129,630	173,123	3.0
Subtotal	<u>11,154,733</u>	<u>99.5</u>	<u>26,975,106</u>	<u>99.8</u>	<u>38,185,346</u>	<u>5,852,162</u>	<u>99.9</u>
Management consulting services	5,071	0.0	10,788	0.0	9,773	1,498	0.0
Property leasing	362	0.0	187	0.0	–	–	–
Hotel services ⁽²⁾	52,981	0.5	50,854	0.2	8,456	1,296	0.0
Property management services ⁽²⁾	2,974	0.0	2,492	0.0	–	–	–
Total	<u>11,216,121</u>	<u>100.0</u>	<u>27,039,427</u>	<u>100.0</u>	<u>38,203,574</u>	<u>5,854,954</u>	<u>100.0</u>

Notes:

- (1) Include both residential properties and car parks.
- (2) To focus our resources on property development and sales, we disposed of our hotel services and property management services. We do not expect to record revenue from hotel services and property management services after the disposals. We reclassified Hubei Shinsun Fairyland International Hotel (湖北祥生仙苑國際大酒店) and Zhuji Shinsun Century Hotel (諸暨祥生世紀酒店) from property, plant and equipment to investment properties in March 2020 and April 2020, respectively, and expect to generate property leasing income from these two hotels thereafter. These two hotels were not profitable immediately prior to their disposals.

Cost of Property Development and Sales

Our cost of sales incurred in property development and sales primarily represents construction costs, land acquisition costs and capitalized interest costs.

Construction Costs

Construction costs include costs for the design and construction of a project, which in turn primarily include contractor fees, costs of construction materials and labor costs. Our construction costs are affected by a number of factors, including the types and geographic conditions of the properties being constructed, the types and amount of construction materials required, the amount of labor required and the average wage level of workers. Since we recognize cost of sales upon delivery of properties, the timing of property delivery also affects the absolute amount of our construction costs.

Land Acquisition Costs

Land acquisition costs include costs relating to the acquisition of the rights to occupy, use and develop land, which primarily represent land premiums incurred in connection with land grants from the government. Land acquisition costs are affected by a number of factors, such as the location of the land parcel, local property market condition, the timing of the land acquisition, the project's plot ratios, the method of acquisition and changes in PRC laws and regulations.

Capitalized Interest Costs

Capitalized interest costs include a portion of our finance costs that are directly attributable to the construction of a particular project. Finance costs that are not directly attributable to the development of a project are expensed and recorded as finance costs in our combined statements of profit or loss and other comprehensive income in the year or period in which they are incurred.

Gross Profit and Gross Profit Margin

Gross profit represents revenue less direct costs. Gross profit margin is calculated by dividing gross profit by revenue. In 2018, 2019 and 2020, our gross profit amounted to RMB2,999.2 million, RMB8,480.1 million and RMB8,434.8 million (US\$1,292.7 million), respectively, and we achieved gross profit margin of 21.1%, 23.9% and 18.1%, respectively. The following table sets forth a breakdown of our gross profit and gross profit margin by business line and by property type for the years indicated.

	Year ended December 31,						
	2018		2019		2020		
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit		Gross profit margin
	(RMB'000)	%	(RMB'000)	%	(RMB'000)	(US\$'000)	%
Property development and sales	2,922,485	20.8	8,397,051	23.7	8,302,002	1,272,338	17.9
Management consulting services	3,901	43.5	13,105	54.8	73,610	11,281	88.3
Property leasing	14,201	97.5	12,432	98.5	39,191	6,006	100.0
Hotel services ⁽¹⁾	58,872	52.6	56,234	52.5	7,952	1,219	48.5
Property management services ⁽¹⁾	(278)	(10.3)	1,289	34.1	12,084	1,852	100.0
Total	2,999,181	21.1	8,480,111	23.9	8,434,839	1,292,696	18.1

Note:

- (1) To focus our resources on property development and sales, we disposed of our hotel services and property management services. We do not expect to record revenue from hotel services and property management services after the disposals. We reclassified Hubei Shinsun Fairyland International Hotel (湖北祥生仙苑國際大酒店) and Zhuji Shinsun Century Hotel (諸暨祥生世紀酒店) from property, plant and equipment to investment properties in March 2020 and April 2020, respectively, and expect to generate property leasing income from these two hotels thereafter. These two hotels were not profitable immediately prior to their disposals.

Finance Income

Finance income primarily consists of interest income from our bank deposits, as well as interest income from funds we advanced to joint ventures and associates in 2018 and 2019.

Other Income and Gains

Our other income primarily consists of (i) gain on bargain purchase; (ii) gain on disposal of associates; (iii) gain on disposal of subsidiaries; (iv) subsidy income; (v) deposit forfeiture; (vi) investment income from financial assets; (vii) gain on disposal of items of property, plant and equipment; (viii) net foreign exchange differences; (ix) gain on remeasurement of previously held equity interests in joint ventures and associates; and (x) collection of utility fees and disposal of low value consumables in our sales offices.

Gain on disposal of associates and subsidiaries arises when considerations we received in exchange for equity interests in our subsidiaries and associates exceed the carrying amount of such associates or subsidiaries attributable to us at the time of disposal.

Subsidy income primarily includes (i) government refund of fees and taxes; and (ii) subsidies provided by local governments in Shaoxing to reward us for our assistance to help local bankrupt enterprise settle its claims and debt. We acquired a property project which were under development from a company undergoing bankruptcy procedures through judicial auction. Such company used proceeds from the acquisition to settle its claims and debt. Because our acquisition of such property project led to the subsequent construction completion and property delivery, the local government granted us a financial reward. Such subsidies were generally non-recurring in nature.

Deposit forfeiture primarily represents the deposits that we collected and retained from customers who enter into property pre-sale or sale agreements with us but later decide not to proceed with the relevant transactions.

Investment income from financial assets at FVTPL primarily include investment income from wealth management products purchased by us from nationally renowned commercial banks and other financial institutions. In 2018, 2019 and 2020, we primarily invested in low-risk domestic funds.

Net foreign exchange differences relates to certain receivables denominated in U.S. dollars, and represents gains from fluctuations of interest rate between Renminbi and U.S. dollars.

Gain on remeasurement of previously held equity interest represents the excess of fair value of long-term investment in joint ventures and/or associates over its book value at the time of our conversion of the joint ventures and/or associates into our subsidiaries.

Selling and Distribution Expenses

Our selling and distribution expenses primarily consist of (i) staff related expenses; (ii) advertising expenses, which primarily relate to marketing channel service fees and marketing campaign planning expenses; (iii) sales commissions paid to third-party sales agents; (iv) office expenses; (v) marketing facilities expenses which primarily represent expenses incurred for building sales offices and fees related to interior decoration of display units; and (vi) other expenses. In 2018, 2019 and 2020, our selling and distribution expenses amounted to RMB753.0 million, RMB1,073.9 million and RMB1,240.3 million (US\$190.1 million), respectively.

Administrative Expenses

Our administrative expenses mainly consist of (i) staff related expenses; (ii) travel and entertainment expenses; (iii) tax expenses such as land usage tax, property tax, stamp tax and other miscellaneous taxes; (iv) office expenses; (v) depreciation and amortization expenses; (vi) third-party professional service expenses which primarily represent consulting fees; (vii) listing expenses; (viii) bank service charges; (ix) lease expenses; and (x) others. In 2018, 2019 and 2020, our administrative expenses amounted to RMB1,119.1 million, RMB1,125.4 million and RMB1,132.3 million (US\$173.5 million), respectively.

Other Expenses

Our other expenses primarily consist of (i) donations to non-profit organizations and local communities for purposes of poverty elimination, tuition sponsorship, infrastructure construction, disaster relief and elderly care, among others. As we expanded in business scale in terms of revenue and geographic coverage in 2018, 2019 and 2020, and out of a sense of social responsibility, we increased the number of organizations and communities to which we donated as well as the total amount of corporate donations; (ii) penalties paid for late payment of tax and certain non-compliances in relation to our property development activities; (iii) compensation mainly for delayed delivery in 2018; (iv) exchange losses incurred as a result of our receivables denominated in U.S. dollars and the depreciation of U.S. dollars; (v) loss on disposal of joint ventures; (vi) asset impairment losses which represent impairment on amounts due from third parties, other receivables and other deposits, as well as an RMB53.0 million impairment loss in long-term investment in joint ventures incurred in 2019 in relation to a project located in Huzhou, Zhejiang Province which we developed through a joint venture, due to the uncertainties arising from the changing local government policies on land supply and subsequent settlements with the affected real estate developers, including ourselves; and (vii) loss of properties under development of RMB22.9 million in 2019. In 2018, 2019 and 2020, our other expenses amounted to RMB69.6 million, RMB199.4 million and RMB101.2 million (US\$15.5 million), respectively.

Fair Value Gains on Investment Properties

The fair value gains on our investment properties were RMB14.0 million, RMB22.4 million and RMB4.6 million (US\$0.7 million) in 2018, 2019 and 2020, respectively. Changes of fair value gains on investment properties primarily reflect changes to the market fair value of our investment properties in China, which is subject to change at each year end based on valuations performed by an independent professionally qualified valuer.

Finance Costs

Our finance costs mainly consist of (i) interest on bank and other borrowings, ABS, senior notes and lease liabilities; and (ii) interest expense arising from revenue contracts which represents interest expenses recognized for the significant financing components included in contract liabilities during the period from the receipt of sales proceeds to the delivery of underlying properties, less capitalized interests. The following table sets forth a breakdown of our finance costs by source for the years indicated.

	Year ended December 31,			
	2018	2019	2020	
	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000)
				(unaudited)
Interest on bank and other borrowings	2,559,191	3,223,183	4,304,057	659,626
Interest on ABS	203,549	255,634	15,464	2,370
Interest on senior notes	34,942	62,359	278,737	42,718
Interest on lease liabilities	1,561	7,340	7,771	1,191
Interest expense arising from revenue contracts	672,109	928,918	1,541,798	236,291
Interest on corporate bonds	—	—	3,164	485
Subtotal	3,471,352	4,477,434	6,150,991	942,681
Less: Interest capitalized	(3,039,242)	(3,699,864)	(5,037,586)	(772,044)
Total	432,110	777,570	1,113,405	170,637

Share of Profits and Losses of Joint Ventures

We co-develop property projects by establishing joint ventures with third-party property developers. Our joint ventures are entities over which we have joint control. We generally expect to incur share of losses in our joint ventures until the respective property development project is completed and starts to generate revenue. In 2018 and 2019, we recorded share of losses of RMB30.5 million and RMB54.6 million, respectively, primarily because most joint ventures projects that we co-developed were not delivered and therefore did not generate significant revenue. In 2020, we recorded share of profits of RMB2.0 million (US\$0.3 million), primarily due to the profit from joint venture projects in Zhejiang, Jiangxi Province operated by joint ventures.

Share of Profits and Losses of Associates

We co-develop property projects by establishing associates with third-party, property developers. We generally expect to incur share of losses in our associates until the respective property development project is completed and starts to generate revenue. In 2018 and 2020, we recorded share of losses of RMB30.9 million and RMB19.8 million (US\$3.0 million), respectively, primarily because most projects that we co-developed with associates were not delivered and therefore did not generate significant revenue. In 2019, we recorded share of profit of RMB11.5 million primarily because the projects we co-developed with associates began deliveries to purchasers and generated revenue and profit.

Income Tax

Income tax represents corporate income tax and LAT payable by our subsidiaries in the PRC. We calculate our effective corporate income tax rate (deducting the tax effect from LAT) by using the quotient of (a) the result of PRC corporate income tax plus deferred income tax, divided by (b) the result of profit before income tax minus LAT. In 2018, 2019 and 2020, our effective corporate income tax rate after deducting the tax effect from LAT was 21.8%, 29.2% and 31.2%, respectively. Our effective corporate tax rates in 2018 was lower than 25%, the uniform corporate income tax applied in the PRC, because we deregistered Cixi Shinsun Real Estate Co., Ltd. (慈溪祥生置業有限公司) in 2018, which led to loss in long-term investment and decrease in its corporate income tax expense in 2018. The following table sets forth the components of our income tax expense for the years indicated.

	Year ended December 31,			
	2018	2019	2020	
	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000) (unaudited)
Current tax:				
PRC Corporate income tax	901,296	1,596,364	1,456,612	223,236
PRC LAT	138,881	995,483	581,575	89,130
Deferred tax	(782,055)	(270,454)	(72,641)	(11,133)
Total	<u>258,122</u>	<u>2,321,393</u>	<u>1,965,546</u>	<u>301,233</u>

Under PRC laws and regulations, our subsidiaries in the PRC that are engaged in the property development business are subject to LAT as determined by the local authorities in the location in which each project is located. LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, with an exemption provided for sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

TAXATION

Cayman Islands

We are incorporated in the Cayman Islands as an exempt company with limited liability. Under the current law of the Cayman Islands, we are not subject to income or capital gains tax in the Cayman Islands.

Hong Kong

No provision for Hong Kong profits tax had been made in 2018, 2019 and 2020 as we did not generate any assessable profits arising in Hong Kong.

PRC

PRC Corporate Income tax

Pursuant to the relevant PRC laws and regulations, a uniform 25% corporate income tax rate is generally applied to both foreign-invested enterprises and domestic enterprises, except where a special preferential rate applies. Substantially all of our subsidiaries are subject to the 25% corporate income tax rate. Moreover, our funds are expected to be retained in the PRC for our operations and we do not expect our PRC subsidiaries to distribute such earnings in the foreseeable future. Therefore, no deferred income tax needs to be recognized for withholding tax on dividends payable to non-PRC resident corporate investors.

PRC LAT

Under PRC laws and regulations, our subsidiaries in the PRC are subject to LAT as determined by the local authorities in the location in which each project is located. LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from property development and sales less deductible expenditures including land costs, borrowing costs and other property development expenditures.

RESULTS OF OPERATIONS

The following table sets forth a summary of our combined statements of profit or loss and other comprehensive income for the years indicated.

	Year ended December 31,			
	2018	2019	2020	
	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000)
				(unaudited)
Revenue	14,215,302	35,519,538	46,638,413	7,147,650
Cost of sales	(11,216,121)	(27,039,427)	(38,203,574)	(5,854,954)
Gross profit	2,999,181	8,480,111	8,434,839	1,292,696
Finance income	71,376	151,883	75,773	11,613
Other income and gains	36,789	95,375	108,621	16,647
Selling and distribution expenses	(752,994)	(1,073,899)	(1,240,318)	(190,087)
Administrative expenses	(1,119,107)	(1,125,445)	(1,132,252)	(173,525)
Other expenses	(69,630)	(199,371)	(101,221)	(15,513)
Fair value gains on investment properties	13,978	22,406	4,624	709
Finance costs	(432,110)	(777,570)	(1,113,405)	(170,637)

	Year ended December 31,			
	2018	2019	2020	
	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000) (unaudited)
Share of profit and loss of:				
Joint ventures	(30,492)	(54,644)	2,026	310
Associates	(30,929)	11,502	(19,770)	(3,030)
(Loss)/profit before tax	686,062	5,530,348	5,018,917	769,183
Income tax credit/(expense)	(258,122)	(2,321,393)	(1,965,546)	(301,233)
(Loss)/profit after tax for the year	427,940	3,208,955	3,053,371	467,950
Attributable to:				
Owners of the parent	325,047	2,312,283	2,646,006	405,518
Non-controlling interests	102,893	896,672	407,365	62,431
	427,940	3,208,955	3,053,371	467,950

Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

Revenue

Our revenue increased by 31.3% from RMB35,519.5 million in 2019 to RMB46,638.4 million (US\$7,147.6 million) in 2020, primarily reflecting the following:

- *An increase in revenue from property development and sales* – Our revenue from property development and sales increased by 31.4% from RMB35,372.2 million in 2019 to RMB46,487.3 million (US\$7,124.5 million) in 2020, primarily due to an increase of 20.0% in the recognised GFA as compared to 2019, as well as an increase in the recognized ASP in Zhejiang Province from RMB13,592 per sq.m. to RMB15,940 per sq.m. (US\$2,443 per sq.m.).
- *An increase in revenue from management consulting services* – Our revenue from management consulting services increased significantly from RMB23.9 million in 2019 to RMB83.4 million (US\$12.8 million) in 2020, primarily due to the increase in the content and number of projects for which we provided management consulting services.

Cost of sales

Our cost of sales increased by 41.3% from RMB27,039.4 million in 2019 to RMB38,203.6 million (US\$5,855.0 million) in 2020, primarily due to an increase in the number and area of projects delivered in 2020.

Gross profit and gross profit margin

Our gross profit decreased slightly by 0.5% from RMB8,480.1 million in 2019 to RMB8,434.8 million (US\$1,292.7 million) in 2020, primarily due to higher unit price of land for the projects in second-tier cities recognised during the year and the increase in the recognised ASP per square metre mainly due to the overall increase in residential property market conditions for the projects recognised in 2020. Our gross profit margin decreased from 23.9% in 2019 to 18.1% in 2020, primarily due to the recognition of higher land costs for projects.

Finance income

Our finance income decreased by 50.1% from RMB151.9 million in 2019 to RMB75.8 million (US\$11.6 million) in 2020, primarily due to the decrease in interest income recognised from associates and joint ventures in 2020.

Other income and gains

Our other income and gains increased by 13.9% from RMB95.4 million in 2019 to RMB108.6 million (US\$16.6 million) in 2020, primarily due to the increase in gains from wealth management products.

Selling and distribution expenses

Our selling and distribution expenses increased by 15.5% from RMB1,073.9 million in 2019 to RMB1,240.3 million (US\$190.1 million) in 2020, primarily due to (i) the increase in marketing facilities expenses as we increased our investment in marketing facilities to upgrade the interior decoration of such facilities; and (ii) the increase in advertising expenses.

Administrative expenses

Our administrative expenses increased by 0.6% from RMB1,125.4 million in 2019 to RMB1,132.3 million (US\$173.5 million) in 2020.

Other expenses

Our other expenses decreased by approximately 49.2% from RMB199.4 million in 2019 to RMB101.2 million (US\$15.5 million) in 2020, primary due to decrease in donations and decrease in impairment in long-term investments in joint ventures.

Fair value gains on investment properties

Our fair value gains on investment properties decreased by approximately 79.4% from RMB22.4 million in 2019 to RMB4.6 million (US\$0.7 million) in 2020, primarily due to the investments on Tiantai Shinsun Century Square and the increase in lease contracts signed in 2019.

Finance costs

Our finance costs increased by 43.2% from RMB777.6 million in 2019 to RMB1,113.4 million (US\$170.6 million) in 2020, primarily due to the total indebtedness increased by approximately 61.9% from RMB28,527.4 million in 2019 to RMB46,176.6 million (US\$7,076.9 million) in 2020.

Share of profits/losses of joint ventures

We recorded share of loss of joint ventures of RMB54.6 million in 2019 and share of profit of joint ventures of RMB2.0 million (US\$0.3 million) in 2020. In 2019, most joint ventures projects that we co-developed were not delivered and therefore did not generate significant revenue. We recorded share of profit of joint ventures in 2020 in relation to the profit from joint venture projects in Zhejiang, Jiangxi Province operated by joint ventures.

Share of profits and losses of associates

We recorded shares of profit of associates of RMB11.5 million in 2019 and share of loss of associates of RMB19.8 million (US\$3.0 million) in 2020, because most projects that we co-developed with associates were not delivered and therefore did not generate significant revenue.

Profit before tax

As a result of the foregoing, our profit before tax was RMB5,018.9 million (US\$769.2 million) in 2020, compared to its profit before tax of RMB5,530.3 million in 2019.

Income tax expense

Our income tax expense decreased by 15.3% from RMB2,321.4 million in 2019 to RMB1,965.5 million (US\$301.2 million) in 2020, primarily due to a decrease in LAT as a result of a decrease in gross profit.

Year Ended December 31, 2019 Compared to Year Ended December 31, 2018

Revenue

Our revenue increased significantly from RMB14,215.3 million in 2018 to RMB35,519.5 million in 2019, primarily reflecting the following:

- *An increase in revenue from property development and sales* — Our revenue from property development and sales increased significantly from RMB14,077.2 million in 2018 to RMB35,372.2 million in 2019, primarily attributable to an increase in recognized GFA and recognized ASP, following our “1+1+X” expansion strategy. Our recognized GFA increased significantly from 1,422,554 sq.m. in 2018 to 3,488,380 sq.m. in 2019, which was attributable to an increase in our recognized GFA primarily in Zhejiang Province and Pan-Yangtze River Delta Region, and to a lesser extent, the other regions. The increase in recognized ASP from RMB9,896 in 2018 to RMB10,140 in 2019 was primarily driven by the increase in recognized ASP of properties delivered in Zhejiang Province, in particular, Hangzhou and the cities surrounding Hangzhou. For details, see “— Results of Operations — Revenue” above.
- *An increase in revenue from management consulting services* — Our management consulting service revenue increased significantly from RMB9.0 million in 2018 to RMB23.9 million in 2019, primarily due to an increase in the number of projects to which we provided management consulting services in 2019.

Cost of Sales

Our cost of sales increased significantly from RMB11,216.1 million in 2018 to RMB27,039.4 million in 2019, primarily due to a significant increase in the scale of our operation as evidenced by the increase in our recognized GFA from 2018 to 2019. As a percentage of our revenue, our cost of sales decreased from 78.9% in 2018 to 76.1% in 2019. Such decrease was primarily attributable to a slight decrease in average land acquisition cost per sq.m. recognized from RMB2,937 in 2018 to RMB2,915 in 2019, primarily reflecting our expansion into the new markets, such as Xiantao, a lower-tier city where land acquisition cost is relatively lower.

Gross Profit and Gross Profit Margin

As a result of foregoing, our gross profit increased significantly from RMB2,999.2 million in 2018 to RMB8,480.1 million in 2019. Our gross profit margin increased from 21.1% in 2018 to 23.9% in 2019, primarily due to increases in recognized ASP per sq.m. and decrease in average cost of delivered GFA, which in turn was primarily due to (i) the delivery of several relatively high gross profit margin projects in 2019, such as Zhuji Keqiao Shinsun Qunxian Mansion (柯橋祥生群賢府), Quzhou Shinsun Yunqi Xinyu (衢州祥生雲栖新語小區), Hangzhou Shinsun Yunxi Xinyu Apartment (杭州祥生雲溪新語公寓), Hangzhou Shinsun Yunpu Xinyu Apartment (杭州祥生雲浦新語公寓), Huzhou Shinsun Yueshan Lake Garden (湖州祥生悅山湖花園), Haiyan Shinsun Yuelan Bay (海鹽祥生悅瀾灣) and Zhuji Shinsun Rui Garden (諸暨祥生瑞園); (ii) the standardization of our project development and strategic land acquisitions, which enabled us to acquire land at reasonable cost and place effective control on development costs; and (iii) the general increase in residential property market condition in Zhejiang Province in 2019.

Finance Income

Our finance income increased significantly from RMB71.4 million in 2018 to RMB151.9 million in 2019, primarily due to an increase in average daily bank deposit balances. The increase in finance income was also attributable to the recognition of RMB36.5 million and RMB65.2 million interest income from advances made to joint ventures and associates in 2018 and 2019, respectively.

Other Income and Gains

Our other income and gains increased significantly from RMB36.8 million in 2018 to RMB95.4 million in 2019, primarily attributable to the RMB64.4 million government subsidies received from the local government in Shaoxing in 2019, partially offset by a decrease in investment income from financial assets at FVTPL from RMB11.5 million in 2018 to RMB1.9 million in 2019, primarily reflecting fluctuations in the market value as well as our redemption of wealth management products.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 42.6% from RMB753.0 million in 2018 to RMB1,073.9 million in 2019, primarily due to (i) an increase in staff related costs in line with our business expansion; (ii) an increase in marketing facilities expenses as we increased our investment in marketing facilities with a view to improving the interior decorations of such facilities; and (iii) an increase in our advertising expenses. As a percentage of our total selling and distribution expenses, however, our advertising expenses decreased from 44.3% in 2018 to 35.8% in 2019, primarily due to our gradual shifts to other promotional efforts.

Administrative Expenses

Our administrative expenses remained stable at RMB1,119.1 million in 2018 and RMB1,125.4 million in 2019.

Other Expenses

Our other expenses increased significantly from RMB69.6 million in 2018 to RMB199.4 million in 2019, primarily due to (i) an RMB53.0 million asset impairment loss in long-term investment in joint ventures incurred in 2019 in relation to a joint venture project in Huzhou, Zhejiang Province in 2019; (ii) an RMB21.4 million increase in compensation paid mainly as a result of delayed delivery of three property projects located in Shaoxing and one property project in Chuzhou in 2019; (iii) an RMB22.9 million loss of properties under development in 2019 due to losses in relation to government repurchase of one of our land parcels acquired in 2018 (see “— Results of Operations — Other Expenses” above for details); and (iv) an RMB21.6 million increase in corporate donations from 2018 to 2019.

Fair Value Gains on Investment Properties

Fair value gains on investment properties increased from RMB14.0 million in 2018 to RMB22.4 million in 2019 primarily attributable to the appreciation in value of the Tiantai Shinsun Century Square (天台祥生世紀廣場) project in 2019.

Finance Costs

Our finance costs increased by 80.0% from RMB432.1 million in 2018 to RMB777.6 million in 2019, primarily due to an increase in interest expenses on bank and other borrowings, ABS and senior notes, which was in line with (i) our increased bank and other borrowings and senior notes in 2019 to meet our increased need for financing the development of our property projects to support our business growth and an increase in interest expenses arising from revenue contracts in line with the increase in pre-sale proceeds, as partially offset by a corresponding increase in interest expenses capitalized; and (ii) the increase in weighted average effective interest rate from 8.13% in 2018 to 9.28% in 2019 as a result of the increased portion of trust financing which generally had higher interest rate as compared to bank loans and senior notes.

Share of Profits and Losses of Joint Ventures

We recorded share of losses of joint ventures of RMB30.5 million and RMB54.6 million in 2018 and 2019, respectively. In 2018 and 2019, most joint ventures projects that we co-developed were not delivered and therefore did not generate significant revenue, while incurring increasing expenses related to the projects.

Share of Profits and Losses of Associates

We recorded share of losses of associates of RMB30.9 million in 2018 and share of profit of associates of RMB11.5 million in 2019. In 2018, most projects that we co-developed with associates were not delivered and therefore did not generate any revenue. We recorded share of profit of associates in 2019 primarily because two projects developed by our associates started property delivery in 2019.

Profit before Income Tax

As a result of the foregoing, our profit before income tax increased significantly from RMB686.1 million in 2018 to RMB5,530.3 million in 2019.

Income Tax

Our income tax expense increased significantly from RMB258.1 million in 2018 to RMB2,321.4 million in 2019, primarily due to an increase in taxable income and LAT as a result of an increase in revenue, as well as gross profit derived from property development and sales and a decrease in deferred tax.

Profit for the Year

As a result of the foregoing, our profit for the year increased significantly from RMB427.9 million in 2018 to RMB3,209.0 million in 2019.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flow Analysis

The following table sets forth a summary of our cash flows for the years indicated.

	Year ended December 31,			
	2018	2019	2020	
	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000) (unaudited)
Net cash flows (used in)/generated				
from operating activities	(509,385)	3,516,770	(16,088,549)	(2,465,678)
Net cash flows used in investing activities . . .	(3,006,886)	(3,009,131)	2,181,480	334,326
Net cash flows generated from/(used in)				
financing activities	3,400,546	(1,205,817)	22,409,513	3,434,408
Net increase/(decrease) in cash and				
cash equivalents	(115,725)	(698,178)	8,502,444	1,303,057
Cash and cash equivalents at the beginning				
of the year	3,229,359	3,113,634	2,412,297	369,701
Cash and cash equivalents at the end				
of the year	3,113,634	2,415,456	10,914,741	1,672,757

Net Cash Flows Generated from/(Used in) Operating Activities

Our cash generated from operating activities principally comprises proceeds received from pre-sales and sales of our properties, as well as service fees from customers of our management consulting services, hotel services, property leasing and property management services. Our cash used in operating activities primarily comprises (i) payments made in relation to our property development, such as purchase of raw materials and payment of labor costs; (ii) payment of sales and marketing expenses and administrative expenses; and (iii) payment to acquire land.

In 2020, our net cash flows used in operating activities were RMB16,088.5 million (US\$2,465.7 million) which were the result of cash used in operations of RMB8,770.3 million (US\$1,344.1 million), less interest paid of RMB5,595.2 million (US\$857.5 million) and tax paid of RMB1,798.7 million (US\$275.7 million), and plus interest received of RMB75.7 million (US\$11.6 million). Our operating cash inflows before movements in working capital amounted to RMB6,141.5 million (US\$941.2 million) in 2020. The decrease of RMB14,911.8 million (US\$2,285.3 million) in the working capital was primarily attributable to (i) an increase in contract liabilities of RMB11,460.3 million (US\$1,756.4 million); (ii) an increase in properties for development and for sale of RMB5,056.9 million (US\$775.0 million) and (iii) an increase in time deposits of RMB4,143.0 million (US\$634.9 million), partially offset by an increase in other payables and accruals of RMB8,552.2 million (US\$1,310.7 million).

In 2019, our net cash flows generated from operating activities were RMB3,516.8 million, which were the result of cash generated from operations of RMB9,675.6 million, less interest paid of RMB4,707.3 million and tax paid of RMB1,608.9 million, and plus interest received of RMB157.3 million. Our operating cash inflows before movements in working capital amounted to RMB6,343.3 million in 2019. The increase of RMB3,332.4 million in the working capital was primarily attributable to (i) an increase in contract liabilities of RMB3,604.7 million resulting from increase in pre-sales; and (ii) a decrease in prepayments, deposits and other receivables of RMB1,104.6 million primarily due to a decrease in progress prepayments for acquisition of land use rights for development as of December 31, 2019 as we obtained the land use right in relation to the land parcel for Hangzhou Shinsun Yinhu Xinyu Apartment (杭州祥生銀湖新語公寓) in 2019, partially offset by an increase in properties for development and for sale of RMB1,822.2 million.

In 2018, our net cash flows used in operating activities were RMB509.4 million, which were the result of cash generated from operations of RMB4,924.1 million, less interest paid of RMB3,666.1 million and tax paid of RMB1,863.5 million, and plus interest received of RMB96.1 million. Our operating cash inflows before movements in working capital amounted to RMB1,138.9 million in 2018. The increase of RMB3,785.2 million in the working capital was primarily attributable to (i) an increase in contract liabilities of RMB37,866.8 million resulting from increase in pre-sales; and (ii) an increase in trade and bills payables of RMB3,339.0 million resulting from increase in business volume with contractors, partially offset by (i) an increase in properties for development and held for sale of RMB31,707.9 million primarily attributable to increase in construction completion; and (ii) a decrease in other payables and accruals of RMB1,877.6 million primarily because in 2018 we returned payments made by third parties in 2017 in relation to their potential cooperation with us for a property project in Wenzhou, which cooperation did not proceed in the end.

Net Cash Flows Used in Investing Activities

Our cash used in investing activities primarily comprises payments made in relation to acquisition of subsidiaries, investments in joint ventures and associates, and purchase of assets. Our cash from investing activities primarily comprises proceeds from disposal of investments in joint ventures and associates.

In 2020, our net cash flows generated from investing activities were RMB2,181.5 million (US\$334.3 million), primarily reflecting (i) an RMB27,970.3 million (US\$4,286.6 million) repayment of advances to related parties and (ii) an RMB562.7 million (US\$86.2 million) acquisition of subsidiaries, partially offset by an RMB25,332.9 million (US\$3,882.4 million) advances to related parties.

In 2019, our net cash flows used in investing activities were RMB3,009.1 million, primarily reflecting (i) an RMB5,996.1 million advance to related parties; (ii) an RMB558.8 million acquisition of subsidiaries; (iii) an RMB484.7 million investment in joint ventures; (iv) an RMB401.9 million investment in associates; and (v) an RMB367.7 million increase in investment properties, partially offset by an RMB4,811.6 million receipt of repayment from related parties.

In 2018, our net cash flows used in investing activities were RMB3,006.9 million, primarily reflecting (i) an RMB6,579.0 million advance to related parties; (ii) an RMB520.5 million increase in investment properties; (iii) an RMB341.4 million investment in associates; and (iv) an RMB211.5 million investment in subsidiaries, partially offset by an RMB4,412.7 million receipt of repayment from related parties.

Net Cash Flows Generated from/(Used in) Financing Activities

Cash generated from financing activities principally comprises proceeds from interest-bearing bank and other borrowings, repayment of advances to related companies, and advances from related companies. Cash used in financing activities principally comprises advances to related companies, repayment of interest-bearing bank and other borrowings and repayment of advances from related companies.

In 2020, our net cash flows used in financing activities were RMB22,409.5 million (US\$3,434.4 million) primarily reflecting (i) proceeds from interest-bearing bank borrowings of RMB28,079.7 million (US\$4,303.4 million); (ii) proceeds from issue of shares of RMB4,431.8 million (US\$679.2 million); and (iii) net proceeds from issuance of senior notes of RMB3,480.3 million (US\$533.4 million), partially offset by (i) repayment of interest-bearing bank borrowings of RMB14,406.9 million (US\$2,208.0 million); and (ii) acquisition of equity interests from the then equity holder of the subsidiaries of RMB3,410.5 million (US\$522.7 million).

In 2019, our net cash flows used in financing activities were RMB1,205.8 million, primarily reflecting (i) repayment of interest-bearing bank borrowings of RMB16,186.6 million; (ii) repayment of advances from related parties of RMB9,610.9 million; and (iii) repayment of ABS of RMB3,270.9 million, partially offset by (i) proceeds from interest-bearing bank borrowings of RMB17,488.9 million; (ii) advance from related parties of RMB8,728.6 million; and (iii) proceeds from the issuance of RMB-denominated senior notes of RMB994.9 million.

In 2018, our net cash flows generated from financing activities were RMB3,400.5 million, primarily reflecting (i) proceeds from interest-bearing bank borrowings of RMB17,892.3 million; (ii) advance from related parties of RMB14,446.9 million; (iii) proceeds from issuance of ABS of RMB3,783.6 million; (iv) proceeds from issuance of senior notes of RMB602.2 million; and (v) capital contribution received of RMB955.0 million, partially offset by (i) repayment of interest-bearing bank borrowings of RMB16,053.4 million; (ii) repayment of advances from related parties of RMB15,149.3 million; and (iii) repayment of ABS of RMB3,076.8 million.

COMMITMENTS AND CONTINGENT LIABILITIES

Capital Commitments

In 2018, 2019 and 2020, our capital commitments mainly related to property development and acquisition of land use right. The following table sets forth our capital commitments as of the dates indicated.

	As of December 31,			
	2018	2019	2020	
	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000) (unaudited)
Contracted, but not provided for:				
Property development activities	31,974,383	24,806,046	23,411,179	3,587,920
Acquisition of land use rights	531,558	2,388,549	3,605,764	552,608
Total	<u>32,505,941</u>	<u>27,194,595</u>	<u>27,016,943</u>	<u>4,140,528</u>

We intend to fund our capital commitments by using our cash and cash equivalents, restricted cash, cash flow generated from pre-sales/sales, bank and other financings, international and domestic notes issuance and the net proceeds received from the initial public offering. In particular, as of December 31, 2020, we had cash and cash equivalents of RMB10,917.9 million (US\$1,673.2 million) and restricted cash of RMB7,236.6 million (US\$1,109.1 million), a majority of which is permitted to be used in the development of relevant property projects. Such cash and cash equivalents as well as restricted cash enable us to satisfy our capital commitments for each of the property projects and support our property development activities. We also plan to use pre-sale and sales proceeds that are expected to be received in the next one to two years in the relevant property projects in accordance with the applicable laws and regulations.

Contingent Liabilities

In line with market practice in the PRC, we have arrangements with various banks for the provision of mortgage financing and where required, provide our customers with guarantees as security for mortgage loans. The terms of such guarantees typically last until the issuance of the real estate ownership certificate upon the completion of guarantee registration or satisfaction of mortgage loan by the purchaser. As a guarantor, if the purchaser defaults in payment, we are obligated to repay all outstanding amounts owed by the purchaser to the mortgagee bank under the loan and have the right to claim such amount from the defaulting purchaser. We did not incur any material losses in 2018, 2019 and 2020 in respect of the guarantees provided for mortgage facilities granted to purchasers of our completed properties held for sale. We considered that the likelihood of default in payments by purchasers is minimal and therefore the financial guarantees measured at fair value is immaterial. As such, no provision has been made in connection with the guarantees.

The following table set forth our total mortgage guarantees and debt guarantees as of the dates indicated.

	As of December 31,			
	2018	2019	2020	
	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000) (unaudited)
Guarantees given to banks in connection with facilities granted to purchasers of our properties	17,930,409	37,028,811	27,241,482	4,174,940
Guarantees given to banks in connection with facilities granted to related parties and a third party	736,744	4,137,450	943,560	144,607
Total	18,667,153	41,166,261	28,185,042	4,319,547

Except as disclosed herein and apart from intra-group liabilities, we did not have any outstanding loan capital, bank overdrafts and liabilities under acceptances or other similar indebtedness, debentures, mortgages, charges or loans, or acceptance credits or hire purchase commitments, guarantees or other material contingent liabilities or any covenant in connection therewith as of the date of this offering memorandum for the purpose of the indebtedness statement.

OFF-BALANCE SHEET ARRANGEMENTS

Except for the contingent liabilities disclosed above, we have not entered into any off-balance sheet arrangements or commitments to guarantee the payment obligations of any third parties and related parties. We do not have any variable interest in any uncombined entity that provides financing, liquidity, market risk or credit support to us.

INDEBTEDNESS

The following table sets forth a breakdown of our interest-bearing borrowings by type as of the dates indicated.

	As of December 31,			
	2018	2019	2020	
	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000) (unaudited)
Current				
Bank loans — secured	—	37,250	1,483,250	227,318
Other loans — secured	3,578,450	5,886,700	10,372,197	1,589,609
Other loans — unsecured	425,900	144,800	—	—
Current portion of long term bank loans — secured	268,000	619,133	713,000	109,272
Current portion of long term other loans — secured	7,924,977	2,801,114	8,071,310	1,236,982
Current portion of other loans — unsecured	306,500	800,000	115,063	17,634
Total current	12,523,827	10,288,997	20,754,820	3,180,815

	As of December 31,			
	2018	2019	2020	
	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000) (unaudited)
Non-current				
Bank loans — secured	8,482,914	8,345,655	12,881,215	1,974,133
Other loans — secured	3,804,982	8,319,370	8,349,372	1,279,597
Other loans — unsecured	1,191,500	351,500	300,500	46,054
Total non-current	<u>13,479,396</u>	<u>17,016,525</u>	<u>21,531,087</u>	<u>3,299,783</u>
Total borrowings	<u>26,003,223</u>	<u>27,305,522</u>	<u>42,285,907</u>	<u>6,480,599</u>

Our total lease liabilities were RMB58.7 million, RMB125.6 million and RMB86.1 million (US\$13.2 million) as of December 31, 2018, 2019 and 2020, respectively, in accordance with the adoption of IFRS 16.

Our borrowings may be secured by our asset portfolio which includes property, plant and equipment, investment properties, properties under development and pledged deposits. Moreover, Mr. Chen, one of our Controlling Shareholders has guaranteed certain of our bank and other borrowings up to RMB15,175.3 million, RMB16,797.9 million and RMB6,667.6 million (US\$1,021.9 million) as of December 31, 2018 and 2019 and 2020, respectively. Ms. Zhu Guoling, a family member of one of our Controlling Shareholders, has guaranteed certain of the bank and other borrowings of up to RMB13,968.7 million, RMB11,447.5 million and RMB4,011.3 million (US\$614.8 million) as of December 31, 2018 and 2019 and 2020, respectively. All of such guarantees will be fully released before the listing of the Notes.

Our weighted average interest rates for our bank and other borrowings, ABS and senior notes were 8.13%, 9.28% and 9.08% as of December 31, 2018 and 2019 and 2020, respectively.

Bank and Other Borrowings

As of December 31, 2018, 2019 and 2020, our bank and other borrowings were repayable as follows.

	As of December 31,			
	2018	2019	2020	
	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000) (unaudited)
Bank loans repayable:				
Within one year	288,000	656,383	2,196,250	336,590
In the second year	1,275,000	1,899,500	2,461,700	377,272
In the third to fifth years, inclusive	7,207,914	6,446,155	10,419,515	1,596,861
	<u>8,770,914</u>	<u>9,002,038</u>	<u>15,077,465</u>	<u>2,310,723</u>
Other borrowings repayable:				
Within one year	12,235,827	9,632,614	18,558,570	2,844,225
In the second year	2,441,100	7,413,670	6,412,672	982,785
In the third to fifth years, inclusive	1,410,382	462,200	1,442,200	221,027
Over five years	1,145,000	795,000	795,000	121,839
	<u>17,232,309</u>	<u>18,303,484</u>	<u>27,208,442</u>	<u>4,169,876</u>
Total bank and other borrowings	<u>26,003,223</u>	<u>27,305,522</u>	<u>42,285,907</u>	<u>6,480,599</u>

As of December 31, 2020, we had approximately RMB9,781.0 million in unutilized credit facilities granted by banks and other financial institutions. Our approved unutilized credit facilities are covered by legally binding and enforceable loan agreements which we have entered into with the banks and other financial institutions. We do not currently have any concrete and material external financing plans outside our ordinary course of business. We do not anticipate any changes to the availability of bank financing to finance our operations in the future, although there is no assurance that we will be able to access bank financing on favorable terms.

We are subject to certain customary restrictive covenants under our credit facilities with commercial banks. For example, certain of our subsidiaries are prohibited from merger, restructuring, spin-off, material asset transfer, liquidation, change of control, reduction of registered capital, change of scope of business, declaration of dividends and incurring further indebtedness without the prior consent of the relevant banks. Certain of our banking facilities also contain cross default provisions.

Trust Financing

As with many other property developers in the PRC, we also enter into financing arrangements with trust financing companies in the ordinary course of business to finance our property development and other related operations. Compared with bank borrowings, such financing arrangements usually offer greater flexibility in terms of availability, approval schedule and repayment requirements, which constitute an effective alternative source of funding for some of our project developments, particularly during the tightened banking credit environments. These financing arrangements can be categorized into trust financing and other financing arrangements. Trust financing arrangements refer to the financing arrangements with trust companies, asset management companies and their financing vehicles. Due to the advantages indicated above, the trust financing arrangements we entered into increased in 2018, 2019 and 2020 in line with our business growth.

The State Council promulgated the Notice on Adjusting and Improving the Capital Fund Principle for Fixed Assets Investment (《關於調整和完善固定資產投資項目資本金制度的通知》), which stipulates a minimum capital requirement of 25% for the development of property projects, except for ordinary commodity apartments and indemnificatory housing. When providing funds to property development companies, the financial institutions are required to prepare financing plans in accordance with the relevant regulations, including the above-mentioned minimum capital requirement. In addition, our finance and fund management centers at the regional- and group-level submit the relevant financing plans prepared by the financial institutions to our financing management committee at the group-level for approvals before entering into the financing arrangements. As of December 31, 2020, the total amount of trust financing outstanding accounted for 58.8% of our total borrowings as of the same date. For additional information as to the relevant laws and regulations applicable to trust financing arrangements, see “Regulation — Real Estate Financing — Trust and Asset Management Financing.”

We primarily entered into trust financing arrangements with trust companies, asset management companies and their financing vehicles that are reputable and well-established institutions in the PRC and are Independent Third Parties.

Our trust financing arrangements are broadly categorized into:

- Type 1 arrangements which have terms similar to bank borrowings and do not involve either a pledge or a transfer of equity interests;
- Type 2 arrangements which have similar terms as bank borrowings and involve a pledge of equity interests; or

- Type 3 arrangements which involve a transfer of equity interests to the trust financing provider or a subscription of registered capital by the financial institutions; we undertake to repurchase such equity interests at the same consideration under the relevant equity transfer agreements or at a consideration calculated based on the equity transfer consideration plus a pre-determined interest rate at the expiry of the terms of the respective financing arrangements.

ABS

The following table sets forth details on our ABS issuances in 2018, 2019 and 2020.

Name of ABS	Principal amount issued for the year ended December 31,				Annual interest rate	Maturity	Ending balance as of December 31,			
	2018	2019	2020				2018	2019	2020	
	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000)			(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000)
Shinsun Group Housing Residual Payment 01 ..	1,268,250	-	-	-	8.0-10.0	2018-2019	402,026	-	-	-
Shinsun Group Housing Residual Payment 02 ..	977,250	-	-	-	8.0-10.3	2018-2019	650,839	-	-	-
Shinsun Group Housing Residual Payment 03 ..	988,180	59,900	-	-	8.0-12.0	2018-2020	814,141	5,481	-	-
Shinsun Group Housing Residual Payment 04 ..	549,930	949,650	-	-	8.3-9.7	2018-2020	549,920	150,070	-	-
Shinsun Group Housing Residual Payment 05 ..	-	50,000	-	-	8.89	2020	-	50,000	-	-
Total	3,783,610	1,059,550	-	-			2,416,926	205,551	-	-

We were prohibited from being the target of any merger or acquisition without the prior consents of the relevant managers or trustees, unless the surviving company assumes the obligation under the ABS and the transaction is in compliance with applicable laws, regulations and other provisions in the ABS agreement.

As of December 31, 2020, all ABS had been repaid in full.

Senior Notes

2018 Notes

On June 11, 2018, Xiang Sheng Holding Limited issued US\$95.0 million principal amount senior notes due on May 23, 2019, guaranteed by Shinsun Property and Mr. Chen, or the 2018 Notes. Xiang Sheng Holding Limited is an indirect subsidiary of, and a special purpose vehicle set up for financing purposes by Shinsun Property. The 2018 Notes bore interest at the rate of the greater of LIBOR rate plus 9% or 11%. As of December 31, 2019, the 2018 Notes had been repaid in full. In 2018 and 2019, we incurred interest expenses of RMB34.9 million and RMB41.0 million, respectively. The investor who subscribed to the 2018 Notes was a financial institution and an Independent Third Party.

2020 Notes

On May 23, 2019 and December 20, 2019, Xiang Sheng Holding Limited issued an aggregate principal amount of RMB994.9 million RMB-denominated notes due 2020 with an interest rate of 9.5% per annum. As of December 31, 2020, these short-term RMB-denominated notes had been repaid in full. The investor who subscribed to these short-term RMB-denominated notes was a financial institution and an Independent Third Party.

2022 Notes

On January 23, 2020, March 16, 2020 and May 20, 2020, Xiang Sheng Holding Limited issued US\$300.0 million in aggregate principal amount of 12.5% senior notes due in 2022, or the 2022 Notes. The 2022 Notes bear interest at the rate of 12.5% per annum, and are guaranteed by Shinsun Property and Mr. Chen. The personal guarantee provided by Mr. Chen has been released as of December 31, 2020. The 2022 Notes are unsecured. Investors who subscribed to the 2022 Notes were primarily professional investors, financial institutions, other corporations and affluent individuals, and to the best knowledge of our Directors, are all Independent Third Parties.

2021 Notes

On July 31, 2020, Xiang Sheng Overseas Limited, a wholly-owned subsidiary of Shinsun Property, issued US\$200.0 million in aggregate principal amount of 11.0% senior notes due in 2021, or the 2021 Notes. The 2021 Notes bear interest at the rate of 11.0% per annum, and are guaranteed by Shinsun Property and Mr. Chen. The personal guarantee provided by Mr. Chen has been released as of December 31, 2020. The 2021 Notes are unsecured. Investors who subscribed to the 2021 Notes were primarily professional investors, financial institutions, other corporations and affluent individuals, and to the best of our knowledge, are all Independent Third Parties.

Under the 2022 Notes and the 2021 Notes, we are subject to a few restrictive covenants under our 2022 Notes and our 2021 Notes, including limitation on our ability to create liens or effect a consolidation or merger. We are not aware of any breach of any of the covenants contained in our senior notes constituting any event of default in 2018, 2019 and 2020 and up to the date of this offering memorandum.

MARKET RISKS

Interest Rate Risk

Our exposure to risk for changes in market interest rates relates primarily to our interest-bearing bank and other borrowings. We do not use derivative financial instruments to hedge interest rate risks. We manage our interest costs using variable rate bank borrowings and other borrowings.

If the interest rate of bank and other borrowings had increased/decreased by 1% and all other variables were held constant, our profit before tax, through the impact on floating rate borrowings, would have decreased/increased by approximately RMB5.3 million, RMB5.2 million and RMB5.8 million (US\$0.9 million) in 2018, 2019 and 2020, respectively.

Credit Risk

We divide financial instruments on the basis of shared credit risk characteristics, such as instrument type and credit risk ratings for the purpose of determining significant increases in credit risk and calculation of impairment. To manage risk arising from trade receivables, we have policies in place to ensure that we only offer credit terms to counterparties with an appropriate credit history. We also perform ongoing credit evaluations on counterparties. The credit period granted to the customers is generally six months and we assess the credit quality of these customers by referring to their financial position, past experience and other factors. We also have other monitoring procedures to ensure we take follow-up actions to recover overdue receivables. In addition, we regularly review the recoverable amount of trade receivables to ensure we make adequate impairment loss provisions for irrecoverable amounts. We have no significant concentrations of credit risk, with exposure spread over a large number of counterparties and customers.

We make periodic collective assessments for financial assets included in prepayments, deposits and other receivables and amounts due from related parties, as well as individual assessments on the recoverability of other receivables and amounts due from related parties based on historical settlement records and past experience. We believe that there is no material credit risk inherent in our outstanding balance of financial assets included in prepayments, deposits and other receivables and amounts due from related parties.

Liquidity Risk

We aim to maintain sufficient cash through internally generated sales proceeds and an adequate amount of committed credit facilities to meet our operation needs and commitments in respect of property projects. Our objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings. We review our liquidity position on an ongoing basis, including review of the expected cash inflows and outflows, pre-sales/sales results, maturity of our borrowings and the progress of the property projects in order to monitor our liquidity requirements in the short and long terms. We have established an appropriate liquidity risk management measures whereby we maintain flexibility in funding by maintaining adequate amount of cash and cash equivalents and through having available sources of financing, and prepare a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment. These include reducing land acquisition, adjusting project development timetable to adapt to the changing local property market environment, implementing cost control measures, promotion of sales of completed properties, accelerating sales with more flexible pricing and seeking joint venture partners to develop projects. We believe these measures will facilitate our compliance with the liquidity management requirements and ensure that we maintain sufficient reserves of, and adequate committed lines of funding from, financial institutions to meet our liquidity requirements in the short and long term.

NON-GAAP FINANCIAL MEASURES

We use EBITDA to provide additional information about our operating performance. EBITDA refers to our earnings before the following items:

- fair value change of investment properties;
- recognition of change in fair value of completed properties for sales upon transfer to investment properties;
- impairment loss recognized in respect of goodwill;
- interest income/expense (including those interest expense previously capitalized as assets and currently released to cost of sales and services in the consolidated statement of profit or loss and other comprehensive income);
- amortization of intangible assets;
- non-operating income/expense;
- income tax expense; and
- depreciation.

EBITDA is not a standard measure under IFRS. As the property development business is capital intensive, capital expenditure requirements and levels of debt and interest expenses may have a significant impact on the profit for the year of companies with similar operating results. Therefore, we believe the investor community commonly uses this type of financial measure to assess the operating performance of companies in our market sector.

As a measure of our operating performance, we believe that the most directly comparable IFRS measure to EBITDA is profit for the year. We operate in a capital intensive industry. We use EBITDA in addition to profit for the year because profit for the year includes many accounting items associated with capital expenditures, such as depreciation, as well as non-operating items, such as amortization of intangible assets and interest income and interest expense. These accounting items may vary between companies depending on the method of accounting adopted by a company. By minimizing differences in capital expenditures and the associated depreciation expenses as well as reported tax positions, intangible assets amortization and interest income and expense, EBITDA provides further information about our operating performance and an additional measure for comparing our operating performance with other companies' results. Funds depicted by this measure may not be available for debt service due to covenant restrictions, capital expenditure requirements and other commitments.

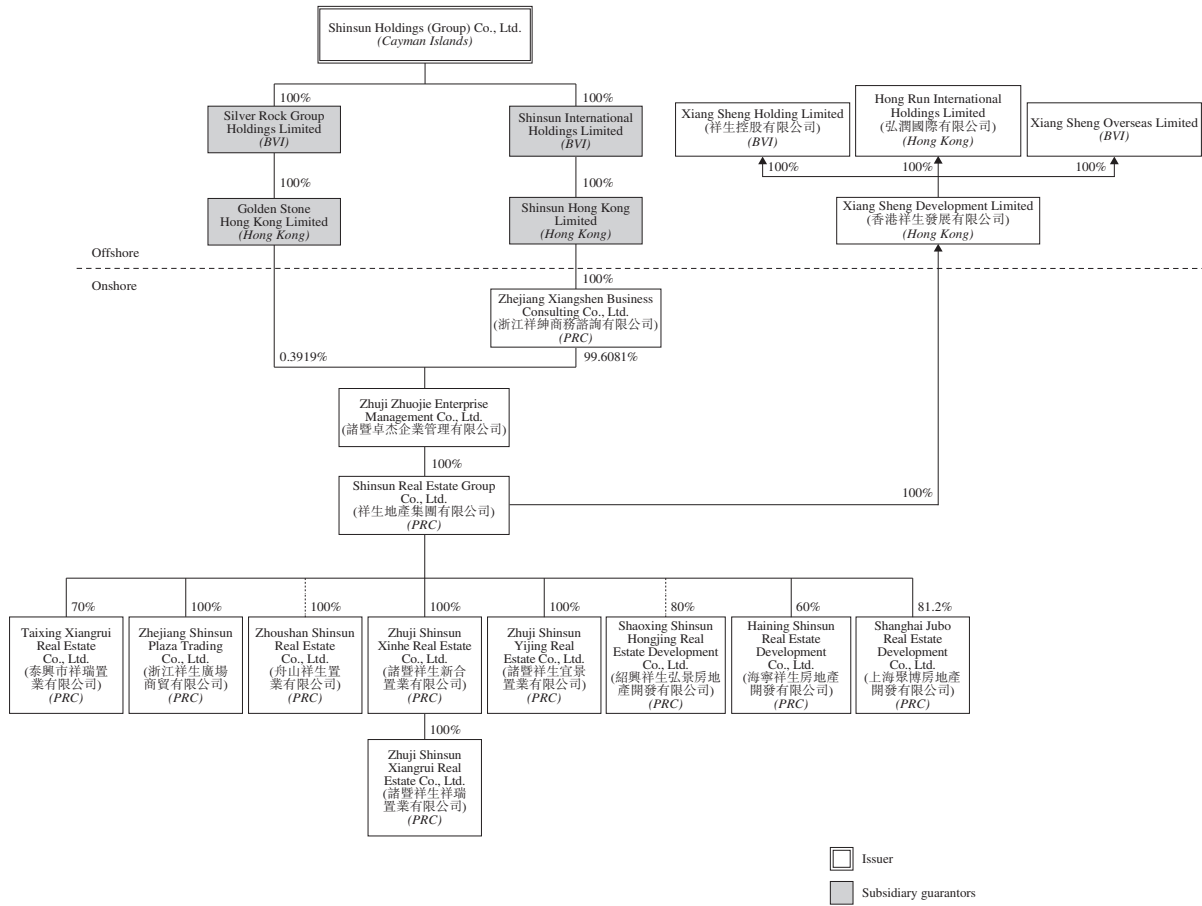
The following table reconciles our profit for the year/period under IFRS to our definition of EBITDA for the years indicated:

	For the year ended December 31,			
	2018	2019	2020	
	(RMB'000)	(RMB'000)	(RMB'000)	(USD'000) (unaudited)
Gross profit	2,999,181	8,480,111	8,434,839	1,292,696
Adjustments:				
Finance income	71,376	151,883	75,714	11,604
Other income and gains	36,789	95,375	108,621	16,647
Selling and distribution expenses	(752,994)	(1,073,899)	(1,240,318)	(190,087)
Administrative expenses	(1,119,107)	(1,125,445)	(1,132,251)	(173,525)
Other expenses	(69,630)	(199,371)	(101,221)	(15,513)
Capitalized interests	861,279	1,607,572	2,315,202	354,820
Depreciation of property, plant and equipment	51,788	57,622	56,206	8,614
Amortization of intangible assets	13,633	44,767	40,224	6,165
Depreciation of right-of-use assets	937	3,649	2,353	361
EBITDA	2,093,252	8,042,264	8,559,368	1,311,781
EBITDA margin	14.7%	22.6%	18.4%	18.4%

You should not consider our definition of EBITDA in isolation or construe it as an alternative to profit for the year or period or as an indicator of operating performance or any other standard measure under IFRS. Our definition of EBITDA does not account for income taxes and other non-operating cash expenses. Our EBITDA measures may not be comparable to similarly titled measures used by other companies.

CORPORATE STRUCTURE

The following chart shows our simplified corporate structure as of the date of this offering memorandum:



Issuer
 Subsidiary guarantors

BUSINESS

OVERVIEW

We are a fast-growing, large-scale, comprehensive real estate developer in China focusing on the development of quality residential properties in select regions in China. Headquartered in Shanghai and deeply rooted in Zhejiang Province, we have established a leading market position in Zhejiang Province through over 20 years of development, and have experienced rapid growth in terms of revenue and recognized GFA in 2018, 2019 and 2020. According to Enterprise Research Institute of the Development Research Center of the State Council, the Center for Real Estate of Tsinghua University and the China Index Academy, we were ranked among the Top 10 developers in terms of Operational Efficiency among “China Top 100 Real Estate Developers” in three consecutive years since 2018. We were also awarded “Top 30 Brand of China Real Estate Companies” by the Enterprise Research Institute of the Development Research Center of the State Council, the Center for Real Estate of Tsinghua University and the China Index Academy in 2019.

We have adopted a “1+1+X” expansion strategy since 2016 pursuant to which we base our development in Zhejiang Province, deeply penetrate into the Pan-Yangtze River Delta Region, and expand into other cities with high growth potential outside the Pan-Yangtze River Delta Region. Our “1+1+X” strategy also represents our determination to accelerate the expansion of our property development business scale. We believe that after nearly 20 years of development, we have accumulated sufficient experience in project development from site selection to after-sales services, as well as abundant connections with suppliers, contractors and business partners which are necessary to carry out the acceleration of our expansion plans. In 2018, 2019 and 2020, our “1+1+X” expansion strategy has led to significant growth in our business, and our revenue amounted to RMB14,215.3 million, RMB35,519.5 million and RMB46,638.4 million (US\$7,147.6 million), respectively. In the same years, our recognized GFA amounted to 1,422,554 sq.m., 3,488,380 sq.m. and 4,187,123 sq.m., respectively. According to the Enterprise Research Institute of the Development Research Center of the State Council, the Center for Real Estate of Tsinghua University and the China Index Academy, we have been consistently ranked among “China’s Top 100 Real Estate Developers” for ten consecutive years in terms of comprehensive capabilities since 2011, and our rapid expansion has improved our ranking from 92nd in 2011 to 26th in 2021.

Adhering to the vision of becoming a “happy life operator,” we offer different series of properties to cater to the varying needs of our target customers, from first-time purchasers and first-time upgraders to subsequent upgraders and high-net-worth customers. Through years of research and development, we have developed four series of residential properties, including Arbor series (樾系) targeting first-time purchasers, Mansion series (府系) targeting first-time upgraders, Cloud series (雲境系) targeting subsequent upgraders, and Top series (Top系) targeting high-net-worth customers seeking luxury lifestyles with high degrees of privacy. Leveraging our brand and experience in developing quality residential properties, we have also built a growing portfolio of diversified commercial properties, covering office buildings, shopping centers, community businesses and hotels. We have also developed our “Shinsun Town” (祥生小鎮) model under which we design featured projects comprising residential and commercial properties based on the motto of “living-friendly, business-friendly, tourism-friendly and retirement-friendly” (宜居、宜業、宜遊、宜養).

As of December 31, 2020, we had 218 property projects at various stages of development, comprising 189 projects developed by our subsidiaries and 29 projects developed by our joint ventures and associates. As of December 31, 2020, our projects had an aggregate GFA attributable to us of approximately 23.3 million sq.m., including (i) GFA available for sale, leasable GFA and GFA for property investment for completed properties of approximately 3.0 million sq.m.; (ii) total planned GFA for properties under development of approximately 16.2 million sq.m.; and (iii) total estimated GFA for properties held for future development of approximately 4.1 million sq.m.

We adopt a proactive and standardized approach to our property development processes and have established a three-tier organizational structure, including our headquarters, regional companies and project companies, as well as a set of standardized operational protocols covering each process from site selection and land acquisition to property delivery and after-sales customer services.

Our historical operating history and capabilities, our quality property portfolio and our proactive and standardized operational protocols have all attributed to our rapid expansion in 2018, 2019 and 2020, and will continue to play critical roles in helping us execute our “1+1+X” expansion strategy, improve our competitiveness and achieve sustainable growth in the future.

RECENT DEVELOPMENTS

Land Acquisition

Subsequent to December 31, 2020, we have acquired the following major projects. The following table sets forth certain information regarding these projects:

	Project Name	Location	Our equity interest (%)	Property Type(s)	Planned Total GFA (sq.m.)
1.	Block No. 20, Business District (商務區-20號地塊)	Shaoxing	100%	Commercial and residential	404,898
2.	JY-01-2021-009, JY-01-2021-010, JY-01-2021-011, JY-01-2021-012	Jinan	60%	Commercial and residential	18,932
3.	North of Xiangdu Avenue, Jinxi County (金溪縣香都大道北側)	Fuzhou	51%	Commercial and residential	23,960
4.	Block No. 7-2 Zeshui Pai, Yuecheng District (越城區則水牌7-2號地塊)	Shaoxing	100%	Commercial and residential	184,774
5.	Northern Plot of No. 1 Citizen Service Center (1號市民服務中心北側地塊)	Nanling	51%	Commercial and residential	94,520
6.	Block B-48, No. 8 Keqiao Keyan (8號柯橋柯岩B-48地塊)	Shaoxing	49%	Commercial and residential	121,603
7.	Plot XQ070103, West Street, Wenling City (溫嶺城西街道XQ070103地塊)	Wenling	100%	Residential	51,076
8.	Lot 2021-013 (2021-013號地塊)	Anqing	51%	Residential	92,360
9.	Block 12-E-08, South Unit of Yaoxi, Yongqiang North Area (永強北片區瑤溪南單元12-E-08地塊)	Wenzhou	34%	Residential	71,216
10.	Block 11-E-38, Yaoxi North Unit, Yongqiang North Area (永強北片區瑤溪北單元11-E-38地塊)	Wenzhou	33%	Residential	272,821
11.	Lot 2021-015 (2021-015號地塊)	Anqing	51%	Residential	66,948
12.	Lot GT-05-18 of Quzhou High-speed Rail (衢州高鐵新城GT-05-18地)	Qushi	100%	Residential	263,174
13.	Plot No. 2021-7, Fuyang City (阜陽市2021-7號地塊)	Fuyang	100%	Commercial and residential	235,305
14.	DGI202106	Jiujiang	100%	Residential	140,219
15.	Hangqiantang Chugou [2021] No. 1, Lot JS0603-03 (杭錢塘儲出[2021]1號JS0603-03地塊)	Hangzhou	50%	Residential	208,857

<u>Project Name</u>	<u>Location</u>	<u>Our equity interest</u> (%)	<u>Property Type(s)</u>	<u>Planned Total GFA</u> (sq.m.)
16. Hang Zheng Chu Out [2021] No. 12, Plot XH2301-09 (杭政儲出[2021]12號XH2301-09地塊)	Hangzhou	100%	Residential	235,351
17. Plot JY-01-2021-018, West of Yinhe Road, North of Tongde Street (同德街北銀河路西JY-01-2021-018地塊)	Jinan	60%	Residential	135,993

The Recent Coronavirus Epidemic Outbreak

Toward the end of 2019, a highly infectious novel coronavirus was detected. WHO later named the novel coronavirus as COVID-19. In March 2020, the WHO characterized the outbreak of COVID-19 a pandemic. The COVID-19 pandemic has resulted in an adverse impact on the livelihood of the people in and the economy of the PRC and worldwide.

The PRC central and local governments have taken various measures to manage cases and reduce potential spread and impact of infection, and further introduced various policies to boost the economy and stimulate the local property markets. The PRC real estate market is under pressure in the short term as the COVID-19 pandemic has curbed demand and pre-sales. Given the uncertainties as to the development of the outbreak, it is difficult to predict how long these conditions will persist and to what extent we may be affected. See “Risk Factors — Risks Relating to Our Business — The macroeconomic conditions and real estate markets of the PRC have been and may continue to be affected by the COVID-19 pandemic. As a result, our results of operations, financial condition and cash flows may be adversely and materially affected by the COVID-19 pandemic.”

COMPETITIVE STRENGTHS

We believe that the following competitive strengths contribute to our continued success and distinguish us from our competitors:

A Fast-Growing, Large-scale, Comprehensive Real Estate Developer, Deeply Rooted in Zhejiang Province and the Pan-Yangtze River Delta Region with Strategic Nationwide Coverage

We are a fast-growing, large-scale, comprehensive real estate developer in China focusing on the development of quality residential properties in select regions in China. Our commitment and continuous efforts to offer quality products to our customers earned us market recognition and contributed to our rapid-growth in 2018, 2019 and 2020. Our revenue increased from RMB14,215.3 million in 2018 to RMB35,519.5 million in 2019, and further to RMB46,638.4 million (US\$7,147.6 million) in 2020, representing a CAGR of 81.1%. Our recognized GFA increased from approximately 1,422,554 sq.m. in 2018 to approximately 3,488,380 sq.m. in 2019, and further to approximately 4,187,123 sq.m. in 2020, representing a CAGR of 121.2%. In 2019 and 2020, according to Enterprise Research Institute of the Development Research Center of the State Council, the Center for Real Estate of Tsinghua University and the China Index Academy, we were ranked Growth Potential Top 10 among “China’s Top 100 Real Estate Developers.” As a result of our development prowess and proven track record, our brand has been widely recognized in the market where we operate. Such recognition is evidenced by the numerous industry accolades that we have received. According to the Enterprise Research Institute of the Development Research Center of the State Council, the Center for Real Estate of Tsinghua University and the China Index Academy, we have been consistently ranked among “China’s Top 100 Real Estate Developers” for ten consecutive years in terms of comprehensive capabilities since 2011, and our ranking increased from 92nd in 2011 to 26th in 2021. In terms of operation, according to Enterprise Research Institute of the Development Research Center of the State Council, the Center for Real Estate of Tsinghua University and the China Index Academy, we were ranked among the Top 10 developers in terms of Operational

Efficiency among “China Top 100 Real Estate Developers” for three consecutive years since 2018. We were also awarded “Top 30 Brand of China Real Estate Companies” by the Enterprise Research Institute of the Development Research Center of the State Council, the Center for Real Estate of Tsinghua University and the China Index Academy in 2019.

Headquartered in Shanghai and deeply rooted in Zhejiang Province, we have established a leading market position in Zhejiang Province through over 20 years of development. We expanded into the Pan-Yangtze River Delta Region in 2004 and since then have established a strong market presence in such area. In 2019, the Pan-Yangtze River Delta Region contributed to approximately 27.3% nominal GDP of the PRC, and had a disposal income per capita higher than the average disposal income per capita in the PRC, which has spurred the development of real estate market in the region. In addition, the PRC Government has issued various favorable policies to promote the integrated development of Shanghai Municipality, Jiangsu Province, Zhejiang Province and Anhui Province, and aims to develop a center of modern service industry and a competitive world-class city cluster. We believe that we are well-positioned to capitalize on the favorable policies and expected growth opportunities in the region. Our success in Zhejiang Province and the Pan-Yangtze River Delta Region laid a solid foundation for our strategic expansion in other economic regions of China. As of December 31, 2020, our attributable total land bank was 23.3 million sq.m., including 9.0 million sq.m. in the Pan-Yangtze River Delta region and 11.2 million sq.m. in Zhejiang Province.

Over the years, we have accumulated in-depth knowledge and understanding of the property market, and developed comprehensive development capabilities. In addition to residential properties, we also develop and manage commercial properties and characteristic town under our “Shinsun Town” (祥生小鎮) model. We believe that our strong market positions in select markets, strategic nationwide presence, comprehensive development capabilities and large-scale operation will help us capture future growth opportunities.

“1+1+X” Expansion Strategy and Quality Land Bank, Laying Solid Foundation for Long-term Growth

We have adopted a “1+1+X” expansion strategy since 2016 pursuant to which we base our development in Zhejiang Province, deeply penetrate into the Pan-Yangtze River Delta Region, and expand into other cities with high growth potential outside the Pan-Yangtze River Delta Region. Our success in Zhejiang Province and the Pan-Yangtze River Delta Region has allowed us to gain in-depth industry knowledge and accumulate valuable resources and experience. Our focus and cultivation in Zhejiang Province and the Pan-Yangtze River Delta Region have helped us reinforce our market positions and further increase our market shares. Further, our experience and success in the competitive real estate markets in Zhejiang Province and the Pan-Yangtze River Delta Region have enabled us to replicate our success in other strategically select cities and regions.

To support our strategic expansion, we have developed detailed land acquisition strategies, taking into account national and local real estate market policies to identify significant development opportunities. We also closely monitor cities with high growth potential. We undertake extensive market research on our expansion targets, and apply stringent land selection criteria on factors such as local economic development, local market supply and competition, customer profiles, development plans, infrastructure and regulatory environment. Our investment and development center and regional companies lead the preparation of in-depth preliminary market research studies and expansion strategies. Our department leaders, senior management and investment committee review and decide on the expansion plans. Our standardized investment guidance and execution timelines ensure efficient decision-making processes. Following our “1+1+X” expansion strategy, we continued to increase our land bank in Zhejiang Province and the Pan-Yangtze River Delta Region and other regions in China to reinforce our leading position. We entered into Jiangsu Province and Shanghai Municipality in 2004 and 2007, respectively and since then we have established presence in other areas in the Pan-Yangtze River Delta Region such as Nanjing, Hefei, Suzhou, Nantong, Yangzhou, Wuhu and Jiujiang. Our extensive experience in Zhejiang Province and the Pan-Yangtze River Delta Region, our acute insight into market trends and

our effective control on project costs have enabled us to build a successful track record in identifying and acquiring land parcels with long-term investment value, even in cities outside Zhejiang Province and the Pan-Yangtze River Delta Region, such as Wuhan in 2007 and Hohhot in 2018. As of December 31, 2020, our attributable total land bank reached 23.3 million sq.m.

We adopt a flexible approach toward land acquisition for future development in congruence with our expansion strategy to sustain our continuous growth. We utilize diverse land acquisition methods depending on the prevailing market conditions to control our land acquisition costs. In addition to public tender, auction or listing-for-sale, we also obtain land by acquiring project companies which possess land parcels and establishing joint ventures with other comparable real estate developers. Further, we have established a “Shinsun Town” (祥生小鎮) model under which we cooperate with local governments to develop featured comprehensive real estate projects with a mix of residential and commercial properties. A “Shinsun Town” integrates a variety of components such as culture, tourism, healthcare and property development sales, which aim to satisfy the living and leisure needs of residents, visitors and retirees. We work closely with local governments in project positioning and industrial planning to accomplish local city-industry integration policies (本地產城融合), may obtain residential and commercial land for our development at relatively low land acquisition cost and with various policy support. For example, the land acquisition cost for our Fuzhou Shinsun Foling Town (撫州祥生佛嶺小鎮) project was approximately RMB825 per sq.m., compared to the average land cost of approximately RMB1,551 per sq.m. for residential land in Dongxiang District, Fuzhou in 2019. As of December 31, 2020, we had obtained ten land parcels from various local governments with a total GFA attributable to us of 1,333,802 sq.m. for projects under the “Shinsun Town” model, accounting for approximately 5.7% of our total attributable land bank as of the same date. We believe that our land bank size and growth-oriented business model will help us maintain our edge in land acquisition and land reserve.

We believe our “1+1+X” expansion strategy, our quality land bank and the strategic location of our land parcels will provide us with a solid foundation in future property development and support our sustainable growth.

Quality, Diversified Product Portfolio and Well-Established Brand Image in line with Our “Happy Life Operator” Vision

Adhering to the vision of becoming a “happy life operator,” we design and develop our products with craftsmanship and are dedicated to offering a happy living experience to our customers.

We provide comprehensive product offerings, catering to the varying needs of our target customers and covering first-time purchasers, first-time upgraders, subsequent upgraders and high-net-worth customers. With our deep industry knowledge, we are able to design and construct quality properties tailored to customers with different needs and preferences. Through years of research, we have developed four series of residential properties, including our Arbor series (樾系) targeting first-time purchasers, Mansion series (府系) targeting first-time upgraders, Cloud series (雲境系) targeting subsequent upgraders, and Top series (Top系) targeting high-net-worth customers seeking luxury lifestyles with high degrees of privacy.

To cater to the needs of different customer groups, we are dedicated to providing comfortable and convenient products, taking into account factors such as spatial planning, facility functionality, multi-generational housing needs and intelligent designs. For example, we provide decoration butler services, common area light controls and grandparent and children convenience systems to create family friendly communities. To offer distinctive and quality designs, our product design center actively upgrades and broadens our product offerings, and oversees the implementation of their designs in each property development project. We also work closely with nationally recognized architecture and design firms, such as Shanghai Tianhua Group (上海天華建築設計有限公司), Shanghai HIC Architectural Design Office (上海翰創建築設計事務所) and Shanghai DiDong Architecture Design Co., Ltd (上海地東建築設計有限公司) to increase artistic values and design integrities of our property projects. The premium quality of our properties has won us wide industry recognition. For example, our Taizhou Shinsun Futian Garden (泰州

祥生福田花園) received the gold award under Zhantianyou Award for Outstanding Residential Community (詹天佑大獎優秀住宅小區金獎) in 2008 and our Zhuji Shinsun Cloud Garden (諸暨祥生雲境花園) received the Tenth Yuanye Cup Silver Medal in landscaping (園冶杯示範區景觀銀獎) from the Yuanye Awards International Competition Organizing Committee (園冶杯國際競賽組委員) in 2019.

Leveraging our brand and experience in developing quality residential properties, we have built a growing portfolio of diversified commercial properties, covering office buildings, shopping centers, community businesses and hotels. While sales from our residential properties provide us with substantial revenue and cash flows to support our business development, our investment properties have enabled us to disperse operational risks, generate stable and recurring income and enhance the value of the nearby residential properties that we have developed. As of December 31, 2020, we had one commercial complex in operation and one commercial complex in Hangzhou under construction which is expected to commence operation in 2023. We have also developed our “Shinsun Town” (祥生小鎮) model under which we design featured projects comprising residential and commercial properties based on the motto of “living-friendly, business-friendly, tourism-friendly and retirement-friendly” (宜居、宜業、宜遊、宜養) and our understanding of the National New Urbanization and Rural Revitalization Strategy (國家新型城鎮化和鄉村振興戰略).

We believe service quality is essential to our customers and our brand image. We have developed and implemented our “Happiness” customer service system to accommodate different customer groups. We introduced Shinsun Club (祥生會), an interactive multi-function new media platform where residents can request maintenance services, lodge complaints, and stay informed with project progress and online activities we organize. We periodically engage third-party consulting firms to conduct customer satisfaction surveys to ensure customer satisfaction. We believe that our emphasis on product integrity and service quality will help us enhance brand image and cultivate brand loyalty, which will be beneficial in our nationwide expansion.

Our comprehensive development capabilities and customer-oriented products have enabled us to build a distinguished brand in the markets where we operate, which in turn, will be a valuable asset for our national expansion and sustainable growth.

Standardized Management Structure to Safeguard Investment Return and Control Risks

We adopt a proactive and standardized approach to operation management, which we believe help our business grow in a sustainable manner. We have established a three-tier organizational structure, including our headquarters, regional companies and project companies. We have implemented various measures to ensure that decisions made by our headquarters are effectively and efficiently executed by our regional companies and project companies. In addition, our standardized operation protocols involve our various operational departments, such as design and positioning, sales, financing and bidding and procurement management departments to collaborate with one another regularly at early stages of property developments, aiming at ensuring that all departments are aligned with regards to the development of a particular project. These departments conduct regular inter-departmental review sessions and cross-department quality checks. By front-loading operational tasks and promoting cooperation among operational departments, we believe our standardized operation protocols help us enhance project development efficiency and achieve high asset turnover rate.

Our stringent investment decision-making process enhances our success rates in land acquisitions. We generally prepare project positioning and implementation plans before land acquisitions, taking into considerations the nature of a land parcel and the competitive landscape of local market. Leveraging our stringent decision-making processes, we are able to efficiently conduct land research and analysis and compile application materials, which increase our likelihood of success in our tender for desirable land parcels.

We have developed four series of residential properties targeting different customer groups. We developed an option-list containing various modules in terms of unit-mixes, construction materials and auxiliary facilities in each series. The standardized product modules enable us to effectively shorten our design time, maintain high and consistent product quality across projects while providing featured properties.

Our experienced sales team manages all areas of our selling efforts. For each project, the sales team tailors the selling efforts to the local market and accommodates preferences of local customers. We implement localization throughout our selling campaigns from project positioning and marketing plans to the selection of local partners and sales personnel. We believe that our localized selling efforts help us achieve high turnover of inventory. For example, our Huzhou Shinsun Junyue Garden (湖州祥生郡悦花苑) sold approximately 95% of its total saleable GFA within four months of pre-sales.

We believe that, through our standardized and efficient operation management, we will continue to improve our development efficiency and effectively utilize our capital.

Seasoned and Visionary Management Team and Dedicated Execution Team

We believe that our historical success and future prospects depend on the quality and experience of our management team and execution team. Mr. Chen, our Chairman, is widely recognized in China's real estate industry and has more than 27 years of industry experience. He has successively served as a council member and an executive council member of the 7th and 8th Council of the China Real Estate Industry Association (中國房地產業協會). He is also the vice chairman of the New Urbanization Committee of the General Association of Zhejiang Entrepreneurs (浙商總會新城鎮產業委員會) and the honorary chairman of Zhoushan Charity General Association (舟山市慈善總會).

We have recruited a team of seasoned and visionary management personnel with an average of ten years of experience in the real estate industry, most of whom had experience in top 30 property development companies in China. We have also established multiple recruitment channels to proactively recruit talent from universities and competitive peer companies. We attend job fairs, encourage internal referrals, and work closely with external hiring partners. We attract and retain talented employees with competitive compensation and incentives, as well as comprehensive training and transparent career paths. We have developed a variety of training programs for employees ranging from new hires to senior employees on a management track. We believe our comprehensive recruitment, compensation and training programs contribute to a team of professional, capable and loyal employees, which sets us apart from our competitors.

We adhere to a people-oriented corporate culture and aim to create value to all stakeholders. We plan to provide a “platform to succeed” to our employees, creating “happy lives” for our customers and establish “value chains” for our partners.

OUR BUSINESS STRATEGIES

Our goal is to become a leading real estate developer offering quality products in the PRC. To achieve our goal, we intend to implement the following strategies:

Continue with Our “1+1+X” Expansion Strategy, Strengthen Our Position in Zhejiang Province and the Pan-Yangtze River Delta Region and Actively Expand into Cities with High Potential

To capitalize on the favorable policy with respect to the Integrated Regional Development of the Yangtze River Delta promulgated by the State Council in 2019, we plan to further solidify our leading market position in Zhejiang Province and the Pan-Yangtze River Delta Region. In December 2019, the State Council promulgated the Outline for the Integrated Development of the Yangtze River Delta Region (《長江三角洲地區一體化發展規劃綱要》), which laid out specific plans to further promote market reform in terms of commercial and regulatory environment, as well as the regional cooperation in terms

of innovation, trade, policies, tourism, and public services, among others, inside the Yangtze River Delta Region. We believe the above-mentioned policy will likely continue in the foreseeable future. We expect Zhejiang Province and the Pan-Yangtze River Delta Region to continue to play an important role in China's economic growth, population concentration, industrial transformation and consumption upgrades, and we plan to further increase our market shares therein to capture the opportunities. We also plan to strategically expand into other cities with high growth potential across China, such as Changsha and Xiamen. These cities experienced steady growth in terms of total resident population, nominal GDP, as well as per capital disposable income of urban households, which we believe indicate favorable market potentials for our expansions in these cities. We undergo a careful examination and selection process of land parcels and carry out site selection process with a strong focus on the growth potential, marketability and profitability.

We plan to continue to diversify our land acquisition strategies by working closely with our local partners, regional and project companies and government agencies. We intend to continue to adopt localized land acquisition strategies in order to acquire land located at desirable locations at reasonable costs, which we believe will help us solidify our position in Zhejiang Province and the Pan-Yangtze River Delta Region as well as expand into other regions in China.

Further Optimize Our Product Mix and Upgrade Our Service to Enhance Brand Value

We plan to continue to fulfill our mission as a “happy life operator” and provide customer-oriented products and services. We plan to continue to monitor market trends and our customers' evolving needs to diversify our products and upgrade our services. We intend to refine our analysis of customer profiles such as customers' purchasing power and preferences based on which we plan to update our property series targeting more well-defined demographics. In particular, for customers of our Arbor series, we plan to further address their needs for living and activity spaces; for customers of our Mansion series, we plan to optimize product features to improve their living experience in terms of property design quality; for customers of our Cloud series, we plan to enhance the details of property designs to better address their needs for perfection; and for customers of our Top series, we plan to introduce design features and services that provide them with enhanced sense of luxury, customization and privacy. We will continue to uphold our commitments to product quality, which we believe will help enhance brand image and loyalty. We plan to strengthen our cooperation with leading architecture and design firms to maintain the artistic value and premium quality of our property projects.

We have primarily focused our property development on residential properties and intend to continue doing so in the future. In addition, we plan to further develop mixed residential and commercial properties under our “Shinsun Town” (祥生小鎮) model to further capitalize on lower land acquisition costs and favorable government policies, which we believe will lead to improved financial and operational performances.

Further Improve Operational Efficiency through Standardized Management and Comprehensive Operation Model

To facilitate our nationwide expansion, we will continue to implement standardized management procedures to improve operational efficiency. We also plan to refine our comprehensive operational model and further encourage our various departments to collaborate with each other during various project stages such as project design, construction and sales and marketing. We will continue to place great emphasis on project planning and positioning to improve development efficiency, achieve high asset turnover and ensure product quality. We believe that our emphasis on operational efficiency will be beneficial in timely responding to changes in market trends, which helps us capture new opportunities and expand into new markets.

We plan to optimize our organizational structure by further empowering regional companies and project companies to make decisions, because we believe they are more connected to the local communities, customer bases, and regulatory authorities. We plan to offer more robust data support to enhance the management efficiency of regional and project companies, which we believe will help them better formulate and adhere to budgets, and allow us to monitor their performances in real time. We also plan to further refine our management system by establishing accountability measures, upgrading information technology systems, and standardizing internal rules and procedures on communications, property development, risk control, cost management and supplier selection.

We believe that the optimization of our operation and organizational structure will enable us to achieve higher operational efficiency and more rapid business growth.

Continue to Diversify Financing Channels, Improve Capital Structure and Reduce Costs

We plan to continue to explore diversified debt financing channels such as ABS, senior notes or other debt offerings, as well as equity financing channels such as strategic investments to optimize our capital structure and reduce our financing costs. We plan to continue to adhere to prudent financial policies, closely monitor our exposures to financial risks and control our various costs and expenses, such as land acquisition costs, administrative expenses and selling and distribution expenses. We intend to flexibly price our properties, taking into account the properties' market value, local conditions, and our investments in the property projects, with a view to maintaining healthy profit margins. We plan to holistically consider our investment and asset acquisition strategies to grow our business while controlling costs and ensuring balance of our capital structure.

We also plan to further compress our project development cycle by more thoroughly reforming and implementing our standardized operational procedures to improve our property development efficiency, which we believe will expedite asset turnover and improve working capital liquidity.

Continue to Build a Talented Team and Establish a Competitive Compensation Scheme

To meet our increasing needs for talent as we expand our operations nationwide, we intend to step up our recruitment efforts by closely working with hiring partners, regularly posting openings on websites and actively participating in job fairs at universities, among other recruitment channels.

We believe that clear career paths and the opportunities to continuously grow are critical in attracting and retaining talented employees. To that end, we plan to continue to offer value-added trainings to our employees through our targeted vocational courses tailored to different functions and positions. Our Shinsun Business School (祥生商學院) will continue to offer a wide variety of managerial courses to employees on the management career track. We believe that these training programs satisfy our employees' needs for growth, as well as better equip them to excel at their jobs. We also plan to establish an internal leadership pipeline where we offer clear career paths to our employees through management trainee programs and internal referral programs.

In addition, we plan to further optimize the competitiveness and structure of our employee compensation to promote both individual hard work as well as collaboration. We design compensation schemes that reward both individual efforts and departmental success (共創共贏、能者多得). We believe our compensation schemes sufficiently mobilize the moral and entrepreneurial spirit of our employees, and align the interests of our employees with the achievements of the departments in which they work and of the Group as a whole.

OUR BUSINESS

We are a fast-growing, large-scale, comprehensive real estate developer in China focusing on the development of quality residential properties in select regions in China. Headquartered in Shanghai and deeply rooted in Zhejiang Province, we have established a leading market position in Zhejiang Province through over 20 years of development, and have experienced rapid growth in terms of revenue and recognized GFA. In 2018, 2019 and 2020, we derived our revenue primarily from development and sales of residential properties and commercial properties. We also derived revenue from management consulting services, property leasing, hotel services and property management services. The following table sets forth a breakdown of our revenue by business line for the years indicated, both in absolute amount and as a percentage of total revenue.

	Year ended December 31,						
	2018		2019		2020		
	(RMB'000)	%	(RMB'000)	%	(RMB'000)	(US\$'000) (unaudited)	%
Property development and sales	14,077,218	99.0	35,372,157	99.6	46,487,347	7,124,498	99.7
Management consulting services	8,972	0.1	23,893	0.1	83,383	12,779	0.2
Property leasing	14,563	0.1	12,619	0.0	39,191	6,006	0.1
Hotel services ⁽¹⁾	111,853	0.8	107,088	0.3	16,408	2,515	0.0
Property management services ⁽¹⁾	2,696	0.0	3,781	0.0	12,084	1,852	0.0
Total	14,215,302	100.0	35,519,538	100.0	46,638,413	7,147,650	100.0

Note:

- (1) To focus our resources on property development and sales, we disposed of our hotel services and property management services. We reclassified Hubei Shinsun Fairyland International Hotel (湖北祥生仙苑國際大酒店) and Zhuji Shinsun Century Hotel (諸暨祥生世紀酒店) from property, plant and equipment to investment properties in March 2020 and April 2020, respectively, and expect to generate property leasing income from these two hotels thereafter. These two hotels were not profitable immediately prior to their disposals. See “— Hotel Services” and “— Property Management Services”.

OUR PROPERTY DEVELOPMENT BUSINESS

As of December 31, 2020, we had 218 property projects at various stages of development, comprising 189 projects developed by our subsidiaries and 29 projects developed by our joint ventures and associates. As of December 31, 2020, our projects had an aggregate GFA attributable to us of approximately 23.3 million sq.m., including (i) GFA available for sale, leasable GFA and GFA for property investment for completed properties of approximately 3.0 million sq.m.; (ii) total planned GFA for properties under development of approximately 16.2 million sq.m.; and (iii) total estimated GFA for properties held for future development of approximately 4.1 million sq.m. Our “1+1+X” strategy refers to our plan to base our development in Zhejiang Province, deeply penetrate into the Pan-Yangtze River Delta Region, and expand into other cities with high growth potential outside the Pan-Yangtze River Delta Region. Since we adopted this strategy in 2016, we have primarily focused on our land acquisition and property development in Zhejiang Province and the Pan-Yangtze River Delta Region, while strategically exploring opportunities in other cities with high growth potentials. The following table sets forth a breakdown of the number of property projects by region as of December 31, 2020.

	Number of Projects	Completed GFA available for sale/ available for lease (sq.m.)	Planned GFA under development (sq.m.)	Estimated GFA for future development (sq.m.)	Total land bank attributable to us (sq.m.)	% of total land bank attributable to us (%)
By regions						
Zhejiang	116	1,528,499	8,727,262	964,533	11,220,294	48.2
Pan-Yangtze River Delta ...	76	1,238,395	5,702,404	2,043,487	8,984,286	38.5
Other regions	26	254,895	1,793,907	1,074,318	3,123,120	13.3
Total	218	3,021,789	16,223,573	4,082,338	23,327,700	100.0

We originally focused our business operations in Zhuji, Zhejiang Province, and then began to expand into other cities in Zhejiang Province and the Pan-Yangtze River Delta Region. After establishing our market position in Zhejiang Province and the Pan-Yangtze River Delta Region, we began to expand into other cities with growth potentials. We operated in Shanghai, Hangzhou, Shaoxing, Jiaying, Huzhou, Zhoushan, Lianyungang, Taizhou (泰州), Ji'nan, Chuzhou, Wuhan, Xiantao, Jingzhou, Yueyang, Nanping, Anshan prior to 2017. Under our “1+1+X” strategy, we entered into Lishui, Yangzhou, Yancheng, Liaocheng, Ma'anshan, Jiujiang, Fuzhou, Hohhot and Nanjing in 2018, Jingmen, Hengyang, Jinhua, Zhenjiang and Anqing in 2019, and Hefei and Nanchang in 2020.

Classification of Our Property Projects

Our classification of properties reflects the basis on which we operate our business and may differ from classifications employed by other developers. The following table sets forth our classification of properties and the corresponding classification of properties in our consolidated financial statements for the year ended December 31, 2018, 2019 and 2020:

Our Classification	Consolidated Financial Statements for the Year Ended December 31, 2018, 2019 and 2020
Completed properties	<ul style="list-style-type: none"> • Completed properties held for sale • Investment properties
Properties under development	<ul style="list-style-type: none"> • Investment properties • Properties under development
Properties held for future development	<ul style="list-style-type: none"> • Properties under development • Prepayments, deposits and other receivables

Land Bank and Property Portfolio

Our land bank represents the sum of (i) GFA available for sale, leasable GFA and GFA for property investment for completed properties. GFA available for sale includes completed GFA that has been pre-sold but not yet delivered; (ii) total planned GFA for properties under development; and (iii) total estimated GFA for properties held for future development. Total land bank represents the total land bank of projects developed by our subsidiaries and the land bank attributable to us of projects developed by our joint ventures and associates.

The following table sets forth a breakdown of attributable total land bank as of December 31, 2020 in terms of geographical location.

City	Number of Projects	Completed GFA available for sale/ available for lease (sq.m.)	Planned GFA under development (sq.m.)	Estimated GFA for future development (sq.m.)	Total land bank attributable to us (sq.m.)	Percentage of total land bank attributable to us (%)
Property Projects Developed by Our Subsidiaries						
Zhejiang						
Hangzhou	14	7,630	1,953,261	139,318	2,100,209	9.0
Ningbo	4	15,205	394,544	–	409,749	1.8
Shaoxing	39	575,711	2,255,911	84,476	2,916,098	12.5
Wenzhou	4	–	631,437	–	631,437	2.7
Taizhou	9	459,514	1,205,205	–	1,664,719	7.1
Jiaying	5	139,487	–	–	139,487	0.6
Huzhou	6	76,529	647,874	–	724,403	3.1
Zhoushan	4	157,531	167,731	–	325,262	1.4
Quzhou	6	71,790	187,552	–	259,342	1.1
Lishui	4	–	357,345	440,079	797,424	3.4
Pan-Yangtze River Delta						
Shanghai	3	31,866	58,822	223,249	313,937	1.3
Suzhou	2	15,971	–	–	15,971	0.1
Yangzhou	1	–	205,321	–	205,321	0.9
Nantong	3	21,890	177,695	–	199,585	0.9
Lianyungang	2	98,289	–	–	98,289	0.4
Yancheng	1	–	222,159	–	222,159	1.0
Suqian	3	24,199	474,034	–	498,233	2.1
Taizhou	6	403,372	19,354	–	422,726	1.8
Ji'nan	5	82,211	584,240	645,033	1,311,484	5.6
Ji'ning	3	119,233	219,304	504,095	842,632	3.6
Liaocheng	1	–	132,676	–	132,676	0.6
Hefei	2	–	295,306	70,338	365,644	1.6
Wuhu	5	16,695	482,717	29,528	528,940	2.3
Xuancheng	10	160,624	720,317	200,226	1,081,167	4.6
Chuzhou	11	138,986	447,639	161,543	748,168	3.2
Ma'anshan	2	–	248,937	–	248,937	1.1
Suzhou	2	–	542,108	–	542,108	2.3
Nanchang	1	–	130,354	–	130,354	0.6
Jiujiang	1	–	208,887	–	208,887	0.9
Fuzhou	4	45,413	300,008	170,093	515,514	2.2

City	Number of Projects	Completed GFA available for sale/ available for lease (sq.m.)	Planned GFA under development (sq.m.)	Estimated GFA for future development (sq.m.)	Total land bank attributable to us (sq.m.)	Percentage of total land bank attributable to us (%)
Other Regions						
Wuhan	4	14,272	–	67,293	81,565	0.3
Xiantao	5	85,672	199,405	155,034	440,111	1.9
Jingmen	1	7,277	136,612	182,201	326,090	1.4
Jingzhou	3	22,194	–	–	22,194	0.1
Hengyang	1	–	231,560	–	231,560	1.0
Yueyang	1	5,918	245,371	–	251,289	1.1
Changde	1	20,373	121,276	125,805	267,454	1.1
Hohhot	6	–	840,059	243,985	1,084,044	4.6
Nanping	1	51,131	19,624	300,000	370,755	1.6
Anshan	3	48,058	–	–	48,058	0.2
Subtotal	189	2,917,041	15,064,645	3,742,296	21,723,982	93.1

Property Projects Developed by Our Joint Ventures and Associates

Zhejiang

Hangzhou	3	–	303,530	–	303,530	1.3
Ningbo	1	17,953	–	–	17,953	0.1
Shaoxing	7	4,316	176,043	165,950	346,309	1.5
Wenzhou	1	–	–	32,016	32,016	0.1
Jiaxing	4	–	254,396	31,549	285,945	1.3
Huzhou	2	2,833	104,910	–	107,743	0.5
Quzhou	1	–	–	44,148	44,148	0.2
Jinhua	2	–	87,523	26,997	114,520	0.5

Pan-Yangtze River Delta

Nanjing	1	–	72,943	–	72,943	0.3
Zhenjiang	1	–	42,525	–	42,525	0.2
Taizhou	2	8,790	–	–	8,790	0.0
Chuzhou	2	41,198	16,463	–	57,661	0.2
Anqing	1	–	28,866	39,382	68,248	0.3
Shangrao	1	29,658	71,729	–	101,387	0.4
Subtotal	29	104,748	1,158,928	340,042	1,603,718	6.9
Total	218	3,021,789	16,223,573	4,082,338	23,327,700	100.0

OUR PROPERTY DEVELOPMENT MANAGEMENT

Property Development Process

Our success in property development is attributable to our standardized operating procedures, which enable us to plan relevant operations and execute such plans within the required timeframe for each development stage after acquiring the land and therefore improve our overall operational efficiency. We have established a three-tier organizational structure, namely our headquarters, regional companies and project companies. This flat organization structure ensures the effectiveness of the headquarters' decision-making and efficiency of project companies and regional companies' project execution. Through the utilization of our standardized operating procedures, we have been able to complete our property projects within approximately eight months on average from acquiring the relevant land parcel to commencing pre-sales. We formulate the procedures based on our operational experience and needs and modify the procedures on a project-by-project basis. Such procedures set out the guidelines for our employees and contractors in managing and developing our property projects, and provide detailed timing and evaluation targets and checklists.

The diagram below summarizes the major stages of our property development process.



Site Selection and Land Acquisition

Site Selection

We undergo a careful examination and selection process of our property sites. Our investment and development personnel at the regional and group level leads the site selection process. The investment and development personnel in regional companies collect information of potentially available land parcels and carry out screening processes based on which they draft and submit preliminary project proposals to the respective regional investment and development team. Regional investment and development team reviews and updates the project proposals with inputs from other professional teams at the regional level, and then submits the updated project proposal to our investment and development center for review. We involve personnel from our finance and fund management center, capital management center, construction and contract center, product design center, operation management center and marketing and customer relationship center to solicit their inputs at this stage. Personnel of our commercial properties and characteristic town management companies are also involved at this stage if necessary. Thereafter, the further updated project proposal is submitted to our investment decision-making committee for final review and approval.

We carry out the site selection process in all projects with a strong focus on the growth potential, marketability and profitability. The key factors we consider in assessing whether a site is suitable for development include, but are not limited to:

- prospects of the area and relevant cities' economic development and population growth;
- the physical and geological characteristics of the site;
- industry policy and development strategies of the central and local governments;
- prospects of financial returns, indicated by factors such as estimated return on investment, internal rate of return, profit margin and payback period for front-end investments, local tax rates and construction costs;

- scale and price of the land and the potential for value appreciation;
- local zoning regulations, infrastructure and prospects of the city's development;
- number of our existing projects and competing projects in the relevant area; and
- sufficiency of cash flow from our operations in the relevant area.

Land Acquisition

Our prudent land acquisition strategy, acute market insight and investment vision into China's real estate market and our diversified land acquisition initiatives propel our business expansion and growth. We strive to identify high quality undervalued lands with huge property value growth potentials. In 2018, 2019 and 2020, we acquired our land through the following methods:

- participation in public tenders, auctions and listings-for-sale organized by the relevant government authorities;
- establishing joint ventures with other property developers and participating in public tenders, auctions and listings-for-sale as joint ventures; and
- acquisition of equity interests in, or land parcels from third parties which possess land.

In 2018, 2019 and 2020, we primarily acquired land through public tenders, auctions and listings-for-sale from government authorities in accordance with relevant PRC laws and regulations. Usually, in a public tender, an evaluation committee (including a representative of the grantor and other experts) evaluates and selects the submitted tenders. In addition to the bidding price, consideration may be given to each bidder's property development experience, track record, credit history, qualifications and development proposals. Public auctions are normally held by local land bureaus, and the land use rights are usually granted to the highest bidders. As of December 31, 2020, the GFA of our attributable total land bank acquired through public tenders, auctions and listings-for-sale was 19.7 million sq.m., representing 84.6% of our attributable total land bank.

In addition, we acquired land through establishing joint ventures with leading third-party property developers and participating in public tenders, auctions and listings-for-sale as joint ventures. Such cooperation helps us expand into new markets where we have limited experience. We believe the sharing of common business concepts and leveraging our respective strengths and experiences in project development can bring mutual benefits to us as well as our partners. As of December 31, 2020, the GFA of our attributable total land bank acquired through establishing joint ventures with third-party property developers was 1.6 million sq.m., representing 6.9% of our attributable total land bank.

Further, we acquired equity interests in, or land parcels, to a lesser extent, from companies that possess or have the rights to possess land use right for certain land parcels. This method allows us to obtain targeted land at competitive prices as it allows us to negotiate the terms and conditions directly with the targeted companies or the counter parties. This method also allows us to consolidate our strengths and competitiveness with resources of the target companies. As of December 31, 2020, the GFA of our attributable total land bank acquired through acquisitions was 2.0 million sq.m., representing 8.5% of our attributable total land bank.

We have also established a “Shinsun Town” (祥生小鎮) development model under which we cooperate with local governments, such as local governments of Shaoxing, Hangzhou, Hohhot and Fuzhou, to develop featured comprehensive real estate development projects with a mix of residential and commercial properties. We work closely with local governments in project positioning and industrial planning to accomplish local city-industry integration policies (“本地產城融合”). If our proposals with respect to the project positioning meet the local development’s needs, we may enter into agreements of intent on investment or investment and cooperation agreements with local governments pursuant to which the local governments provide residential and commercial land for our development at relatively low land acquisition cost and with various policy support. We profit from the land appreciation as well as from our development and operation of properties under the “Shinsun Town” model. Through such model, we are able to acquire sizeable quality land parcels in Zhejiang Province and the Pan-Yangtze River Delta Region at reasonable costs. For example, the land acquisition cost for our Fuzhou Shinsun Foling Town (撫州祥生佛嶺小鎮) project was approximately RMB825 per sq.m., compared to the average land cost of approximately RMB1,551 per sq.m. for residential land in Dongxiang District, Fuzhou in 2019. In 2018, 2019 and 2020 and up to the date of this offering memorandum, we had obtained ten land parcels from various local governments under the “Shinsun Town” model at favourable acquisition costs. As of December 31, 2020, we had obtained ten land parcels from various local governments with a total GFA attributable to us of 1,333,802 sq.m. for projects under the “Shinsun Town” model, accounting for approximately 5.7% of our total land bank as of the same date. See “— Competitive Strengths — “1+1+X” Expansion Strategy and Quality Land Bank, Laying Solid Foundation for Long-term Growth.”

Leveraging our prudent land acquisition strategies and diversified land acquisition methods, possess land reserve in regions and cities of strong growth potential with relatively low acquisition costs. In 2018, 2019 and 2020, our recognized average land acquisition costs per sq.m. were RMB2,937, RMB2,915 and RMB4,361, respectively; and our land acquisition costs accounted for 37.5%, 37.7% and 47.8%, respectively, of the total cost of sales for property development. We believe our sizeable land bank, together with our diversified land acquisition strategies, provide us with a stable development pipeline and will contribute to our long-term growth.

Financing

We finance our projects primarily through cash flows generated from our operating activities, including proceeds from the pre-sales and sales of properties, and cash flows generated from diversified external financing channels, such as bank and other borrowings, ABS and senior notes.

Internal Financing

We use the proceeds from the pre-sales and sales of our properties to fund our business operation and repay debt obligations. Pre-sale proceeds form an integral source of our operating cash inflows during project development. According to the applicable PRC laws and regulations, there are certain criteria which must be met before we may commence any pre-sales activities for properties under development, and the use of pre-sale proceeds may be restricted by local governments in cities where we operate. See “Regulation — Real Estate Transactions — Pre-sale of Commodity Properties.”

External Financing

Bank and other borrowings are our primary source of external financing. As of December 31, 2018, 2019 and 2020, our bank borrowings amounted to RMB8,770.9 million, RMB9,002.0 million and RMB15,077.5 million (US\$2,310.7 million), respectively. According to a guideline issued by the CBRC on August 30, 2004, no bank loans may be granted with respect to projects for which the land use rights certificates, construction land planning permits, construction works planning permits or construction works commencement permits have not been obtained. On May 25, 2009, the State Council issued a Notice on Adjusting the Capital Ratios for Fixed Asset Investment Projects (《關於調整固定資產投資項目資本金比例的通知》), which stipulates a minimum capital requirement of 20% for ordinary commodity apartments and indemnificatory housing and a minimum capital requirement of 30% for the development of other property projects. On September 9, 2015, the State Council promulgated the Notice on Adjusting and Improving the Capital Fund Principle for Fixed Assets Investment (《關於調整和完善固定資產投資項目資本金制度的通知》), according to which the minimum capital ratio for the development of other property projects is adjusted from 30% to 25%. See “Regulation — Real Estate Financing — Loans to Real Estate Development Enterprises.”

As with many other property developers in the PRC, we also enter into financing arrangements with trust companies, asset management companies and their financing vehicles, as well as other financial partners in the ordinary course of business to finance our property development and other related operations. As of December 31, 2020, the total amount of our other borrowings were RMB27,208.4 million (US\$4,169.9 million).

On May 23, 2019 and December 20, 2019, Xiang Sheng Holding Limited issued an aggregate principal amount of RMB994.9 million RMB-denominated notes due 2020 with an interest rate of 9.5% per annum. As of December 31, 2020, these RMB-denominated notes had been fully repaid.

On January 23, 2020, March 16, 2020 and May 20, 2020, Xiang Sheng Holding Limited issued US\$300.0 million aggregate principal amount of 12.5% senior notes due 2022, or the 2022 Notes. The 2022 Notes bear interest at the rate of 12.5% per annum, and are guaranteed by Shinsun Property and Mr. Chen. The personal guarantee provided by Mr. Chen has been released as of December 31, 2020. The 2022 Notes are unsecured.

On July 31, 2020, Xiang Sheng Overseas Limited, a wholly-owned subsidiary of Shinsun Property, issued US\$200.0 million in aggregate principal amount of 11.0% senior notes due in 2021, or the 2021 Notes. The 2021 Notes bear interest at the rate of 11.0% per annum, and are guaranteed by Shinsun Property and Mr. Chen. The personal guarantee provided by Mr. Chen has been released as of December 31, 2020. The 2021 Notes are unsecured.

Project Design

In order to provide our customers with quality designs and to achieve operational efficiency, we outsource the design of all of our property projects to third-party domestic or international architecture and design firms. We have worked closely with leading domestic and international architecture and design firms, such as Shanghai Tianhua Group (上海天華建築設計有限公司), Shanghai HIC Architectural Design Office (上海翰創建築設計事務所) and Shanghai DiDong Architecture Design Co., Ltd (上海地東建築設計事務所有限公司). We typically engage architecture and design firms during the land acquisition stages. During land acquisition stages, we select architecture and design firms through tenders or direct engagement from our database of shortlisted firms. For certain large-scale key projects, we may select architecture and design firms through public tender process. In selecting architecture and design firms, we consider the firms' track record, design capabilities and industry awards and recognition.

Each of our property series targets different customer groups and has distinctive design features. The Arbor series primarily targets first-time purchasers, features strong functionality and practicability and offers interior designs that provide sufficient room for the living needs of residents, especially children. The Mansion series primarily targets first-time upgraders and features a modern Chinese design style, offering comfort in addition to functionality and practicality with common areas that include both centralized large-scale public landscapes as well as satellite small-scale public spaces designed for different age groups. The Cloud series primarily targets subsequent upgraders who value premium living environment and centralized community facilities, and features modern minimalist design style with a mix of modern Chinese and metropolitan. Adhering to the concept of "communities for all ages" (全齡化社區), the Cloud series offers residents a sense of ceremony through its project planning and design, landscape design, architecture and interior design, creating a new landmark of modern urban life. The Top series targets high-net-worth customers seeking luxury lifestyles with high degrees of privacy. The Top series provides top-level craftsmanship, and equips the properties with premium branded hardware and decoration. Based on the needs of these high-net-worth customers, the Top series adopts a "three-tier" landscape design comprising public landscapes, semi-public interactive landscapes, and private landscapes.

Our product design center supervises and provides the third-party architecture and design firms with directions and design criteria on which we aim to market our property development series to match our business strategy. Our product design center and the relevant city companies closely monitor the work of the architecture and design firms to ensure that the project designs meet our specifications and relevant governmental regulations.

Contractors and Procurement

Appointment of Construction Contractors

We contract our construction works of our property projects to construction contractors. Such construction works include, among other things, foundation digging, structural construction and installation of equipment. In 2018, 2019 and 2020, we engaged certain connected persons to conduct our construction works.

We primarily select our general contractors through a tender process. Our bidding and procurement management department in construction and contract center manages the tender process. To a lesser extent, for certain projects located in the areas where we have a deep knowledge of local market and competitive landscape, we may select general contractors through negotiated bidding. We also engage specialized contractors in specific areas, such as equipment installment, landscaping and decoration. Specialized contractors are selected through tender processes or direct engagements. We conduct due diligence procedures on our potential contractors, such as inspecting their credentials and on-site supervisory for their offices and property projects, and only those contractors who have passed such due diligence procedures are invited to participate in the tender. In selecting the winning bid, we typically consider the contractors' professional qualifications, technical capabilities, track record, project team requirement and prices tendered. In 2018, 2019 and 2020, we had engaged and maintained stable business relationships with a number of general construction contractors and specialized contractors.

We require our contractors to purchase the relevant insurance policies covering any labor issues of our contractors or accidents and injuries that may occur during construction. Therefore, we are not responsible for labor issues of our contractors as well as accidents or injuries that may occur during construction. However, our strict quality control measures require our contractors to comply with the relevant rules and regulations, including environmental, labor, social and safety regulations to minimize our risks and liabilities.

Under typical agreements with our contractors, we make payments to contractors in stages according to progress of construction work. The percentage of each stage payment varies from project to project according to the terms stipulated in the relevant contract. In general, we pay the construction companies 70% to 85% of the full contract price when the construction work is completed and pay approximately 95% to 97% of the total contract price upon project completion. We typically retain approximately 3% to 5% of the contract price as quality deposit till the end of warranty period. Generally, the credit terms that we have with our contractors are range from one to three months.

In 2018, 2019 and 2020, none of our suppliers or contractors provided any advances, financing, allowances or rebates to us, and we did not enter into any payment-on-behalf-of arrangements with any supplier or contractor.

Procurement

Our construction contractors are primarily responsible for procuring raw materials, such as steel, concrete and sandstone. We also procure certain materials, equipment and fixtures through our centralized procurement system, such as elevators, air conditioners, wall paint, water-proofing materials and electrical appliances. Our construction materials are primarily purchased from suppliers in the PRC. To ensure quality, we normally procure materials from approved qualified suppliers within our supplier database which contains data on the service quality and pricing of related suppliers and is regularly reviewed and updated. We typically invite at least three qualified contractors from the database to submit bids in any single tender, and we assess the price and quality of each supplier. When we select suppliers, we consider their product and service quality, suitability in handling the potential projects and their reputations. In 2018, 2019 and 2020, we did not experience any shortage or delay in the supply of construction materials and equipment that had a material adverse effect on our business operations.

Our contracts typically include that the construction fee will not be adjusted based on the fluctuation of raw material prices, and we, as a result, do not bear the risks associated with such commodity price movements. However, our contracts with general contractors typically provide that the price of steel and concrete will be adjusted to quoted-price during construction, if the relevant commodity price fluctuated more than five percent. In 2018, 2019 and 2020, there was no material movements in our raw material prices. See “Risk Factors — Risks Relating to Our Business — Fluctuations in the price of construction materials and our construction contractors’ labor costs could affect our business and financial performance.”

Project Construction and Quality Control

Project Construction

To comply with relevant PRC laws and regulations, before construction can commence, we must first obtain the development rights to the relevant land parcel and the necessary permits and certificates, which include the relevant documentation related to land use, the construction land planning permit, the construction works planning permit and the construction works commencement permit (which will only be issued after the relevant documentation related to land use, the construction land planning permit and the construction works planning permit are obtained). As of the date of this offering memorandum, we did not experience any material delays in obtaining the land use rights certificates and all relevant certificates (if applicable, real estate rights certificate) and permits as required by PRC laws and regulations for all of our projects or project phases under development and projects held for future development. In 2018, 2019 and 2020 and up to the date of this offering memorandum, we did not experience any material delays in the commencement and/or completion of construction of properties which had any material adverse impact on our business, financial condition and results of operations.

Moreover, we are also required to commence construction of our developments within the time prescribed by PRC laws and regulations or otherwise our lands may be regarded as “idle land” and as a result we may be subject to certain penalties and the idle land might be reclaimed without any compensation. Under the Measures on Disposing of Idle Land promulgated by the Ministry of Land and Resources on April 28, 1999 and revised on June 1, 2012, “idle land” is defined as the granted state-owned construction land that (i) failed to commence construction within one year from the construction date undertaken in its land grant contract; or (ii) its construction has been suspended for over one year and the area under construction is less than one-third of the total area ought to be under construction or the invested capital is less than 25% of the total amount of capital ought to be invested. In 2018, 2019 and 2020 and up to the date of this offering memorandum, we did not hold any idle land and were not required to forfeit any land or pay any idle land fee by the government authorities.

Quality Control

We place significant emphasis on quality control in the construction and management of our projects. The following are certain important measures or procedures we have adopted to ensure better quality control:

- we assign each project its own on-site engineering management team, which comprises qualified engineers led by our project managers to ensure quality and monitor the progress and workmanship of construction on a daily basis;
- our regional project quality control teams inspect each project on a monthly basis. In addition, the engineering management department at the group level performs regular quality control inspections and promotes measures and initiatives that have proven to be successful in previous projects;
- we retain qualified independent third-party construction supervision companies to oversee the construction of our projects;
- we compile a set of standardized technical guidelines for construction management of each project, such as inspecting construction materials before construction commences and evaluating sample unit; and
- we carry out quality control in accordance with the relevant laws, regulations, and other compulsory standards promulgated by the relevant PRC governmental authorities and other industry associations.

Progress Control

We have established a project schedule management system that requires project companies and departments to collect and report project progress to our engineering management department in construction and contract center and other responsible departments to ensure the operating efficiency and project execution capability. Supported by such project schedule management system, we follow up the progress of each project and timely respond to the deviations from the planned schedule, stay aware of the risks of each stage of the process based on our experience, and integrate the resources to prevent such risks from occurring to ensure the completion of the plan. In addition, we provide detailed project construction timelines in our agreements with construction contractors and will closely monitor to ensure that such timeline is met.

Cost Control

We have established a comprehensive cost management system to set the relevant budget for our projects. For each project, the responsible regional company shall prepare a target budget plan, which will be submitted to our cost and contract department in construction and contract center at headquarters for approval.

We have adopted a full-cycle dynamic cost management system, setting cost targets and preparing cost budget in each key stage of the project. We have also implemented dynamic cost management measures during the development of projects, which enable us to actively monitor actual cost deviation from the budget. We believe such cost control procedures enable our management to identify and anticipate situations where actual cost may exceed the initially approved budget and to make appropriate adjustment in a timely manner.

Sales and Marketing

Pricing

We determine our per unit sales price with reference to prices of comparable properties in the market, our expected return and features of the respective project, such as location, design, and availability of transportation and ancillary facilities. The sales and marketing teams of our regional companies study local market information and formulate pre-marketing, sales and pricing plans and procedures for approval by the marketing and customer relationship center. In addition, within the given limit of price adjustment in compliance with relevant PRC laws and regulations, we may also adjust the prices of our for-sale properties during the sales process based on market responses we receive.

Sales and Marketing Plan

We primarily sell our properties by our sales and marketing personnel. Our marketing and customer relationship center is responsible for formulating marketing and sales strategies and managing the overall sales and marketing process. We believe our following sales and marketing strategies and channels contributed to diversified sources of customers.

We have adopted a precision marketing strategy by carefully designing marketing campaigns for each property project after market studies on the targeted customers as well as the local regions. With respect to each property project, we design and launch various marketing activities that we believe are best suitable for the respective project.

In addition to traditional marketing channels such as television and billboards, we also organize various online sales and marketing activities through social media. We carefully analyze our target customers' preferences and distribute our advertisements on websites and through social media platforms frequently used by our target customers. Moreover, we organize on-site marketing campaigns in shopping malls and residential communities to attract and maintain potential purchasers. We organize media conferences and new product launch events to promote our new products and introduce our product development process.

Although we primarily rely on our own sales and marketing personnel, we also work with external property agents to facilitate the sales of certain projects. Our agreements with external property agents usually include key terms such as the scope of retention, duration of services, and fees and payment method. The agreements usually also require external property agents not to conduct unauthorized sales or sell our properties at prices lower than those agreed by us, and to carry out truthful advertising and comply with all applicable regulatory requirements. The agreements typically set forth the commission rates, which are generally determined by the proportion of properties they help sell during a particular period. The amount of commissions we pay such external property agents is typically dependent on their sales performance, which we evaluate on a monthly basis. In 2018, 2019 and 2020, we incurred commissions to external real estate agents in the amount of RMB26.1 million, RMB34.2 million, and RMB18.3 million (US\$2.8 million), respectively. In 2018, 2019 and 2020 and up to the date of this offering memorandum, there were no dispute that may have a material adverse effect on us arising between external property agents and us.

Pre-sales

In line with industry practice in the PRC, we normally commence pre-sales of our property development project before completion of the entire project. Our pre-sales typically comprise multiple phases in accordance with our marketing strategies and plans which are drawn up as early as the acquisition of the relevant parcel of land. Relevant PRC laws and regulations require property developers to fulfill certain conditions, including but not limited to payment of the land grant premium and obtaining the relevant land use rights certificate, construction works planning permit, construction works commencement permit and pre-sale permit before the commencement of pre-sales. See “Regulation — Real Estate Transactions — Pre-sale of Commodity Properties.” We must fulfill certain conditions before we can obtain the pre-sales permits, including but not limited to:

- the land premium is paid in full and the land use rights certificate must have been obtained;
- the construction works planning permit and the construction works commencement permit must have been obtained;
- at least 25% of the total investment has been made in the development of the relevant properties;
- the progress of the construction should meet the local governmental authority’s requirements for pre-sale; and
- the pre-sale has been registered with the relevant local entities.

We generally schedule the launch of our pre-sale campaigns according to the progress of construction and market conditions. Our pre-sale contracts are prepared in accordance with applicable PRC laws and regulations. Purchasers are typically required to make a down payment according to the schedule stipulated in the pre-sale contract. The amount of down payments and the circumstances in which down payments may be forfeited are stipulated in the relevant pre-sale contracts. In accordance with the requirements of applicable PRC laws and regulations, we register such pre-sale contracts with the relevant local authorities. We confirm that any sales transactions canceled after customers sign pre-sale contracts and make down payments did not have a material adverse effect on our financial condition in 2018, 2019 and 2020.

Pre-sale Proceeds

Under the current PRC laws, the deposit and use of pre-sale proceeds are also restricted. See “Regulation — Real Estate Transactions — Pre-sale of Commodity Properties” and “Risk Factors — Risks Relating to Our Business — We face risks related to the pre-sales of properties from any potential limitations or restrictions imposed by the PRC Government and claims from customers.” The main purpose of governmental supervision for the pre-sale proceeds of commodity properties is to ensure the consummation of development of any property projects.

We have adopted internal control measures to ensure that the proceeds derived from our pre-sales of properties are used for the construction of the relevant projects in accordance with the relevant laws and regulations. Before applying for the pre-sale permits, we typically sign an agreement on the supervision of pre-sale proceeds with a supervising bank or third-party agency and set up a designated escrow account where the pre-sale proceeds are to be deposited into. When we need to withdraw the pre-sale proceeds for the development and construction of the relevant projects, we submit the relevant information such as proof of the completion of certain part of the project. Upon receipt of such materials, the supervising bank or third-party agency releases the withdrawal of pre-sale proceeds from the escrow account.

Applicable Agreements Regarding the Supervision of Escrow Accounts

We typically enter into supervisory agreements with the supervising commercial banks where we maintain designated escrow accounts pursuant to the relevant regulations on pre-sale proceeds. In Lianyungang, we enter into such agreements with the local regulatory authorities and deposit pre-sale proceeds generated from the projects located in Lianyungang into the bank account under the name of Lianyungang Real Estate Transaction Management Service Co., Ltd. (連雲港市房地產交易管理服務有限公司), or the Agency. The Agency was designated by local regulatory authorities on pre-sale activities to handle the deposit or pre-sale proceeds in Lianyungang. Property developers that plan to undertake pre-sale activities in Lianyungang are required to enter into Lianyungang Commodity Property Pre-sale Proceed Escrow Account Agreement (《連雲港市商品房預售資金監管協議書》), or the Lianyungang Agreement, with local regulatory authorities and the relevant commercial bank, or the Bank, open and maintain escrow accounts under the Agency's name, and deposit pre-sale proceeds generated from the projects located in Lianyungang into such escrow accounts. The salient terms of the Lianyungang Agreement include the following.

- *Account set-up.* The local regulatory authorities set up bank account with the local branch of the Bank under the name of the Agency, or the Agency Account. Meanwhile, we also set up our own account with a different local branch of the Bank.
- *Deposit of pre-sale proceeds.* The Bank agrees to transfer pre-sale proceeds into the Agency Account in real time. Regarding mortgage loans, if the mortgage bank is the Bank, then the Bank will directly deposit the mortgage loan into the Agency Account. If the mortgage bank is not the Bank, then the Bank agrees to immediately transfer the proceeds into the Agency Account.
- *Withdrawal of pre-sale proceeds.* We are required to submit application for withdrawal when we need to withdraw pre-sale proceeds for property development purposes. The amount permitted to be withdrawn depends on the balance as a percentage of the threshold for key escrow funds. The local regulatory authorities agree to either approve or reject our request to withdraw proceeds from the Agency Account and instruct the Bank on whether to release the funds within three business days. The Bank will then release the approved funds.
- *Penalties.* The Bank will pay 1% of the unauthorized withdrawal to the local authorities as a penalty.
- *Dispute resolution.* Any disputes among the Bank, the relevant authorities and us, it will be handled through mediation, failing which by arbitration with local arbitral tribunals, or litigation at the local court.
- *Termination.* The Lianyungang Agreement may be terminated when the relevant property passes construction completion inspection. We will apply to cancel the Agency Account after satisfying these conditions, and the remaining balance shall be released.

As of December 31, 2018, 2019 and 2020, the balance we maintained in the Agency Account was RMB330.4 million, RMB70.9 million and nil, respectively.

For property projects outside Lianyungang, we enter into relevant supervisory agreements with supervising banks, the key terms of which typically include the following.

- *Account set-up.* We set up bank account, or the supervised account, with the supervising banks, and confirm the preliminary deposit amount under supervision based on estimated construction costs and other spending.

- *Deposit of pre-sale proceeds.* We are required to deposit all pre-sale proceeds received directly and fully into the supervised escrow account.
- *Withdrawal of pre-sale proceeds.* We are required to submit application for withdrawal when we need to withdraw pre-sale proceeds for property development purposes. Such application includes proof of construction progress. If construction plans change and require additional funds than the preliminary amount determined during account set-up, we are required to submit proof from the relevant construction planning authorities and purchasing orders. The bank will either approve or reject our application for withdrawal within a certain number of days based on requirements of the local authorities.
- *Penalties.* The Bank will pay 1% of the unauthorized withdrawal to the local authorities as a penalty.
- *Dispute resolution.* Any disputes will be handled through mediation, failing which by litigation at the local court.
- *Termination.* The agreement may be terminated when the relevant property passes construction completion inspections.

The balance we maintained with the supervising banks was RMB3,588.7 million, RMB4,047.6 million and RMB7,181.7 million (US\$1,100.6 million), respectively, as of December 31, 2018, 2019 and 2020.

In addition, pre-sale proceeds deposited with supervising banks are recorded as restricted cash in our consolidated financial statements for the years ended December 31, 2018, 2019 and 2020, while those deposited with the Agency Account are recorded as other deposits because the Agency Account was not under our name.

Payment Arrangement

Our customers may choose to pay the purchase price of our properties by one lump-sum payment or by mortgage financing. Customers choosing to settle the purchase price by one lump-sum payment will be required to fully settle the purchase price shortly after the execution of the sales contract. Customers choosing to settle the purchase price by mortgage financing shall, according to the terms stipulated in the relevant sales contract, normally make a down payment of 30% to 60% of the purchase price upon the execution of the sales contract in accordance with the applicable PRC laws and regulations. Depending on the processing time required by mortgagee banks, the balance of the purchase prices will typically be paid by the mortgagee banks shortly after the date of execution of the sales contracts.

In line with market practice in the PRC, we have arrangements with various banks for the provision of mortgage financing and where required, provide our customers with guarantees as security for mortgage loans. The terms of such guarantees typically last until the transfer of the ownership certificate to the purchaser and the certificate is registered in favor of the bank. As a guarantor, if a purchaser defaults in payment, we are obligated to repay all outstanding amounts owed by the purchaser to the mortgagee bank. We will be assigned the title to the mortgage loan, giving us rights to the property, after settling such outstanding balances. In accordance with industry practice, we do not conduct credit checks on our customers but carefully review the results of credit checks conducted by relevant banks. In 2018, 2019 and 2020, the average time for balances of purchase price to be paid by mortgagee banks after the execution of property sales contracts was approximately 68 days.

As of December 31, 2018, 2019 and 2020, our outstanding guarantees in respect of the mortgages for purchasers of our properties amounted to RMB17,930.4 million, RMB37,028.8 million and RMB27,241.5 million (US\$4,174.9 million), respectively. In 2018, 2019 and 2020, we did not encounter any material incidents of default by our customers.

Delivery of Properties and After-sales Customer Service

Delivery of Completed Properties

We endeavor to deliver completed properties to our customers on a timely basis in accordance with the terms of the sales contracts. We closely monitor the progress of construction work at our projects under development. If we fail to deliver the completed properties within the stipulated timeframe due to our default, we may be liable to pay a late-delivery compensation to our customers in accordance with the terms of the relevant sales contracts. Under the relevant PRC laws and regulations, we are required to obtain completion certificates before delivering properties to our customers. After a property development project has passed the requisite completion and acceptance inspections, we will notify our customers before the delivery date stipulated in the sale contracts, to arrange the delivery procedures. Our customers will then come to our designated locations to conduct the delivery procedure with us. In 2018, 2019 and 2020 and up to the date of this offering memorandum, we did not experience any delays in the property delivery which had any material adverse impact on our business, financial condition and results of operations as a whole.

After-sales Services

Our marketing and customer relationship center and relevant property management companies that we engaged are responsible for providing after-sales customer services. To facilitate delivery process, we have set up an online one-stop delivery and repair platform. After the delivery of properties, we assist our customers in obtaining property ownership certificates and provide assistance to the move-in process. Our marketing and customer relationship center is also responsible for collecting and analyzing customer satisfaction during sales, delivery and post-delivery through third-party surveyor in order to understand the needs of our customers, evaluate our products, modify the designs of our future properties and improve service quality. In addition, we also set up national customer service hotline and generate working orders based on customers' complaints or service needs. Our marketing and customer relationship center sets up a dedicated team to follow up on working orders. We have established internal policies and procedures with respect to the handling of customer feedback and complaints. We also follow up with our customers for reviews on our responses.

We have also established a membership program "Shinsun Club (祥生會)" in certain of our properties in which purchasers of such property are automatically enrolled in such club. Members of Shinsun Club can file maintenance service requests or complaints online, receive information regarding our projects' status and community activities and invitations to attend community activities organized by us. We believe the membership program enables us to establish better relationships with our customers, build customer loyalty, foster brand awareness, better solicit timely customer feedbacks and also to better handle our ability to customer complaints. In 2018, 2019 and 2020, we were not aware of material customers' complaints or product liability claims.

Warranties and Returns

We are generally required to provide our customers with warranties for the quality of building structures pursuant to the Measures on the Sales of Commodity Housing (《商品房銷售管理辦法》) and Regulations for the Operations of Urban Property Development (《城市房地產開發經營管理條例》). We also provide quality warranties for ground foundations, main structures, waterproofing, water and electricity work and decorative work, as the case may be. The warranty durations vary depending on the covered items and are usually for a period of about two to five years starting from the property delivery date. The warranty durations for ground foundations and main structures are the relevant reasonable lifespans stated in the design document.

Our contractors are responsible for rectifying quality defects in the properties pursuant to the contracting contracts, whether such defects are discovered pre- or post-completion and delivery. In practice, substantially all of the expenses incurred for handling customer claims were directly paid by our contractors. In addition, we typically retain 3% to 5% of the contract amount of our construction contracts till the end of warranty period, and, should we incur any expense in handling such claims directly if the relevant contractor fails to respond to customer claims in a timely manner, we would be entitled to deduct the costs incurred from the quality warranty deposit we have retained.

Generally, apart from our breach of property purchase contracts, we do not allow returns of properties from our customers. There was no return of properties from our customers in 2018, 2019 and 2020 which had a material adverse effect on our business, financial condition and results of operations.

MANAGEMENT CONSULTING SERVICES

Leveraging our established experience and expertise in developing property projects, since 2018, we commenced to provide management consulting services primarily to certain of our joint ventures and associates, which mainly include services in connection with project construction, cost control, project design, procurement and sales and marketing of properties during the development and sales processes. Starting from 2018, we partnered with third party developers to jointly develop some property projects, which we believe can reduce investment and operational risks and leverage each other's industry experience and competitive advantages throughout the property development cycle. Because of our strong property development capabilities and extensive industrial experience, some joint ventures and associates, given they are small-scale start-up entities without sufficient real estate development experience, engaged us to provide management consulting services to them. In 2018, 2019 and 2020, revenue derived from our management consulting services was RMB9.0 million, RMB23.9 million and RMB83.4 million (US\$12.5 million), respectively.

We do not expect this business line to grow significantly in the near future. We have been focusing, and expect to continue to focus on providing such services mainly to our joint ventures and associates.

PROPERTY LEASING

Along with our residential property projects, we also develop commercial properties, mainly including office buildings, shopping centers, community businesses and hotels. We hold and operate a portion of our commercial properties as investment properties for capital appreciation and lease them to generate rental income.

As of December 31, 2020, we held eight completed investment properties with an aggregate GFA for property investment of approximately 339,024.3 sq.m. In 2018, 2019 and 2020, leasing income generated from our investment properties amounted to RMB14.6 million, RMB12.6 million and RMB39.2 million (US\$6.0 million), respectively.

We plan to selectively increase commercial properties located at prime locations that are likely to appreciate in value in the future.

Operation and Management

We operate and manage our commercial properties through our commercial properties and characteristic town management companies, which are responsible for planning, project management, tender recruitment, tenant management, lease management, finance and marketing. We strive to provide tenants with quality services, so as to achieve our financial targets and to continue to enhance the operating results and market competitiveness of our commercial properties. Our commercial properties did not have any material defects or deficiencies in 2018, 2019 and 2020, although some routine maintenances were made. None of our commercial properties encountered any temporary closures in 2018, 2019 and 2020.

Tenant Selections

We maintain a quality tenant base. We select tenants to be included in our database based on their business activities and past business relationships with us. Our commercial properties and characteristic town management companies are responsible for the management of the database, including evaluating, rating the brands in the database, and adding and subtracting brands into or out of the database.

Lease Agreements

Our lease agreements with tenants usually include terms such as length of tenancy, rentals, deposits, payment arrangements, property management fees and liability for breach of contract. The tenancy term of a lease agreement ranging from one to 15 years, depending on the type of tenant. Tenants usually have the right to renew their leases after the expiration of the relevant lease term. If a tenant fails to perform its obligations, we are entitled to damages and can choose to terminate the lease agreement.

Depending on the tenants' relationships with us and the scale, reputation and nature of business of the tenants, we may use the following methods when determining the rental fees: (i) fixed rental fees during a preliminary period with predetermined periodic rental increases in the remaining lease term; and (ii) rental fees calculated based on a pre-determined percentage of the monthly retail revenue of a tenant. We do not expect any significant difficulties in renewing lease agreements with existing tenants or entering into new lease agreements with suitable tenants.

Marketing and Promotion

In order to maintain a high occupancy rate for our commercial properties, we have carried out various marketing and promotion activities to attract target tenants and consumers, such as holding theme events, conducting lottery draws and gift redemption activities.

HOTEL SERVICES

In 2018, 2019 and 2020, we operated three hotels, namely, Zhuji Shinsun Century Hotel (諸暨祥生世紀酒店) located in Shaoxing, Zhejiang Province, Hubei Shinsun Fairyland International Hotel (湖北祥生仙苑國際大酒店) located in Xiantao, Hubei Province and Zhuji Shinsun Youqiju Hotel (諸暨祥生幽憩居酒店) located in Shaoxing, Zhejiang Province. In 2018, 2019 and 2020, we generated hotel service revenue, which primarily represented hotel room fees and charges received from guests who stayed at our hotels. In 2018, 2019 and 2020, our hotel service revenue amounted to RMB111.9 million, RMB107.1 million and RMB16.4 million (US\$2.5 million), respectively.

PROPERTY MANAGEMENT SERVICES

In 2018, 2019 and 2020, Xiuyan Manchu Autonomous County Xiangsheng Yuedu Property Co., Ltd. (岫岩滿族自治縣祥生越都物業管理有限公司) and Taizhou Xiangsheng Property Management Co., Ltd. (泰州祥生物業管理有限公司) provided property management services to four residential properties. These services primarily include security, cleaning, greening, repair and maintenance. In 2018, 2019 and 2020, revenue derived from our property management services was RMB2.7 million, RMB3.8 million and RMB12.1 million (US\$1.9 million), respectively.

LEASED PROPERTIES

As of December 31, 2020, we leased 28 properties which were mainly used as our offices. Our leases generally have a term ranging from one to five years, and we expect to renew the leases upon their expiry.

COMPETITION

The PRC real estate industry is highly fragmented and competitive while the concentration ratio continues to increase. As a real estate developer in China, we primarily compete with other Chinese real estate developers focusing on the development of residential properties in the PRC, in particular, real estate developers in Zhejiang Province and the Pan-Yangtze River Delta Region, where we operate. We compete on many fronts, including product quality, service quality, price, financial resources, brand recognition, ability to acquire land and other factors. In recent years, an increasing number of property developers have entered the property development markets in the cities where we have operations, resulting in increased competition for land available for development. We believe major entry barriers into the PRC property development industry include a potential entrant's limited knowledge of local property market conditions and limited brand recognition in these markets. We believe that the PRC real estate industry still has a large potential for growth. We believe that, with our solid experience in real estate development, our reputable brand name and our experienced management team, we are able to respond promptly and effectively to challenges in the PRC property market.

INTELLECTUAL PROPERTY

We believe our brand “Shinsun” (祥生) is well known and widely recognized in the cities and regions we have entered into. We have built up our brand primarily through consistent delivery of high-quality properties to our customers. We will use all reasonable and proper measures to protect our proprietary rights with regard to intellectual property developed during our operations. As of the date of this offering memorandum, we owned two patents and eight trademarks which were registered in the PRC and one trademark which was registered in Hong Kong. As of the same date, we were granted a license to use a trademark which was registered in the PRC. We rely to a significant extent on our brand name, Shinsun (祥生), in marketing our properties but our business is otherwise not materially dependent on any intellectual property rights. As of the date of this offering memorandum, we were not aware of any infringement (i) by us of any intellectual property rights owned by third parties; or (ii) by any third parties of any intellectual property rights owned by us.

INSURANCE

We maintain or require general contractors to maintain constructional all-risks insurance policies for our property development operations. We maintain insurance policies, including social insurance, for our employees as required by applicable laws and regulations and as we consider appropriate for our business operations. We consider that our practice is in line with the industry norm. There is a risk that we may incur uninsured losses, damage or liabilities.

EMPLOYEES

As of December 31, 2020, we had a total of 3,488 employees. Substantially all of our employees are located in the PRC.

LEGAL PROCEEDINGS AND COMPLIANCE

We have been involved in legal proceedings or disputes from time to time in the ordinary course of business, including claims primarily relating to disputes arising from construction contracts, property sales contracts, and guaranties. As of December 31, 2020, we are not engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to us to be pending or threatened by or against us, that would have a material adverse effect on our results of operations or financial condition.

REGULATION

A summary of the most significant laws, regulations and rules that affect our business activities and operation in People's Republic of China is set out below.

ESTABLISHMENT OF REAL ESTATE DEVELOPMENT ENTERPRISES

General Provisions

In accordance with the Law of the People's Republic of China on the Administration of Urban Real Estate (《中華人民共和國城市房地產管理法》) (the “**Urban Real Estate Law**”) (promulgated on July 5, 1994, revised on August 30, 2007 and August 27, 2009 and latest amended on August 26, 2019 and came into effect on January 1, 2020), real estate development enterprises are defined as the enterprises that engage in real estate development and operation for the purpose of making profits. In accordance with the Regulations on the Administration of Development and Operation of Urban Real Estate (《城市房地產開發經營管理條例》) (the “**Development Regulations**”) (promulgated and implemented on July 20, 1998 by the State Council, revised on January 8, 2011, March 19, 2018 and March 24, 2019 and latest amended on November 29, 2020), the establishment of a real estate development enterprise shall, in addition to the conditions for the enterprise establishment prescribed by relevant laws and administrative regulations, fulfill the following conditions: (i) the registered capital shall be RMB1 million or above; (ii) the enterprise shall employ no less than 4 full-time technical personnel with certificates of qualifications of real estate specialty and construction engineering specialty and no less than 2 full-time accountants with certificates of qualifications. People's governments of provinces, autonomous regions and centrally-administered municipalities may, based on the actual conditions of the locality, set out more stringent requirements in respect of registered capital and technical professionals.

Foreign Investment in Real Estate Development

On March 15, 2019, the National People's Congress approved the Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法》) (the “**Foreign Investment Law**”), which came into effect on January 1, 2020 and replace the Sino-Foreign Equity Joint Venture Enterprise Law of the People's Republic of China (《中華人民共和國中外合資經營企業法》), the Sino-Foreign Cooperative Joint Venture Enterprise Law of the People's Republic of China (《中華人民共和國中外合作經營企業法》) and the Wholly Foreign-Invested Enterprise Law of the People's Republic of China (《中華人民共和國外資企業法》), and become the legal foundation for foreign investment in the PRC.

According to the Foreign Investment Law, foreign investment refers to any investment activity directly or indirectly carried out by foreign natural persons, enterprises or other organizations, including the following circumstances: (i) a foreign investor establishes a foreign-funded enterprise within the territory of China, either alone or together with any other investor; (ii) a foreign investor acquires shares, equities, property shares or any other similar rights and interests of an enterprise within the territory of China; (iii) a foreign investor invests in any new project within the territory of China, either alone or together with any other investor; and (iv) a foreign investor invests in any other way stipulated under laws, administrative regulations or provisions of the State Council. And a foreign-funded enterprise refers to an enterprise incorporated under Chinese laws within the territory of China and with all or part of its investment from a foreign investor.

The Foreign Investment Law further prescribes that the State adopts the management system of pre-establishment national treatment and negative list for foreign investment. The pre-establishment national treatment refers to granting to foreign investors and their investments, in the stage of investment access, the treatment no less favorable than that granted to domestic investors and their investments; the negative list refers to special administrative measures for access of foreign investment in specific fields as stipulated by the State. The State will give national treatment to foreign investments outside the

negative list. The negative list will be released by or upon approval by the State Council. If more preferential treatment for access of foreign investors is provided under international treaties or agreements governing foreign investment that the PRC concludes or accedes, such provisions may apply.

Under the Catalogue of Industries for Guiding Foreign Investment (《外商投資產業指導目錄》) (the “**Catalogue**”) promulgated by MOFCOM and NDRC on March 10, 2015 and became effective on April 10, 2015, the construction of large-scale theme park falls within the category of industries in which foreign investment is restricted; the construction of golf courses and villas falls within the category of industries in which foreign investment is prohibited; and other real estate development falls within the category of industries in which foreign investment is permitted. Pursuant to the amended Catalogue (the “**Catalogue (Edition 2017)**”) promulgated by MOFCOM and NDRC on June 28, 2017 and became effective on July 28, 2017 and the Special Management Measures (**Negative List**) for the Access of Foreign Investment (Edition 2018) (《外商投資准入特別管理措施(負面清單) (2018年版)》) (the “**Negative List (Edition 2018)**”) promulgated by the NDRC and the MOFCOM on June 28, 2018 and came into effect on July 28, 2018, real estate development does not fall within the Negative List (Edition 2018) and the restrictive measures for construction of large-scale theme park, golf courses and villas are equally applicable to domestic and foreign investment. On June 30, 2019, MOFCOM and NDRC promulgated the Catalogue of Industries for Encouraging Foreign Investment (Edition 2019) (《鼓勵外商投資產業目錄》) and the Special Management Measures (**Negative List**) for the Access of Foreign Investment (Edition 2019) (《外商投資准入特別管理措施(負面清單) (2019年版)》) (the “**Negative List (Edition 2019)**”), both of which became effective on July 30, 2019 and superseded the Catalogue (Edition 2017) and the Negative List (Edition 2018), while the policy for the real estate development remains the same. The Negative List (Edition 2019) was superseded by the Special Measures (Negative List) for the Access of Foreign Investment (Edition 2020) (《外商投資准入特別管理措施(負面清單) (2020年版)》) (the “**Negative List (Edition 2020)**”) promulgated by NDRC and MOFCOM on June 23, 2020 and became effective on July 23, 2020. The Negative List (Edition 2020) has no further implication in respect of the real estate development policy.

On July 11, 2006, the Ministry of Construction, the MOFCOM, the NDRC, the PBOC, the SAIC and the SAFE jointly issued the Opinions on Regulating the Access and Administration of Foreign Investment in the Real Estate Market (《關於規範房地產市場外資准入和管理的意見》), which provides that: (i) foreign organizations and individuals who have established foreign-invested enterprises are allowed to invest in and purchase non-owner-occupied real estate in China; while branches of foreign organizations established in China are eligible to purchase commercial houses which match their actual needs for self-use under their names; (ii) the registered capital of foreign-invested real estate enterprises with the total investment amount exceeding or equal to US\$10 million shall be no less than 50% of their total investment; (iii) foreign-invested real estate enterprises can apply for renewing the official foreign-invested enterprise approval certificate and business license with an operation term of one year only after they have paid back all the land premium and obtained the land administration department for the state-owned land use rights certificate; (iv) with respect to equity transfer and project transfer of a foreign-invested real estate enterprise and the merger and acquisition of a domestic real estate enterprise by an overseas investor, the department in charge of commerce and other departments shall conduct examination and approval in strict compliance with the provisions of the relevant laws, regulations, and policies. The investor concerned shall submit a letter of guarantee on its promise to perform the Contract on the Transfer of State-owned Land Use Right (國有土地使用權出讓合同), the License for the Planning of Construction Land (建設用地規劃許可證), the License for the Planning of Construction Projects (建設工程規劃許可證) etc., and shall submit the Certificate for the Use of State-owned Land (國有土地使用證), the documents certifying that the change of registration has been filed with the relevant department in charge of construction (real estate) for record, and the certification materials issued by the relevant taxation authority on the tax payment in relevance; (v) foreign investors shall pay off all considerations for the transfer in a lump sum with their own funds if they acquire Chinese real estate enterprises or any equity interest held by Chinese parties in Sino-foreign Equity Joint Venture engaged in real estate industry.

On August 19, 2015, the Ministry of Housing and Urban-Rural Development of the People's Republic of China (the "MOHURD"), MOFCOM, NDRC, PBOC, SAIC and SAFE jointly promulgated the Circular on Amending the Policies Concerning Access by and Administration of Foreign Investment in the Real Estate Market (《關於調整房地產市場外資准入和管理有關政策的通知》), which amended certain policies on foreign-invested real estate enterprises and property purchased by overseas organizations and individuals as stated in the Opinions on Regulating the Access and Administration of Foreign Investment in the Real Estate Market (《關於規範房地產市場外資准入和管理的意見》) as follows, the requirements for the registered capital of foreign-invested real estate enterprises shall follow the provisions in the Provisional Regulations of the State Administration for Industry and Commerce on the Proportion of Registered Capital to Total Amount of Investment of a Sino-foreign Equity Joint Ventures (《國家工商行政管理局關於中外合資經營企業註冊資本與投資總額比例的暫行規定》) promulgated and became effective on February 17, 1987; the requirement on full payment of registered capital of the foreign-invested real estate enterprises before applying for domestic or foreign loans or foreign exchange loan settlement is canceled.

QUALIFICATIONS OF REAL ESTATE DEVELOPERS

In accordance with the Development Regulations, a real estate development enterprise shall, within 30 days starting from the date of receipt of the business license, file the relevant documents for record to the real estate development authorities located at its place of registration. The real estate development authorities shall, on the basis of the assets, specialized technical personnel and business achievements, verify the class of qualification of the real estate development enterprise in question. The real estate development enterprise shall undertake real estate development projects in compliance with the verified class of qualification. Relevant detailed rules shall be formulated by the department of the construction administrative of the State Council.

Pursuant to the Regulations on Administration of Qualification of Real Estate Development Enterprises (《房地產開發企業資質管理規定》) (the "Circular 77") promulgated on November 16, 1993 and amended on March 29, 2000, May 4, 2015 and December 22, 2018, an enterprises engaged in real estate development shall apply for the approval in accordance with the provisions of application for the enterprise qualification classification. Enterprises that fail to obtain certificates of real estate investments shall not engage in the real estate development business. Enterprises engaged in real estate development are classified into four qualification classes: Class I, Class II, Class III and Class IV on the basis of their financial conditions, experience in real estate development business, construction quality, the professional personnel and quality control system etc. In addition, pursuant to Several Provisions on Urban Real Estate Development and Management in Hangzhou (《杭州市城市房地產開發經營管理若干規定》) promulgated on April 30, 2001, and latest amended on August 24, 2015 and came into effect on October 1, 2015, a newly established developer shall apply to the real estate development authorities for the Interim Qualification Certificate within 30 days from the date on which it receives its business license.

Pursuant to the Circular 77, enterprises of various qualification classes shall engage in real estate development and management projects within the approved scope of business and shall not undertake any tasks which fall outside the approved scope of their own qualification classes.

LAND USE RIGHTS FOR REAL ESTATE DEVELOPMENT

All land in the PRC is either state-owned or collectively-owned, depending on the location of the land. Where land in rural areas and suburban areas are legally owned by the State, the State holds ownership rights. The State has the right to take its ownership of land or the land use rights in accordance with laws for the reasons of public interest protection. In that event, compensation shall be paid by the State.

Although all land in the PRC is either state-owned or collectively-owned, individuals and entities may obtain land use rights and hold such land use rights for development purposes. Individuals and entities may acquire land use rights in different ways, the two most important ways are obtaining land grants from local land authorities and from land users who have already obtained land use rights.

Land Grants

On April 12, 1988, the National People's Congress (the "NPC") passed an amendment to the Constitution of the PRC (《中華人民共和國憲法》). The amendment allowed the transfer of land use rights for value to prepare for reforms of the legal regime governing the use of land and transfer of land use rights. On December 29, 1988, the Standing Committee of the NPC also amended the Land Administration Law of the People's Republic of China (《中華人民共和國土地管理法》) to permit the transfer of land use rights for value.

On May 19, 1990, the State Council enacted the Provisional Regulations of the People's Republic of China Concerning the Grant and Assignment of the Right to Use State-owned Land in Urban Areas (《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》). These regulations, generally referred to as the Urban Land Regulations, formalized the process of the grant and transfer of land use rights for value.

In July 5, 2000, the standing committee of people's congress of Zhejiang Province promulgated Measures of Zhejiang Province for the Implementation of the law of the PRC on Land Management (《浙江省實施〈中華人民共和國土地管理法〉辦法》). These Measures stipulated the specific and special requirements regarding grant process and transfer of land use right in Zhejiang Province.

Land Grant Methods

Pursuant to PRC laws and the stipulations of the State Council, except for land use rights which may be obtained through allocation, land use rights for property development are obtained through the grant from government. There are two ways by which land use rights may be granted, namely by private agreement or competitive processes (i.e., tender, auction or listing at a land exchange administered by the local government).

As of July 1, 2002, the grant of land use rights by way of competitive processes is governed by the Regulations on the Grant of Use Right of State-Owned Land by Bidding, Auction or Listing (《招標拍賣掛牌出讓國有土地使用權規定》), issued by the Ministry of Land and Resources of the PRC on May 9, 2002 and revised as of September 28, 2007 with the name of Regulations on Granting State-Owned Construction Land Use Right through Bidding, Auction and Listing (《招標拍賣掛牌出讓國有建設用地使用權規定》) (the "**Land Grant Regulations**") which became effective on November 1, 2007. The Land Grant Regulations specifically provide that land to be used for industrial, commercial, tourism, entertainment or commodity residential purposes, or where there are two or more intended users for the certain piece of land, shall be granted by way of competitive processes. A number of measures are provided by the Land Grant Regulations to ensure such grant of land use rights for commercial purposes is conducted openly and fairly.

On May 13, 2011, the Ministry of Land and Resources promulgated the Opinions on Upholding and Improving the System for the Transfer of Land by Bidding, Auction and Listing (《關於堅持和完善土地招標拍賣掛牌出讓制度的意見》), which provides stipulations to improve policies on the supply of land through public bidding, auction and listing, and strengthen the active role of land transfer policy in the control of the real estate market.

On June 11, 2003, the Ministry of Land and Resources promulgated the Regulations on Grant of State-Owned Land Use Rights by Agreement (《協議出讓國有土地使用權規定》) which became effective on August 1, 2003, to regulate granting of land use rights by agreement when there is only one land use applicant and the designated uses of which are other than for commercial purposes as described above.

According to the Circular on the Distribution of the Catalog for Restricted Land Use Projects (2012 Edition) and the Catalog for Prohibited Land Use Projects (2012 Edition) (《關於發佈實施限制用地項目目錄(2012年本)和禁止用地項目目錄(2012年本)的通知》) promulgated by the Ministry of Land and Resources and NDRC in May 2012, the granted area of the residential housing projects shall not exceed (i) 7 hectares for small cities and towns, (ii) 14 hectares for medium-sized cities, or (iii) and 20 hectares for large cities and plot ratio which shall not be lower than 1.0.

Land Transfer From Current Land Users

In addition to a direct grant from the government, an investor may also acquire land use rights from land users that have already obtained the land use rights by entering into an assignment contract with such land users.

For real estate development projects, the Urban Real Estate Law requires that at least 25% of the total amount of investment or development must have been carried out before an assignment can take place. All rights and obligations of the current holder under a land grant contract will be transferred contemporaneously to the assignee. Relevant local governments may acquire the land use rights from a land user in the event of a readjustment of the use of land for renovating the old urban area according to city planning. The land user will then be compensated for the loss of land use rights.

DEVELOPMENT OF REAL ESTATE PROJECTS

Commencement of Real Estate Development Projects

According to the Urban Real Estate Law, those who have obtained the right of land use by the way of grant for real estate development must develop the land in accordance with the land use and within the construction period as prescribed in the grant contract. When the land user fails to commence development after one year since the date of starting the development as prescribed by the grant contract, an idle land fee no more than 20% of the land grant premium may be collected and when the land user fails to commence development after two years, the right to use the land may be confiscated without any compensation, except where the delays are caused by *force majeure*, the activities of government, or the delay in the necessary preliminary work for starting the development.

Pursuant to the Measures on Disposal of Idle Land (《閒置土地處置辦法》), which was promulgated on April 28, 1999 by the Ministry of Land and Resources and revised on June 1, 2012, land can be defined as idle land under any of the following circumstances:

- development and construction of the state-owned idle land is not commenced after one year of the prescribed time prescribed in the land use right grant contract or allocation decision; or
- the development and construction of the state-owned idle land has been commenced but the area of the development and construction that has been commenced is less than one-third of the total area to be developed and constructed or the invested amount is less than 25% of the total amount of investment, and the development and construction have been continuously suspended for one year or more without an approval.

Where the delay of commencement of development is caused by the government's behavior or due to the force majeure of natural disasters, the land administrative authorities shall discuss with the holder of state-owned construction land use rights and select the methods for disposal in accordance with the Measures on Disposal of Idle Land.

Planning of Real Estate Projects

Under the Regulations on Planning Administration regarding Granting and Transfer of State-Owned Land Use Right in Urban Area (《城市國有土地使用權出讓轉讓規劃管理辦法》) promulgated by the Ministry of Construction on December 4, 1992 and amended on January 26, 2011, a real estate developer shall apply for a License for the Planning of Construction Land (建設用地規劃許可證) from the municipal planning authority. After obtaining the License for the Planning of Construction Land, the real estate developer shall conduct all necessary planning and design works in accordance with relevant planning and design requirements. A planning and design proposal in respect of the real estate project shall be submitted to the municipal planning authority in compliance with the requirements and procedures under the Urban and Rural Planning Law of the People's Republic of China (《中華人民共和國城鄉規劃法》), which was

issued on October 28, 2007 and amended on April 24, 2015 and April 23, 2019, and a License for the Planning of Construction Projects (建設工程規劃許可證) from the municipal planning authority should be obtained by the real estate developer.

Construction Work Commencement License

The real estate developer shall apply for a Construction Work Commencement License (建築工程施工許可證) from the relevant construction authority in accordance with the Regulations on Administration Regarding Permission for Commencement of Construction Works (《建築工程施工許可管理辦法》) promulgated by the Ministry of Construction on October 15, 1999 and amended on July 4, 2001 and latest amended on March 30, 2021 by the MOHURD.

Acceptance and Examination upon Completion of Real Estate Projects

Pursuant to the Development Regulations, the Administrative Measures for the Registration Regarding 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 the Ministry of Construction on April 4, 2000 and amended on October 19, 2009 and the Provisions on 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規定》) promulgated and implemented by the MOHURD on December 2, 2013, upon the completion of a real estate development project, the real estate development enterprise shall submit an application to the competent department of real estate development of local government at or above the county level, where the project is located, for examination upon completion of building and for filing purposes; and to obtain the Filing Form for Acceptance and Examination upon Completion of Construction Project. A real estate project shall not be delivered before passing the acceptance examination.

INSURANCE OF REAL ESTATE PROJECTS

There are no nationwide mandatory requirements in the PRC laws, regulations and government rules requiring a real estate developer to maintain insurance for its real estate projects. According to the Construction Law of the People's Republic of China (《中華人民共和國建築法》) promulgated by the Standing Committee of the NPC on November 1, 1997 and became effective on March 1, 1998 and amended on April 22, 2011 and April 23, 2019, construction enterprises shall maintain work injury insurance and pay the insurance premium, while enterprises are encouraged to take up accident liability insurance for employees engaged in dangerous operations and pay the insurance premium. In the Opinions of the Ministry of Opinions on Strengthening the Insurance of Accidental Injury in the Construction Work (《建設部關於加強建築意外傷害保險工作的指導意見》) promulgated by the Ministry of Construction on May 23, 2003, the Ministry of Construction further emphasized the importance of the insurance of accidental injury in the construction work and put forward the detailed opinions of guidance.

MARKETING AND PROMOTION OF REAL ESTATE PROJECTS

Real Estate Advertisements

Pursuant to the Advertising Law of the People's Republic of China (《中華人民共和國廣告法》), promulgated by the Standing Committee of the NPC on October 27, 1994 and amended on April 24, 2015 and October 26, 2018 and the Provisions on Distribution of Real Estate Advertisements (《房地產廣告發佈規定》) promulgated by the State Administration for Industry and Commerce on December 24, 2015, real estate advertisements and information of housing sources shall be authentic. The area shall be stated as floor area or indoor floor space, and shall not contain any of the following contents: commitment on appreciation or investment returns; using the time required to travel from the project to a specific location to indicate the location of the project; violation of State provisions on pricing administration; or using transport, commercial, cultural and education facilities and other municipal conditions, which are the

planning or under construction, as misleading promotion. For publishing of false advertisements to deceive, mislead consumers, and caused harm to the legitimate rights and interests of consumers who purchase the goods or accept the services, the advertiser shall bear civil liability pursuant to the law.

In addition, an advertisement for pre-sale or sale of real estate must state the following items: name of the developer; the exact portion of the intermediary organization acting as an agent for the transactions; the name of such organization; and the pre-sale or sale permit number. And where the advertisement merely states the name of the real estate project, the aforesaid matters may be omitted.

Furthermore, the following real estate shall not be advertised: development on land for which State-owned land use rights have not been obtained pursuant to the law; development on collectively-owned land which has not been requisitioned by the State; restriction of real estate rights based on a ruling, decision on seizure or any other form of imposition by the judicial authorities or administrative authorities pursuant to the law; pre-sale of real estate without a pre-sale permit for the said project; dispute over ownership; development which violates the relevant provisions of the State; non-compliance with project quality standards, and failure to pass acceptance inspection; or any other circumstances prohibited by laws and administrative regulations.

REAL ESTATE TRANSACTIONS

Sale of Commodity Properties

Under the Measures for Administration of the Sales of Commodity Properties (《商品房銷售管理辦法》) (the “**Sale Measures**”) promulgated by the Ministry of Construction on April 4, 2001 and became effective on June 1, 2001, the sale of commodity properties includes both sales prior to and after the completion of the properties.

Pre-sale of Commodity Properties

Any pre-sale of commodity properties must be conducted in accordance with the Measures for Administration of Pre-sale of Commodity Properties (《城市商品房預售管理辦法》) promulgated by the Ministry of Construction on November 15, 1994, as amended on August 15, 2001 and July 20, 2004 (the “**Pre-sales Measures**”). The Pre-sale Measures provide that any pre-sale of commodity properties is subject to specified procedures. If a real estate developer intends to sell commodity properties in advance, it shall apply to the real estate administrative authority to obtain a pre-sale license. According to the Pre-sales Measures, the competent regulatory authority may impose a fine that equals three times of illegal gains but less than RMB30,000 per project if a property developer has non-compliances in relation to pre-sale proceeds. The maximum penalty of RMB30,000 refers to the maximum penalty *a project* may be subject to, regardless whether the project is involved in one or more types of non-compliances in relation to pre-sale proceeds.

Pursuant to the Urban Real Estate Law and the Pre-sale Measures, the proceeds from the pre-sale of commodity properties shall be used to fund the development and construction of the corresponding projects.

Furthermore, under the Circular on Issues Concerning Further Strengthening the Supervision and Administration of the Real Estate Market and Improving 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》) issued by the MOHURD on April 13, 2010, all proceeds from the pre-sale of commodity properties shall be supervised and managed by relevant authorities so as to ensure that the proceeds to be used for the development and construction of the corresponding projects.

Set out below are the implementation rules promulgated by the local real estate administrative authorities on the provincial or city level.

Zhejiang

According to the Provisional Administrative Measures for the Pre-sales of Commodity Properties of Zhejiang Province (《浙江省商品房預售資金監管暫行辦法》) promulgated by the Department of Housing and Urban-rural Development of Zhejiang Province on September 16, 2010 which came into effect on November 1, 2010, all pre-sale proceeds shall be deposited into the escrow account and the usage of the pre-sale proceeds is subject to the supervision of the bank and the property developer must submit an application and furnished proof of the completion of stages of the project or other valid proof for payment before any usage. Furthermore, a proportion of the pre-sale proceeds which amount to at least 130% of the estimated budget of the supervised projects shall be under supervision according to the pre-sale funds supervision agreement, of which a sum which amounts to 20% of the estimated budget that is under supervision according to the regulatory agreement can be used to pay for the corresponding pre-engineering costs, management fees, sales expenses, financial expenses, unforeseen fees, taxes and simultaneous repayment of real estate development loans and other expenses of the project. Where the property developer provides false materials to apply for the opening of escrow account, defrauds engineering construction funds, withholds and embezzles the money of house purchasers for pre-sale proceeds from property purchasers without authorization, or fails to deposit the pre-sale proceeds from property purchasers into the escrow account, property developers shall face one or more of the following regulatory measures which are imposed on the infringing entity, including ceasing pre-sales, an administrative notice requiring rectification within a prescribed time, an adverse record in the entities' credit records and in the People's Bank credit reporting system. The local regulations for the pre-sale proceeds in Hangzhou, Wenzhou, Huzhou, Zhuji, Quzhou, Zhoushan, Shaoxing, Jiaxing, Longyou and Linhai are substantially consistent with the Provisional Administrative Measures for the Pre-sales of Commodity Properties of Zhejiang Province.

Furthermore, the local regulations for the pre-sale proceeds in Ningbo and Haining further specify that pre-sale proceeds can generally be classified into two categories: key escrow funds and general escrow funds. The amount of key escrow funds equals to 130% of the estimated budget of the supervised projects, and general escrow funds refer to surplus proceeds that exceed the amount of key escrow funds. Property developers are required to maintain the balance of key escrow funds in the designated escrow accounts and may use excess amounts in the escrow account for other expenditures.

In the above-mentioned cities in Zhejiang Province, the regulations of pre-sale proceeds shall be classified into key escrow funds and general escrow funds.

In addition, coping with the outbreak of novel coronavirus, measures have been imposed by the Zhejiang Government to support the development of the property developer. According to the measures, the proportion of pre-sale proceeds of property available for settling preliminary engineering costs, management fees, sales fees, financial fees and other expenses shall be increased from 20% to 30% during period of the the outbreak of novel coronavirus.

Anhui

According to the Measures for Regulation of Pre-sales of Commodity Properties of Chuzhou (《滁州市商品房預售資金監督管理辦法》) (the “**Measures**”), which came into effect on April 16, 2020, and the Provisional Administration Measures for the Pre-sales of Commodity Properties of Xuancheng (《宣城市市區商品房預售資金監管暫行辦法》), which came into effect on January 1, 2014, all pre-sale proceeds shall be deposited into the escrow account and supervised separately as key funds and general funds. Property developers shall apply for use of key funds allocated based on the construction progress of the property projects. The key funds under supervision shall be allocated for use based on the construction progress of the property projects. The regulatory threshold of key funds shall be determined after considering various factors such as area, construction structure and uses, and be revised from time to time. The property developer can apply for use of the general funds for use preferentially towards the construction of the projects. Property developers which violate the above-mentioned regulations shall be

ordered by the competent authorities to make corrections, and the release of the pre-sale proceeds shall be suspended; in serious cases or where the property developer refuses to make corrections, the competent authorities shall suspend online contract registration for pre-sale of properties and record such misconducts.

According to the Implementing Rules of Commodity Properties of Nanling (《南陵縣預售資金監管實施細則》) (the “**Rules**”), which came into effect on December 10, 2016, all pre-sale proceeds shall be deposited into the escrow account and supervised separately as key funds and general funds. The key funds shall be allocated for settling the engineering construction costs (including the construction engineering, infrastructure in the residential area and public supporting facilities), unforeseeable costs (10% of the engineering construction costs) and the tax on sales revenue, and the regulatory threshold for the key funds shall be determined after considering various factors such as area, construction structure and uses, and be revised from time to time. Property developers can, after maintaining the required balance of the key funds, apply for, through the escrow system, withdrawal of general funds for use preferentially towards the construction of the projects. The key funds under supervision shall be allocated for use based on the construction progress of the property projects.

With respect to the restrictions on the use of general escrow funds, the local regulations and policies of Suzhou, Tianchang and Wuhu specify that property developers may apply for withdrawal of general escrow funds in the escrow accounts after maintaining the required balance of key escrow funds, and such general escrow funds shall be preferentially used for the construction of relevant projects, while the local regulations of Guangde and Ma’anshan stipulate that the surplus proceeds that exceed key escrow funds are not included in the scope of supervision and can be withdrawn by the property developers at any time.

The local rules of above cities in Anhui classify escrow funds into key escrow funds and general escrow funds.

Jiangsu

According to the Provisional Administrative Measures for the Pre-sales Proceeds of Commodity Properties of Baoying (《(江蘇省揚州市)寶應縣商品房預售資金監管暫行辦法》), which came into effect on May 20, 2013, all pre-sale proceeds shall be deposited into the specific escrow account, under which a sum equal to the total amount of construction funds plus 20% (to be maintained as unforeseeable expenditure) shall be under supervision, and the amount of the pre-sale proceeds under supervision shall decrease according to the progress of the project. Furthermore, any part of the pre-sale proceeds which exceeds the required amount under supervision can be used freely by the property developer. According to the Notice from the County Government for Improvement of Supervision of Pre-sale Proceeds of Commodity Properties (《縣政府辦公室關於進一步做好全縣商品房預售款監管工作的通知》) issued by the Baoying County Government, which came into effect on February 17, 2014, the regulatory threshold of supervised funds to be maintained as unforeseeable expenditure was decreased from 20% to 10%. The penalty in Baoying over offences of pre-sale proceed regulations is similar to Zhejiang Province.

According to the Notice on Matters Relating to Pre-sales Proceeds of Commodity Properties (《(江蘇省張家港市)關於商品房預收款監管資金有關事項的通知》), which came into effect on March 12, 2020, all pre-sale proceeds shall be deposited into the designated escrow accounts, and be specifically used to purchase the necessary building materials and equipment for the development and construction and to pay the construction progress payments, statutory taxes and other relevant expenses of the construction of projects. After satisfying certain conditions, property developers may withdraw a part of pre-sale proceeds in the escrow account with the bank’s guarantee.

In Nanjing, Suqian, Taixing, Dongtai, Lianyungang and some other cities in Jiangsu province, it is stipulated that under the condition that the use of construction funds is ensured, when the pre-sale proceeds in the escrow accounts under supervision exceed 100-120% of the total amount of the construction budget of relevant projects, the bank may allow the property developers to use the the excess amount for repayment of loan or to transfer the excess amount.

In addition, pursuant to the Administrative Measures for the Supervision of the Pre-sale Proceeds of Commercial Housing in Urban Areas of Lianyungang City (Lianzhengguifa [2015] No. 5) (《連雲港市市區商品房預售資金監管辦法》(連政規發[2015]5號)) and the Implementing Rules for the Supervision of the Pre-sale Proceeds of Commercial Housing in Urban Areas of Lianyungang City (《連雲港市市區商品房預售資金監管實施細則》(連住房規發[2016]號)), Lianyungang Commercial Housing Sale Supervision Center (連雲港商品房預售資金監管中心, formerly known as 連雲港市房地產交易管理服務有限公司) (“**supervision authority**”) were the third-party agency which supervises pre-sale proceeds in Lianyungang. Real estate developers enter into supervision agreement with the regulatory authorities and the commercial bank before commencing presale or sale of properties, and transfer the pre-sale proceeds in accordance with Notice of Approval for Pre-sale Proceeds of Commodity Housing issued by the relevant authority. Funds in the escrow accounts shall not be paid without the consent of the relevant regulatory authority. Real estate developers shall submit bank statements to the supervisory authority on a monthly basis for verification. Where a real estate developer fails to deposit all the pre-sale proceeds in the escrow account, fails to use the pre-sale proceeds for construction of projects in accordance with the provisions or fails to make rectification in accordance with the requirements of the relevant authorities, such authorities shall promptly report to the municipal housing security and real estate administration authorities, and the municipal housing security and real estate administration authorities may suspend the pre-sale of the relevant projects and announce to the public.

Therefore, apart from Zhangjiagang, the local rules of above-mentioned cities in Jiangsu generally classify escrow funds into key escrow funds and general escrow funds.

Hubei (Xiantao)

According to the Administrative Measures for the Pre-sales Proceeds of Commodity Properties of Xiantao (《仙桃市商品房預售資金監管辦法》), which came into effect on April 13, 2015, the pre-sale proceeds deposited into the escrow accounts shall be used for the construction of relevant projects. The specific scope of use of the proceeds shall include the purchase of necessary building materials and equipment, payment of the construction of the subject and supporting facilities, statutory taxes, principal and interest of mortgage loans secured by the pre-sale projects and necessary management fees. However, property developers may also apply for a certain amount of proceeds as a reserve fund for paying recurring petty expenditures, which may not exceed 15% of the total amount of pre-sale proceeds and may not be used for other purposes. The local rules of Xiantao does not classify escrow funds into key escrow funds and general escrow funds.

Sales After Completion of Commodity Properties

Under the Sale Measures, commodity properties may be put to post-completion sale only when the following conditions have been satisfied: (i) the real estate development enterprise offering to sell the post-completion buildings shall have an enterprise legal person business license and a qualification certificate of real estate development; (ii) the enterprise has obtained land use rights certificates or other approval documents of land use; (iii) the enterprise has obtained the Construction Project Planning License and the Construction Work Commencement License; (iv) the commodity properties have been completed and been inspected and accepted as qualified; (v) the relocation of the original residents has been well settled; (vi) the supplementary essential facilities for supplying water, electricity, heating, gas and communication have been made ready for use, and other supplementary essential facilities and public facilities have been made ready for use, or the schedule of construction and delivery date have been specified; and (vii) the property management proposal has been completed.

The Provisions on Sales of Commodity Properties at Clearly Marked Price (《商品房銷售明碼標價規定》) was promulgated by the NDRC on March 16, 2011 and became effective on May 1, 2011. According to the provisions, any real estate developer or real estate agency is required to mark the selling price explicitly and clearly for both newly-built and second-hand commercial properties. In addition, The

Implementing Rules for Sales of Commodity Properties at Clearly Marked Price of Zhejiang Province (《浙江省商品房銷售明碼標價實施細則》), promulgated by the Price Bureau of Zhejiang Province on May 17, 2011, prescribes that the prices of all commodity properties for selling shall be disclosed within prescribed time at one time.

On February 26, 2013, the General Office of the State Council issued the Notice on Continuing the Regulation of Real Estate Market (《關於繼續做好房地產市場調控工作的通知》) which is intended to cool down the property market and emphasize the government's determination to strictly enforce regulatory and macro-economic measures, which include, among other things, (i) restrictions on purchasing the real estate, (ii) increased down payment requirement for second residential properties purchase, (iii) suspending mortgage financing for second or more residential-properties purchase and (iv) 20% individual income tax rate applied to the gain from the sales of properties.

Mortgage of Properties

The mortgage of real estate in the PRC is mainly governed by the Civil Code of the People's Republic of China (《中華人民共和國民法典》), the Guarantee Law of the PRC (《中華人民共和國擔保法》), and the Measures for Administration of Mortgages of Urban Real Estate (《城市房地產抵押管理辦法》). According to these laws and regulations, land use rights, the buildings and other real fixtures may be mortgaged. When a mortgage is created on the ownership of a building legally obtained, a mortgage shall be simultaneously created on the use right of the land on which the building is located. The mortgagor and the mortgagee shall enter into a mortgage contract in writing. A system has been adopted to register the mortgages of real estate. After a real estate mortgage contract has been signed, the contract parties shall register the mortgage with the real estate administration authority at the location where the real estate is situated. If a mortgage is created on the real estate in respect of which a property ownership certificate has been obtained legally, the registration authority shall make an entry under the "third party rights" item on the original property ownership certificate and issue a Certificate of Third Party Rights to a Building (房屋他項權證) to the mortgagee.

Lease of Properties

Both the Urban Land Regulations and the Urban Real Estate Law permit the leasing of granted land use rights and of the buildings or houses erected on the land. On December 1, 2010, MOHURD promulgated the Administrative Measures for Commodity House Leasing (《商品房屋租賃管理辦法》) (the "New Lease Measures"), which became effective on February 1, 2011, and replaces the Administrative Measures for Urban House Leasing (《城市房屋租賃管理辦法》). Pursuant to the New Lease Measures, parties thereto shall register and file with the local property administration authority within thirty days after entering into the lease contract. Non-compliance with such registration and filing requirements shall be subject to fines up to RMB1,000 (individuals) and RMB1,000 to 10,000 (enterprises) provided that they fail to rectify within required time limits. According to the Urban Real Estate Law, the land proceeds included in the rental income derived from any building situated on allocated land where the land use rights have been obtained through allocation, shall be turned over to the State.

Under the Civil Code of the People's Republic of China (《中華人民共和國民法典》), promulgated by the NPC on May 28, 2020, the term of a leasing contract shall not exceed 20 years.

REAL ESTATE REGISTRATION

The Interim Regulations on Real Estate Registration (《不動產登記暫行條例》), promulgated by the State Council on November 24, 2014 and became effective on March 1, 2015 and amended on March 24, 2019, and the Implementing Rules of the Interim Regulations on Real Estate Registration (《不動產登記暫行條例實施細則》) promulgated by the Ministry of Land and Resources on January 1, 2016 and amended on July 24, 2019, provide that, among other things, the State implements a uniform real estate registration system and the registration of real estate shall be strictly managed and shall be carried out in a stable and continuous manner that provides convenience for the people.

REAL ESTATE FINANCING

Loans to Real Estate Development Enterprises

On August 30, 2004, the China Banking and Insurance Regulatory Commission (the “CBIRC”) issued a Guideline for Commercial Banks on Risks of Real Estate Loans (《商業銀行房地產貸款風險管理指引》). According to this guideline, no loans shall be granted to projects which have not obtained requisite land use rights certificates, construction land planning licenses, construction works planning permits and construction works commencement permits. The guideline also stipulates that bank loan shall only be extended to real estate developers who applied for loans and contributed not less than 35% of the total investment of the property development project by its own capital. In addition, the guideline provides that commercial banks shall set up strict approval systems for granting loans.

On July 29, 2008, the PBOC and the CBIRC issued the Notice on Financially Promoting the Land Saving and Efficient Use (《關於金融促進節約集約用地的通知》) which, among other things,

- restricts granting loans to real estate developers for the purpose of paying land grant premiums;
- provides that, for secured loans for land reserve, legal land use rights certificates shall be obtained;
- the loan on mortgage shall not exceed 70% of the appraised value of the collateral, and the term of loan shall be no more than two years in principle;
- provides that for the real estate developer who (i) delays the commencement of development date specified in the land use right grant agreement for more than one year, (ii) has not completed one-third of the intended project, or (iii) has not invested one-fourth of the intended total project investment, loans shall be granted or extended prudently;
- prohibits granting loans to the real estate developer whose land has been idle for more than two years; and
- prohibits taking idle land as a security for loans.

On September 29, 2010, the PBOC and the CBIRC jointly issued the Notice on Relevant Issues Regarding the Improvement of Differential Mortgage Loan Policies (《關於完善差別化住房信貸政策有關問題的通知》), which restricts the grant of new project bank loans or extension of credit facilities for all property companies with non-compliance records regarding, among other things, holding idle land, changing land use and nature of the land, postponing construction commencement or completion, or hoarding properties.

Trust and Asset Management Financing

On March 1, 2007, The Measures for Administration of Trust Companies (《信託公司管理辦法》), which was promulgated by the CBIRC on January 23, 2007, came into effect. For the purposes of these measures, “Trust Company” shall mean any financial institution established pursuant to the PRC Company Law and the Measures for Administration of Trust Companies, and that primarily engages in trust activities.

From October 2008 to November 2010, the CBIRC issued several regulatory notices in relation to real estate activities conducted by Trust Companies, including a Circular on Relevant Matters Regarding Strengthening the Supervision of the Real Estate and Securities Businesses of Trust Companies (《關於加強信託公司房地產、證券業務監管有關問題的通知》), promulgated by the CBIRC on October 28, 2008 and became effective on the same date, Notice of CBIRC on Relevant Issues Regarding Supporting the Innovative Development of Trust Companies 《中國銀監會關於支持信託公司創新發展有關問題的通知》

, promulgated by the CBIRC on March 25, 2009 and became effective on the same date, Notice of General Office of CBIRC on Relevant Issues Regarding Strengthening the Supervision of the Real Estate Businesses of Trust Companies 《中國銀監會辦公廳關於加強信託公司房地產信託業務監管有關問題的通知》, promulgated on February 11, 2010 and became effective on the same date, pursuant to which Trust Companies are restricted from providing trust loans, in form or in nature, to property projects that have incomplete “Four Certificates” (i.e. the Certificate of Land Use Rights, Planning License for Construction-land-use, Planning License for Construction Works and Construction License) and the property projects (except for affordable housing) of which less than 35% of the total investment is funded by the property developers’ own capital (according to the Notice of the State Council on Adjusting and Improving the Capital System for Fixed Assets Investment Projects (《國務院關於調整和完善固定資產投資項目資本金制度的通知》) issued by the State Council and became effective on September 9, 2015, the 35% requirement was changed to 20% for indemnificatory housing and ordinary commodity apartments, and to 25% for other property projects). If a real estate developer intends to apply for the loan from a trust company, the real estate developer itself or its controlling shareholder shall obtain a Real Estate Development Qualification Certificate whose classification is no less than Class II.

On April 27, 2018, the Opinions on Regulating Asset Management Business of Financial Institutions (《關於規範金融機構資產管理業務的指導意見》) jointly issued by the PBOC, CBIRC, CSRC and SAFE, require that, financial institutions including Trust Companies, banks, fund management companies and financial asset management companies should comply with applicable regulations regarding the types of asset management business and issuance of asset management products. In addition, such financial institutions should adhere to the fundamental objective of serving the real economy, prevent funds from leaving the real economy for the virtual economy to circulate within the financial system, prevent excessively complicated products from intensifying the transmission of the risks among industries, markets, and regions, and develop unified standards and rules directed in priority at problems in asset management business, such as multi-layered nesting, unclear leverage, serious arbitrage, and frequent speculation.

On May 8, 2019, the CBIRC issued the Circular on Carrying out the Work of Consolidating the Achievements on Rectification of Chaos and Promoting Compliance Construction (《中國銀保監會關於開展「鞏固治亂像成果促進合規建設」工作的通知》), which emphasizes that trust company shall not directly provide financing to real estate development projects which have incomplete “Four Certificates”, whose developers or their controlling shareholders are unqualified and whose capital funds are not fully paid, or provide financing in disguised form through equity investment plus shareholder borrowing, equity investment plus inferior debt subscription, account receivable, specific asset income rights, etc.; provide financing directly or in disguised form for the payment of land-transferring fees by real estate enterprises, and issuance of working capital loans to real estate enterprises directly or in disguised form; provide financing to local governments; require or accept all kinds of guarantees provided by local governments or their affiliated departments; directly or indirectly invest on-and off-balance sheet funds to the “Two-high and One excess” (i.e. high energy consumption, high pollution and excess capacity) industries or other restrictive or prohibited fields.

Housing Loans to Individual Buyers

On April 17, 2010, the State Council issued the Notice on Strictly Restraining the Excessive Growth of the Property Prices in Some Cities (《關於堅決遏制部分城市房價過快上漲的通知》), pursuant to which, a stricter differential housing credit policy shall be enforced. It provides that, among other things, (i) for a family member who is a first-time house buyer (including the debtors, their spouses and their juvenile children, similarly hereinafter) of the apartment with a GFA more than 90 sq.m., a minimum 30% down payment shall be paid; (ii) for a family who applies loans for its second house, the down payment requirement is raised to at least 50% from 30% and also provides that the applicable interest rate must be at least 1.1 times of that of the corresponding benchmark interest rate over the same corresponding period published by the PBOC; and (iii) for those who purchase three or more houses, even higher requirements

on both down payments and interest rates shall be levied. In addition, the banks may suspend housing loans to third or more home buyers in places where house prices rise excessively, the prices are rapidly high and housing supply is insufficient.

The Notice on Certain Matters Concerning Individual Housing Loan Policies (《關於個人住房貸款政策有關問題的通知》) promulgated by PBOC, MOHURD and CBIRC on March 30, 2015 and became effective on the same date provides that where a household, which has already owned a house and has not paid off the relevant housing loan, applies for another commercial personal housing loan to purchase another ordinary housing property for the purpose of improving living conditions, the minimum down payment is adjusted to 40% of the property price. The actual down payment ratio and loan interest rate should be determined by the banking financial institution concerned based on the borrower's credit record and financial condition. For working households that have contributed to the housing provident fund, when they use the housing provident fund loans to purchase an ordinary residential house as their first house, the minimum down payment shall be 20% of the house price; for working households that have contributed to the housing provident fund and that have already owned a home and have paid off the corresponding home loans, when they apply for the housing provident fund loans for the purchase of an ordinary residential house as their second property to improve their housing conditions, the minimum down payment shall be 30% of the property price.

The Notice of the People's Bank of China and the China Banking Regulatory Commission on Further Improving Differentiated Housing Credit Lending Policies (《關於進一步完善差別化住房信貸政策有關問題的通知》) issued by PBOC and CBIRC on September 24, 2015, provides that in cities that control measures on property purchase are not imposed, where a household applies for the commercial personal housing loan to purchase his/her first ordinary housing property, the minimum down payment shall be adjusted to 25% of the house price. The minimum down payment ratio for the commercial personal housing loan of each city will be independently determined by each provincial pricing self-disciplinary mechanism of market interest based on the actual situation of each city under the guidance of PBOC and the CBIRC local office.

The Notice on Adjustments in Respect of Certain Matters Concerning Individual Housing Loan Policies (《關於調整個人住房貸款政策有關問題的通知》), promulgated by PBOC and CBIRC on February 1, 2016, provides that in the cities that control measures on property purchase are not imposed, where a household applies for the commercial personal housing loan to purchase its first ordinary housing property, the minimum down payment, in principle, shall be 25% of the property price and each city could adjust such ratio downwards by 5%; and where a household which has already owned a house and has not paid off the relevant housing loan, applies for another commercial personal housing loan to purchase another ordinary housing property for the purpose of improving living conditions, the minimum down payment is adjusted to 30% of the property price. In the cities that control measures on property purchase are imposed, the individual housing loan policies shall be adopted in accordance with the original regulations and the actual down payment ratio and loan interest rate shall be determined reasonably by the banking financial institutions based on the requirements of minimum down payment ratio determined by provincial pricing self-disciplinary mechanism of market interest, the loan-issuance policies and the risk control for commercial personal housing loan adopted by such banking financial institutions and other factors such as the borrower's credit record and capacity of repayment.

ENVIRONMENTAL PROTECTION

The laws and regulations governing the environmental requirements for real estate development in the PRC include the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Prevention and Control of Noise Pollution Law of the People's Republic of China (《中華人民共和國環境噪聲污染防治法》), the Environmental Impact Assessment Law of the People's Republic of China (《中華人民共和國環境影響評價法》), the Administrative Regulations on Environmental Protection for Development Projects (《建設項目環境保護管理條例》). Pursuant to these laws and regulations, depending on the impact of the project on the environment, an environmental impact study report, an environmental impact analysis table or an environmental impact registration form shall

be submitted by a developer before the relevant authorities will grant approval for the commencement of construction of the property development. In addition, upon completion of the property development, the relevant environmental authorities and the construction unit will also inspect the property to ensure compliance with the applicable environmental standards and regulations before the property can be delivered to the purchasers.

Administrative Measures of Zhejiang Province on Environmental Protection for Development Projects (《浙江省建設項目環境保護管理辦法》), latest amended on January 22, 2018, provides detailed environmental requirements and due procedures especially for the real estate development projects in Zhejiang Province.

CIVIL AIR DEFENSE PROPERTY

Pursuant to the PRC Law on National Defense (《中華人民共和國國防法》) promulgated by the NPC on March 14, 1997, last amended on December 26, 2020, national defense assets are owned by the state. Pursuant to the PRC Law on Civil Air Defense (《中華人民共和國人民防空法》) (the “**Civil Air Defense Law**”), promulgated by the NPC on October 29, 1996, as amended on August 27, 2009, civil air defense is an integral part of national defense. The Civil Air Defense Law encourages the public to invest in the construction of civil air defense property and investors in civil air defense are permitted to use, manage the civil air defense property in time of peace and profit therefrom. However, such use must not impair their functions as air defense property. The design, construction and quality of the civil air defense properties must conform to the protection and quality standards established by the State. On November 1, 2001, the National Civil Air Defense Office issued the Administrative Measures for Developing and Using the Civil Air Defense Property at Ordinary Times (《人民防空工程平時開發利用管理辦法》) and the Administrative Measures for Maintaining the Civil Air Defense Property (《人民防空工程維護管理辦法》), which specify how to use, manage and maintain the civil air defense property. Pursuant to Measures for Implementing “the PRC Civil Air Defense Law” (amended in 2020) (《浙江省實施〈中華人民共和國人民防空法〉辦法(2020修正)》), promulgated by standing committee of people’s congress of Zhejiang Province on September 3, 1999, firstly amended on January 16, 2004, secondly amended on May 28, 2014, thirdly amended on December 4, 2015, fourth amended on November 27, 2020 and Administrative Measures for Air Defense Basement of Zhejiang Province (《浙江省防空地下室管理辦法》), which was promulgated by People’s Government of Zhejiang Province on April 8, 2016, and came into effect on June 1, 2016, and latest amended on December 29, 2018, the construction unit shall have the right to use and manage the civil air defense property which is constructed by itself in non-wartime, but shall also be obliged to undergo the registration procedures at eligible authorities. In addition, the construction unit may also be entitled with the right to use the civil air defense property intended for public use and be granted with the certificate of legally usage of civil air defense property when the usage is approved by authorities in charge of civil air defense at or above the county level.

MEASURES ON STABILIZING HOUSING PRICES

The Notice on Adjusting the Business Tax Policies Concerning Transfer of Individual Housing (《關於調整個人住房轉讓營業稅政策的通知》) promulgated by the Ministry of Finance of the People’s Republic of China (the “**MOF**”) and the State Taxation Administration (the “**SAT**”) on March 30, 2015 and became effective on March 31, 2015 provides that where an individual sells a property purchased within two years, business tax shall be levied on the full amount of the sales income; where an individual sells a non-ordinary property that was purchased more than two years ago, business tax shall be levied on the difference between the sales income and the original purchase price of the house; the sale of an ordinary residential property purchased by an individual more than two years ago is not subject to such business tax.

The Notice of the Ministry of Finance, the State Administration of Taxation and the Ministry of Housing and Urban-Rural Development on Adjusting the Preferential Policies on Deed Tax and Business Tax during Real Estate Transactions (《財政部、國家稅務總局、住房城鄉建設部關於調整房地產交易環節契稅、營業稅優惠政策的通知》) promulgated on February 17, 2016 and became effective on February

22, 2016 provides that: (i) in the case of an one-and-only household residential property purchased by individuals (family members shall include the buyer, his/her spouse and underage children, same hereinafter), where the area is 90 sq.m. or below, deed tax shall be levied at the reduced rate of 1%; where the area exceeds 90 sq.m., deed tax shall be levied at the reduced rate of 1.5%; and (ii) the purchase of a second house by an individual for making house improvements for his/her family is subject to deed tax at a reduced rate of 1% if the area of the house is 90 sq.m. or less, or 2% if the area is over 90 sq.m. Meanwhile, the Notice specifies that the sale of a house that has been purchased by an individual for less than two years is subject to business tax at a full rate; and the sale of a house that has been purchased by an individual for two years or more is exempted from business tax. In addition, the Notice stresses that certain preferential business tax policies shall not apply to Beijing Municipality, Shanghai Municipality, Guangzhou City and Shenzhen City for the time being.

Pursuant to Notice on Further Standardizing the Business Behaviors of the Real Estate Development Enterprises and Safeguarding the Order of the Real Estate Market (《關於進一步規範房地產開發企業經營行為維護房地產市場秩序的通知》) promulgated and implemented on October 10, 2016 by Ministry of Housing and Urban-Rural Development, competent real estate departments at all levels shall investigate and penalize illegal business activities of real estate developers, which include: (i) conducting malicious speculation and pushing up prices by fabricating or transmitting information on rise in price; (ii) collecting deposits, booking fees and other fees from consumers or collecting them in disguised forms by means of subscription, booking, issuing a row number and card, etc. to push up prices without meeting the requirements for selling commercial houses. Real estate developers conducting illegal business activities may be put on the list of real estate developers in serious violation of law in the light of circumstances.

In accordance with 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》), promulgated and implemented on April 1, 2017 by Ministry of Land and the MOHURD, in cities featuring obvious contradiction between the supply of and demand for housing or under pressure due to increasing housing prices and more housing land, in particular the land for ordinary commercial houses, shall be supplied to a reasonable extent, and the housing land supply shall be reduced or even suspended in cities requiring a lot of destocking of real estate. All the local authorities shall build a land purchase money inspection system to ensure that the real estate developers use their own legal funds to purchase land.

Pursuant to the Notice of MOHURD on Further Improving the Management and Control over the Real Estate Market (《住房城鄉建設部關於進一步做好房地產市場調控工作有關問題的通知》) promulgated and implemented on May 19, 2018 by the MOHURD, all regions shall take practical measures to achieve targets of stabilizing housing prices, controlling rents, reducing leverage, preventing risks, adjusting structure, and stabilizing expectations, support rigid housing demands, and resolutely curb property speculation. It is necessary to improve the supply mode of commercial houses land and establish a linkage mechanism for land price and house price so as to prevent land prices from pushing up house prices. In key cities, the proportion of residential land should be enhanced and it is suggested that residential land represent at least 25% of land set aside for urban development.

Pursuant to Notice of Launching Special Actions in Some Cities to Fight Activities Undermining People's Interests and Disrupting the Property Market (《關於在部分城市先行開展打擊侵害群眾利益違法違規行為治理房地產市場亂象專項行動的通知》) jointly issued on June 25, 2018 by the Ministry of Housing and Urban-Rural Development, the Publicity Department of the CPC Central Committee, the Ministry of Public Security, the Ministry of Justice, the State Administration of Taxation, the State Administration for Market Regulation and China Banking and Insurance Regulatory Commission, special actions will be taken in some cities, including Hangzhou, from July to December, 2018. The key issues to be regulated include: (i) speculative purchase of housing, including monopolizing housing resource, manipulating property prices or rental; (ii) illegal or violating behaviors conducted by real estate developers, including selling commodity housing at price different than that filed with the government or increasing price in disguise by imposing additional conditions to limit the legal rights of home buyers

(such as bundling parking space or decorating), and violating the provisions on transparent pricing such as not stating sales status or price of housing resource. The Ministry of Housing and Urban-Rural Development has already circulated two lists of law-breaking real estate developers and intermediary agencies.

FOREIGN CURRENCY EXCHANGE

The principal regulations governing foreign currency exchange in the PRC are the Foreign Exchange Administrative Regulations (《外匯管理條例》) (the “**SAFE Regulations**”) which was promulgated by the State Council and latest amended on August 5, 2008. Under the SAFE Regulations, the RMB is generally freely convertible for current account items, including the distribution of dividends, trade and service related foreign exchange transactions, but not for capital account items, such as direct investment, loan, repatriation of investment and investment in securities outside the PRC, unless the prior approval of the SAFE is obtained.

Pursuant to the Circular of the State Administration of Foreign Exchange on Issues concerning Foreign Exchange Administration over the Overseas Investment and Financing and Round-trip Investment by Domestic Residents via Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (the “**SAFE Circular No. 37**”), promulgated by SAFE and which became effective on July 4, 2014, (a) a PRC resident (the “**PRC Resident**”) shall register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle (the “**Overseas SPV**”), that is directly established or controlled by the PRC Resident for the purpose of conducting investment or financing; and (b) following the initial registration, the PRC Resident is also required to register with the local SAFE branch for any major change, in respect of the Overseas SPV, including, among other things, a change of the Overseas SPV’s PRC Resident shareholder(s), name of the Overseas SPV, term of operation, or any increase or reduction of the Overseas SPV’s registered capital, share transfer or swap, and merger or division. Pursuant to SAFE Circular No. 37, failure to comply with these registration procedures may result in penalties.

Pursuant to the Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (《關於進一步簡化和改進直接投資外匯管理政策的通知》) (the “**Circular 13**”), which was promulgated on February 13, 2015 and with effect from June 1, 2015, the foreign exchange registration under domestic direct investment and the foreign exchange registration under overseas direct investment are directly reviewed and handled by banks in accordance with the Circular 13, and the SAFE and its branches shall perform indirect regulation over the foreign exchange registration via banks.

TAXATION

Enterprise Income Tax

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (the “**EIT Law**”), which was promulgated on March 16, 2007 and latest amended on December 29, 2018, a unified income tax rate of 25% is applied for both domestic and foreign-invested enterprises. Furthermore, pursuant to the EIT Law and the Implementation Rules on the Enterprise Income Tax (《企業所得稅法實施條例》) which was promulgated on December 6, 2007 and with effect from January 1, 2008 and amended on April 23, 2019, enterprises are classified as either “resident enterprises” or “non-resident enterprises”. Pursuant to the EIT Law and the EIT Implementation Rules, besides enterprises established within the PRC, enterprises established outside China whose “de facto management bodies” are located in China are considered “resident enterprises” and subject to the uniform 25% enterprise income tax rate for their global income. In addition, the EIT Law provides that a non-resident enterprise refers to an entity established under foreign law whose “de facto management bodies” are not within the PRC but which have an establishment or place of business in the PRC, or which do not have an establishment or place of

business in the PRC but have income sourced within the PRC. Furthermore, the EIT Implementation Rules provide that, a withholding tax rate of 10% will be applicable to any dividend payable by foreign-invested enterprises to their non-PRC enterprise investors.

In addition, pursuant to the Arrangement between Mainland China and Hong Kong for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於所得避免雙重徵稅和防止偷漏稅的安排》) signed on August 21, 2006 and applicable in Hong Kong to income derived in any year of assessment commencing on or after April 1, 2007 and in mainland China to any year commencing on or after January 1, 2007, a company incorporated in Hong Kong will be subject to withholding income tax at a rate of 5% on dividends it receives from its PRC subsidiaries if it holds a 25% or more of equity interest in each such PRC subsidiary at the time of the distribution, or 10% if it holds less than a 25% equity interest in that subsidiary. According to the Notice of the State Administration of Taxation, or SAT on issues regarding the Administration of Dividend Provisions in Tax Treaties (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》), which was promulgated on February 20, 2009, recipients of dividends paid by PRC enterprises must satisfy certain requirements in order to obtain a preferential income tax rate pursuant to a tax treaty, one such requirement is that the taxpayer must be the “beneficiary owner” of relevant dividends. In order for a corporate recipient of dividends paid by a PRC enterprise to enjoy preferential tax treatment pursuant to a tax treaty, such recipient must be the direct owner of a certain proportion of the share capital of the PRC enterprise at all times during the 12 months preceding its receipt of the dividends. In addition, the Announcement of the State Administration of Taxation on Issues concerning the “Beneficial Owner” in Tax Treaties (《國家稅務總局關於稅收協定中“受益所有人”有關問題的公告》) promulgated on February 3, 2018 and became effective on April 1, 2018, defined the “beneficial owner” as a person who owns or controls income or the rights or property based on which the income is generated, and introduced various factors to adversely impact the recognition of such “beneficiary owners”.

Value-added Tax

Pursuant to the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例》) promulgated on December 13, 1993 revised on February 6, 2016 and latest amended on November 19, 2017 and its implementation rules, all entities or individuals in the PRC engaging in the sale of goods, the provision of processing services, repairs and replacement services, the sale services, intangible assets, immovables, and the importation of goods are required to pay value-added tax (the “VAT”).

Pursuant to the Announcement of the SAT on Promulgating the Interim Administrative Measures for the Collection of Value-added Tax on the Sale of Self-developed Real Estate Projects by Real Estate Developers (《國家稅務總局關於發佈〈房地產開發企業銷售自行開發的房地產項目增值稅徵收管理暫行辦法〉的公告》) which was promulgated on March 31, 2016 and with effect from May 1, 2016 and amended on June 15, 2018, real estate developer shall pay VAT for the sales of its self-developed real estate project.

Circular regarding the Pilot Program on Comprehensive Implementation of VAT from Business Taxes Reform (《關於全面推開營業稅改徵增值稅試點的通知》), promulgated by Ministry of Finance and the SAT on March 23, 2016, effective on May 1, 2016 and amended by Notice on Pilot Policies of Levying VAT in Lieu of Business Tax for Construction Services and Other Sectors (《關於建築服務等營改增試點政策的通知》) on July 11, 2017 and Announcement on Policies to Deepen VAT Reform (《關於深化增值稅改革有關政策的公告》) on March 20, 2019 provides that upon approval by the State Council, the pilot program of replacing business tax with VAT shall be implemented nationwide effective from May 1, 2016 and all business tax payers in construction industry, real estate industry, finance industry and consumer service industry, etc. shall be included in the scope of the pilot program and pay VAT instead of business tax. According to the appendix of this notice, entities and individuals engaging in the sale of services, intangible assets or real property within the territory of the People’s Republic of China shall be the taxpayers of VAT and shall, instead of business tax, pay VAT. The sale of real property and the secondhand housing transaction shall adopt this notice as well. Under the Decision of State Council on Abolition of

the Provisional Regulations of the People's Republic of China on Business Tax and Revision of the Provisional Regulations of the People's Republic of China on VAT (《國務院關於廢止〈中華人民共和國營業稅暫行條例〉和修改〈中華人民共和國增值稅暫行條例〉的決定》) which was promulgated on November 19, 2017 and came into effect on the same day, business tax is officially replaced by VAT.

Land Appreciation Tax

Under the Interim Regulations on Land Appreciation Tax of the PRC (《中華人民共和國土地增值稅暫行條例》) promulgated by the State Council on December 13, 1993 and latest amended on January 8, 2011 as well as its implementation rules issued on January 27, 1995 (《中華人民共和國土地增值稅暫行條例實施細則》), land appreciation tax is payable on the appreciation value derived from the transfer of State-owned land use rights and buildings or other facilities on such land, after deducting the deductible items.

LABOR PROTECTION

Pursuant to the PRC Labor Law (《中華人民共和國勞動法》), which was promulgated by the SCNPC on July 5, 1994 and became effective on January 1, 1995 and latest amended on December 29, 2018, the PRC Labor Contract Law (《中華人民共和國勞動合同法》), which was promulgated by the SCNPC on June 29, 2007 and subsequently amended on December 28, 2012 and became effective on July 1, 2013, and the Implementing Regulations of the Employment Contracts Law of the PRC (《中華人民共和國勞動合同法實施條例》), which was promulgated by the State Council and became effective on September 18, 2008, labor contracts in written form shall be executed to establish labor relationships between employers and employees. In addition, wages cannot be lower than local minimum wage. The employers must establish a system for labor safety and sanitation, strictly abide by State rules and standards, provide education regarding labor safety and sanitation to its employees, provide employees with labor safety and sanitation conditions and necessary protection materials in compliance with State rules, and carry out regular health examinations for employees engaged in work involving occupational hazards.

The Notice of the Office of the Ministry of Human Resources and Social Security on Issues of Properly Handling the Employment Relations during the Period of Prevention and Control of Infection Caused by Novel Coronavirus (Ming Dian No. 5 [2020] of the Office of the Ministry of Human Resources and Social Security) (《人力資源社會保障部辦公廳關於妥善處理新型冠狀病毒感染的肺炎疫情防控期間勞動關係問題的通知》(人社廳明電[2020]5號)) issued by the Ministry of Human Resources and Social Security on 24 January, 2020 provides that all patients with Novel Coronavirus, suspected patients and people who have close relationship with them placed in isolation for medical treatments and inspection as well as employees who are not able to provide services due to isolation implemented by the government or other measures in emergencies shall be entitled to compensation from the employers for such periods. The employers shall not terminate the employment contracts with the employees on Article 40 and Article 41 of the Labor Contract Law. During such periods, any employment contract that expires shall be extended to the date when the periods of medical treatment or inspection expire, or the period of isolation or the expiry of such periods when measures for emergencies are taken by the government.

Under applicable PRC laws, including the Social Insurance Law of PRC (《中華人民共和國社會保險法》), which was promulgated by the SCNPC on October 28, 2010 and became effective on July 1, 2011 and amended on December 29, 2018, the Interim Regulations on the Collection and Payment of Social Security Funds (《社會保險費徵繳暫行條例》), which was promulgated by the State Council and became effective on January 22, 1999 and amended on March 24, 2019, and the Regulations on the Administration of Housing Provident Funds (《住房公積金管理條例》), which was promulgated by the State Council and became effective on April 3, 1999, amended on March 24, 2002 and March 24, 2019, employers are required to contribute, on behalf of their employees, to a number of social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury

insurance, maternity insurance and to housing provident funds. These payments are made to local administrative authorities and any employer who fails to contribute may be fined and ordered to make good the deficit within a stipulated time limit.

PRC MERGER & ACQUISITION

Pursuant to the Regulations on Mergers of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the “**M&A Rules**”) which was promulgated by the MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council, the SAT, the SAIC, the China Securities Regulatory Commission and the SAFE on August 8, 2006, and subsequently amended by the MOFCOM on June 22, 2009, acquisition of a domestic enterprise by a foreign investor refers to the purchase by foreign investors of the equity interests of the shareholders of non-foreign invested enterprises established within the territory of PRC or the subscription by foreign investors of the capital increase of domestic companies, thus converting and re-establishing such domestic companies as foreign-invested enterprises; or, and the purchase by agreement of the assets of domestic enterprises and operation of such assets through the foreign-invested enterprises established by foreign investors for the purpose of merging and acquiring domestic enterprises, or, the purchase of the assets of domestic enterprises through agreement by foreign investors who then use such purchased assets to establish a foreign-invested enterprise which operates such assets. As for merger and acquisition of a domestic company with a related party relationship by a domestic company, enterprise or natural person in the name of an overseas company legitimately incorporated or controlled by the domestic company, enterprise or natural person, such merger and acquisition shall be subject to examination and approval of the Ministry of Commerce.

On October 8, 2016, Ministry of Commerce issued the Interim Administrative Measures for the Record-filing of the Incorporation and Change of Foreign-invested Enterprises (the “**Circular 6**”) (《外商投資企業設立及變更備案管理暫行辦法》) which took effect on the same day and amended on July 30, 2017 and further amended on June 29, 2018. According to the Circular 6, where a non-foreign-invested enterprise changes into a foreign-invested enterprise which is not involved in special access administrative measures prescribed by the PRC government due to acquisition, consolidation by merger or otherwise, which is subject to record-filing as stipulated in the Circular 6, it shall complete the record-filing formalities for incorporation and submit the Incorporation Application in accordance with Circular 6. On December 30, 2019, the Ministry of Commerce and the State Administration of Market Regulation issued the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》), which came into effect on January 1, 2020 and replaced Circular 6. Since January 1, 2020, for foreign investors carrying out investment activities directly or indirectly in China, the foreign investors or foreign-invested enterprises shall submit investment information to the commerce authorities pursuant to these measures.

MANAGEMENT

BOARD OF DIRECTORS

Our Board currently consists of seven Directors comprising four executive Directors and three independent non-executive Directors. The powers and duties of our Board include convening general meetings and reporting our Board's work at our Shareholders' meetings, determining our business and investment plans, preparing our annual financial budgets and final reports, formulating proposals for profit distributions and exercising other powers, functions and duties as conferred by the Articles. We have entered into service agreements with each of our executive Directors. We have also entered into letters of appointment with each of our independent non-executive Directors.

The following table sets forth certain information in respect of members of our Board and senior management of our Company:

Members of our Board

Name	Age	Position
Mr. Chen Guoxiang (陳國祥)	70	Chairman of the Board and executive director
Mr. Chen Hongni (陳弘倪)	38	Executive director, chief executive officer and president
Mr. Zhao Leiye (趙磊義)	59	Executive director and vice president
Mr. Han Bo (韓波)	48	Executive director and vice president
Mr. Wong Kon Man Jason (王幹文)	57	Independent non-executive director
Mr. Ding Jiangang (丁建剛)	58	Independent non-executive director
Mr. Ma Hongman (馬紅漫)	45	Independent non-executive director

Members of our senior management

Name	Age	Position
Mr. Tan Mingheng (談銘恒)	45	Vice president, chief financial officer and joint company secretary
Mr. Chen Yihui (陳毅輝)	32	Vice president of the Group and regional president for Eastern Zhejiang
Mr. Zhong Chao (鍾超)	47	General vice president of our business operation in North Zhejiang area

Executive Directors

Mr. Chen Guoxiang (陳國祥), aged 70, founded our Group in 1995. Mr. Chen was appointed as our director on December 13, 2019 and was re-designated as our executive director and appointed as the chairman of our Board on May 21, 2020. Mr. Chen is primarily responsible for formulating the overall business direction and strategic development of our Group. Mr. Chen has been the chairman of Shinsun Property and Xiangsheng Industrial since January 1995 and July 1995, respectively. Mr. Chen also serves as a director of our various subsidiaries. From November 2014 to December 2018, Mr. Chen successively served as a director and the vice chairman of the 7th board of directors and a director of the 8th board of directors of Great Wall International ACG Co., Ltd. (長城國際動漫遊戲股份有限公司) (formerly known as Sichuan Great Wall International ACG Co., Ltd. (四川長城國際動漫遊戲股份有限公司) and Sichuan Shengda Industrial Co., Ltd. (四川聖達實業股份有限公司)), a company engages in the animation industry, whose shares are listed on the Shenzhen Stock Exchange (stock code: 000835.SZ). Mr. Chen is the father of Mr. Chen Hongni, our executive director, chief executive officer and president.

Mr. Chen has over 28 years of experience in the PRC real estate industry. Prior to founding our Group in January 1995, Mr. Chen established Zhejiang Zhuji Xiangsheng Enterprise Development Co., Ltd. (浙江省諸暨市祥生實業開發總公司), a company engaged in real estate property development in Zhejiang Province of the PRC, in June 1993 and acted as its chairman and general manager.

Mr. Chen obtained the qualification of senior economist from Zhejiang Zhuji Personnel Bureau (浙江省諸暨市人事局) of the PRC in December 2003. Mr. Chen has successively served as a council member and an executive council member of the 7th and 8th Council of the China Real Estate Industry Association (中國房地產業協會) from May 2014 to December 2018 and from May 2019 till now, respectively. He was also appointed as the vice chairman of the New Urbanization Committee of the General Association of Zhejiang Entrepreneurs (浙商總會新城鎮產業委員會) in April 2019 and the honorary chairman of Zhoushan Charity General Association (舟山市慈善總會) in June 2019.

Mr. Chen has received multiple awards in recognition of his experience in the real estate industry. He was named as one of the “Top 10 Leading Persons in Residential Property Industry in Zhejiang Province” (浙江省住宅產業十大領軍人物) in 2004, 2008, 2010, 2011 and 2014 and was awarded the “Outstanding Economic Contribution in Zhuji City of Zhejiang Province” award in 2006, 2007, 2019 and 2020. In 2008, Mr. Chen was recognised as one of the “Top 100 Outstanding China Real Estate Entrepreneurs in 2008” (2008中國百名優秀房地產企業家) by All-China Federation of Industry and Commerce (全國房地產商會聯盟). He was awarded the “2012 Shaoxing Charity Star” (紹興市慈善之星) by Shaoxing City Charity Federation (紹興市慈善總會) in 2012 and “5th Charity Award of Zhejiang Province” (浙江省第五屆浙江慈善獎) by the People’s Government of Zhejiang Province (浙江省人民政府) in 2016. Mr. Chen was also awarded the “Economic Development Merit Award” (經濟發展功勳獎) by Shaoxing Development Conference (紹興發展大會) and the “Golden Narcissus Award” (金水仙獎) by 2019 World Zhoushanese Congress (2019世界舟山人大會) in 2018 and 2019, respectively.

Mr. Chen was a director of Zhuji Fuerda Clothing Embroidery Co., Ltd. (諸暨市福爾達服裝刺繡有限公司) (“**Fuerda Clothing**”), a company established in the PRC. On August 16, 2005, the business license of Fuerda Clothing was revoked. Mr. Chen confirmed that, to the best of his knowledge and belief, Zhuji Fuerda was solvent as at the time when its business license was revoked and as of the date of this offering memorandum, no claims had been made against him and he was not aware of any actual or potential claim that has been or will be made against him as a result of the revocation of license of Fuerda Clothing.

Mr. Chen Hongni (陳弘倪), aged 38, was appointed as our executive director and chief executive officer on May 21, 2020. He has been our president since January 2019 and is primarily responsible for overseeing the overall business management and operations of the property projects of our Group. He is also a director of our various subsidiaries. Mr. Chen Hongni is the son of Mr. Chen, our founder, a Controlling Shareholder, an executive director and the chairman of our Board.

He has over eight years of experience in the PRC real estate industry. He joined our Group in November 2012 as the general manager of the hotel management company of Xiangsheng Industrial Group, where he was responsible for overseeing the overall operations of the hotels. From November 2014 to December 2017, Mr. Chen served as the chairman of our branch company in Zhuji City, where he was responsible for overseeing the operations and management of our project companies in Zhuji area. From December 2017 to January 2019, he served as the executive president of Shinsun Property, where he assisted the president in the overall business management of Shinsun Property.

Since July 2016, Mr. Chen Hongni has served as the vice chairman of the Zhuji Young Entrepreneurs Association (諸暨市新生代企業家協會) of the Zhuji city in the PRC.

Mr. Chen Hongni obtained a bachelor’s degree in general studies (business management) from Fort Hays State University in the United States in May 2010.

Mr. Zhao Lei (趙磊義), aged 59, was appointed as our executive director on May 21, 2020. Mr. Zhao has over 13 years of experience in the real estate industry. He joined our Group in August 2007 as our vice president and he is responsible for overseeing the management of key property projects of our Group.

Mr. Zhao graduated from Zhejiang Open University (浙江廣播電視大學) (majoring in finance) in the PRC in August 1986. He has completed a degree course in legal studies provided by China Agricultural University (中國農業大學) in the PRC in January 2005 through distance learning and the Senior Marketing Professional Managers Training Course (高級職業經理訓練班) provided by Tsinghua University (清華大學) in the PRC in April 2006.

Mr. Han Bo (韓波), aged 48, was appointed as an executive director of the Company on March 12, 2021. Mr. Han joined the Group as the vice president in 2018, and is currently holding the positions of director, as well as legal representative and executive director at various subsidiaries within the Group. He was also our president in the Suwan region where he was responsible for overseeing the Group's daily operation in the Suwan region from July 2018 to February 2020. Since January 2020, he has been responsible for managing the construction and contract center of the Group. Since October 2020, he has also concurrently worked at the operation management center of the Group, where he is responsible for overseeing the daily operation of the center.

Mr. Han has over 23 years of experience in the real estate industry in the People's Republic of China ("PRC"). From November 1998 to December 2014, he served as an executive general manager of Greentown China Holdings Limited (綠城中國控股有限公司), a real estate development company whose shares are listed on the Main Board of the Stock Exchange (stock code: 03900), where he was mainly responsible for coordinating the daily operation of the group's business including products and projects. From January 2015 to July 2018, he assumed the role as the Shanghai regional vice president of Sunac China Holdings Limited (融創中國控股有限公司), a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 01918). He was mainly in charge of overseeing the group's regional business operations.

Mr. Han is a qualified civil engineer as certified by the Economic and Trade Commission of Zhejiang Province (浙江省經濟貿易委員會) since December 2002. He obtained a bachelor's degree in engineering from Zhejiang University (浙江大學) in the PRC in July 1996.

Independent non-executive Directors

Mr. Wong Kon Man Jason (王幹文), aged 57, was appointed as an independent non-executive director on October 20, 2020.

Mr. Wong has over 27 years of experience in fund management and capital market investment. From December 1992 to May 1993 and from January 1989 to September 1992, Mr. Wong was employed as a senior accountant II by Ernst & Young in Hong Kong and a senior auditor by Clay & Co. CPA in the USA, respectively. From May 1993 to February 2000, he served as a financial consultant of Transpac Capital Limited, one of the largest and oldest private equity funds and venture capital funds in Asia, where he was mainly responsible for financial due diligence, financial risk management and investment management. Since March 2000, he has been the managing director of Fortune Capital Group Limited, an investment company, where he is mainly responsible for corporate investment business planning, investment project evaluation and investment management. Since April 2013, he has served as the founding shareholder, director, and investment committee member of Whiz Partners Asia Limited, a company which manages the fund investment strategies of companies in Japan and other Asian countries, where he is mainly responsible for investment project evaluation and formulation of investment strategies.

Mr. Wong has been or was an independent non-executive director of the following listed companies:

Name of company	Period of service	Stock code and place of listing	Principal business
1..... Bamboos Health Care Holdings Limited (百本醫護控股有限公司)	January 2019 — present	Main Board of the Stock Exchange: 2293	Provision of healthcare services
2..... China International Development Corporation Limited (中聯發展控股集團有限公司) (formerly known as Ascent International Holdings Limited (中璽國際控股有限公司))	October 2017 — August 2018	Main Board of the Stock Exchange: 264	Leather products-related businesses
3..... DT Asia Investments Limited (now trading as “China Lending Corporation Limited”)	September 2014 — June 2016	NASDAQ: CADTU (now trading as CLDC)	Provision of loan facilities to micro, small and medium sized enterprises
4..... Neo-Neon Holdings Limited (真明麗控股有限公司)	November 2011 — September 2014	Main Board of the Stock Exchange: 1868	Manufacture and distribution of decorative lighting products
5..... Polyard Petroleum International Group Limited (百田石油國際集團有限公司)	May 2010 — October 2013	GEM of the Stock Exchange: 8011	Exploration, exploitation and development of oil, natural gas and coal
6..... China Shen Zhou Mining & Resources, Inc.	July 2009 — December 2011	NYSE American Stock Exchange: SHZ	Mining and processing of fluorite and nonferrous metals
7..... Rare Earth Magnesium Technology Group Holdings Limited (稀鎂科技集團控股有限公司) (formerly known as Group Sense (International) Limited (權智(國際)有限公司))	September 2004 — March 2015	Main Board of the Stock Exchange: 601	Design and manufacture of handheld products

Mr. Wong has been a member of the Hong Kong Institute of Certified Public Accountants (formerly known as the Hong Kong Society of Accountants) since February 1993 and a member of the American Institute of Certified Public Accountants since June 1992. Mr. Wong served as a member of the Jiu Yuan District, Baotou City, 8th Committee of the Chinese People’s Political Consultative Conference, the PRC from November 2012 to November 2016. Mr. Wong obtained a bachelor’s degree in business administration (majoring in accounting) from the University of Hawaii at Manoa in the United States in December 1988.

Mr. Ding Jiangan (丁建剛), aged 58, was appointed as an independent non-executive director on October 20, 2020.

Mr. Ding has approximately 31 years of experience in the media industry. From November 1985 to April 1989, Mr. Ding was the teacher and leader of the teaching and research group of building structure of Zhejiang Construction Industrial College (浙江省建築工業學校), where he was responsible for teaching building structure courses and management of the teaching and research group. From April 1989 to September 2008, he was the journalist and producer of Zhejiang Radio & TV Group (浙江廣播電視集團), a group engaged in publication and sales of newspaper, magazines and videos, where he was responsible for production of property programs. From September 2008 to February 2013, he was the assistant

supervisor of the economic department of, and the vice chief editor of the website “Live in Hangzhou” of, Zhejiang Online News Website Co., Ltd. (浙江在線新聞網站有限公司), a company engaged in online news publication, where he was responsible for researching financial properties and providing commentaries. From March 2013 to May 2014, Mr. Ding was the head of Hangzhou Joint Founder Information Technology Co., Ltd. (杭州中房信息科技有限公司), which is engaged in the provision of market analysis of real estate industry, and was responsible for research on real estate policy and real estate market. Since January 2019, Mr. Ding has been an independent non-executive director of Dexin China Holdings Company Limited (德信中國控股有限公司), a PRC property developer whose shares are listed on the Main Board of the Stock Exchange (stock code: 2019). Since February 21, 2019, Mr. Ding has been an independent non-executive director of Binjiang Service Group Co. Ltd., a property management service provider whose shares are listed on the Main Board of the Stock Exchange (stock code: 3316). Since May 2014, Mr. Ding has been the dean of Zhejiang Daily Media Real Estate Institute (浙報傳媒地產研究院), which is engaged in the provision of market analysis of real estate industry, and is responsible for research on real estate policy and real estate market. He has also been serving at Zhejiang Real Estate Institute (浙江房地產業協會) as a council member and is responsible for research in relation to policies and market trends in the real estate industry since October 2017.

Mr. Ding obtained a bachelor’s degree in civil engineering (工業與民用建築專業) from Xi’an University of Architecture and Technology (西安建築科技大學) (formerly known as Xi’an Metallurgy Architecture College (西安冶金建築學院)), in the PRC, in July 1983.

Mr. Ma Hongman (馬紅漫), aged 45, was appointed as an independent non-executive director on October 20, 2020.

Mr. Ma has more than 17 years of experience in the media industry. From April 2002 to April 2017, he served as a producer and host of various financial television programs for Shanghai First Financial Media Co., Ltd. (上海第一財經傳媒有限公司). From September 2014 to August 2016, he served as an external postgraduate adviser of master of finance (金融碩士專業學位研究生校外指導老師) in Tonji University (同濟大學) in the PRC. From April 2017 to April 2020, he served as the director and a senior researcher of the Institute of Enterprises Competitiveness (企業競爭力研究所) under the Institute of Chinese Enterprises Development of Shanghai Jiao Tong University (上海交通大學中國企業發展研究院). Since April 2017, Mr. Ma has been a director and president of Shanghai Youera Media Co., Ltd. (上海約珥傳媒有限公司), a media company, where he oversees the business operation, and a member of the experts committee of Shanghai Brand Development Center (上海品牌促進中心). Since December 2018, he has been a guest lecturer of SILC Business School of Shanghai University (上海大學悉尼工商學院) for a period of three years.

Mr. Ma obtained the qualification of an international actuary (國際註冊精算師) from the USA Federal International Qualification Authentication Corp. (美國聯邦國際資格認證協會) in September 2017. He was named as one of “2011-2012 Top Ten Young Economic Figures in Shanghai” (2011年–2012年上海十大青年經濟人物) by Shanghai Young Entrepreneurs Association (上海市青年企業家協會) in March 2013, and “Shanghai Top Ten Outstanding Youth” (上海十大傑出青年) by the 18th Shanghai Top Ten Outstanding Youth Selection Activity Group (第十八屆上海十大傑出青年評選活動組) formed by representatives of various organizations including Shanghai Youth Federation, Xinhua News Agency (Shanghai branch), Shanghai Television Station and Liberation Daily Newspaper Group in December 2015. He was also awarded the “Shanghai Youth May Fourth Medal” (上海市青年五四獎章) by the Central Committee of the Communist Youth League (共青團上海市委員會) and Shanghai Human Resources and Social Security Bureau (上海市人力資源和社會保障局) in May 2014.

Mr. Ma obtained a master’s degree in industrial economics from Shanghai University (上海大學) in the PRC in April 2002 and a doctorate degree in economics from Shanghai Academy of Social Sciences (上海社會科學院) in the PRC in July 2007.

SENIOR MANAGEMENT

Mr. Tan Mingheng (談銘恒), aged 45, joined our Group as our vice president in October 2019 and was appointed as one of our joint company secretaries and our Chief financial officer on May 21, 2020 and May 26, 2020, respectively. He is primarily responsible for overseeing the financial operations of capital market and company secretarial affairs of our Group.

He has over 20 years of finance experience. Prior to joining our Group, he served as a senior auditor in Ernst & Young Hua Ming LLP from September 1998 to December 2000. From January 2001 to March 2008, he served in the Shanghai Branch of KPMG Huazhen LLP and his last position was senior manager. Mr. Tan has also served in various real estate development companies in the PRC. From April 2008 to January 2013, he served as the director of the risk management department in Jingrui Properties (Group) Co., Ltd. (景瑞地產(集團)有限公司) (“**Jingrui Properties**”), where he was mainly responsible for risk management. Mr. Tan was appointed as the chief financial officer and the officer in charge of audit legal affairs of Jingrui Holdings Limited (景瑞控股有限公司), a real estate company whose shares are listed on the Main Board of the Stock Exchange (Stock code: 1862), in January 2013 and served as so till August 2015. From August 2015 to March 2016, he served as the chief financial officer of Zhenro Group Co., Ltd. (正榮集團有限公司), a real estate company. From March 2016 to September 2017, he served as chief financial officer and the board secretary of Zhenro Properties Holdings Company Limited. From September 2017 to November 2018, he served in the group comprising Zhenro Properties Group Limited (正榮地產集團有限公司) (Stock Code: 6158), a real estate company whose shares are listed on the Main Board of the Stock Exchange, and its subsidiaries and his last positions included chief financial officer and joint company secretary, where he was responsible for overall financial and capital operation of the group. From November 2018 to October 2019, he served as the vice president and chief financial officer of Orsun Holdings Limited (奧山控股有限公司), a real estate property developer, where he was responsible for overseeing the financial matters of the Group.

Mr. Tan has been a certified public accountant as credentialed by Shanghai Institute of Certified Public Accountant since 2009. He obtained a bachelor’s degree in economics majoring in international finance from the Shanghai University (上海大學) in the PRC in July 1998. He also obtained an executive master of business administration (EMBA) degree from Fudan University (復旦大學) in the PRC in June 2013. In November 2002, he was recognised as a certified internal auditor by China Institute of Internal Auditors with the authorization from the Institute of Internal Auditors.

Mr. Chen Yihui (陳毅輝), aged 32, joined the Group as the regional president. He served as the regional president of the Group for Eastern Zhejiang from January 2019 to January 2020 and was responsible for the overall day-to-day business operations in the Eastern Zhejiang region. Since January 2021, he has been promoted to the position of vice president of the Group and regional president for Eastern Zhejiang. He has 10 years of experience in the real estate industry in the PRC. From July 2011 to November 2018, he successively served as secretary to the chairman of the board and senior manager of operation, general manager of construction company, general manager of Fuzhou regional company, general manager of Fujian regional company, president of the first business unit, general manager of Ronshine operation and management center and general manager of the president’s office of Ronshine China Holdings Limited (stock code: 03301, a property development company whose shares are listed on the main board of the Stock Exchange), during which he was mainly responsible for the overall day-to-day business operation of the business unit and the operation and management center.

Mr. Zhong Chao (鍾超), aged 47, joined our Group in December 2016 and has successively served as a general manager of our project company in Wuhu, vice general manager of our city companies in Hangjia area and regional assistant to the president of our business operations in North Zhejiang area. Since October 2019, he has been the regional general vice president of our business operation in North Zhejiang area, where he is responsible for overseeing our daily operations in North Zhejiang area.

Prior to joining our Group, from April 2007 to December 2016, Mr. Zhong served as the general manager at Zhejiang Zhuji Tianma Experimental School (浙江天馬教育實業有限公司), a real estate project company, where he was responsible for the management of the company’s business.

Mr. Zhong has been a qualified civil engineer as certified by Shaoxing City Educational Training Group (紹興市職稱改革領導小組) since October 2002. He has obtained a bachelor's degree in the operation and management of real estate (房地產經營管理) from Zhejiang University of Technology (浙江工業大學) in the PRC in July 1997. He also completed the Wharton & E-House Real Estate Executive Program provided by E-House-Wharton Case Study and Teaching Facility in April 2019.

JOINT COMPANY SECRETARIES

Mr. Tan Mingheng (談銘恒), our vice president and chief financial officer, was appointed as one of our joint company secretaries on May 21, 2020. For biographical details of Mr. Tan, please refer to “Senior Management — Mr. Tan Mingheng (談銘恒)” in this section.

Ms. Chen Chun (陳淳) was appointed as one of our joint company secretaries on May 21, 2020. Ms. Chen joined SWCS Corporate Services Group (Hong Kong) Limited in December 2013, and currently serves as a company secretarial executive providing support and advisory on listed companies' company secretarial work and compliance matters.

Ms. Chen obtained her bachelor's degree in economics from Shanghai Finance University (上海金融學院) in the PRC in July 2010. Ms. Chen was admitted as an associate of The Hong Kong Institute of Chartered Secretaries and elected associate of The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom in March 2016.

BOARD COMMITTEES

Our Board has established the Audit Committee, the Remuneration Committee and the Nomination Committee and delegated various responsibilities to these committees, which assist our Board in discharging its duties and overseeing particular aspects of our Group's activities.

Audit committee

The Audit Committee consists of three members, namely, Mr. Wong Kon Man Jason, Mr. Ding Jiangan and Mr. Ma Hongman. Mr. Wong Kon Man Jason has been appointed as the chairman of the Audit Committee as he has the appropriate professional qualifications or related financial management expertise as required under Rule 3.10(2) of the Listing Rules.

The primary duties of the Audit Committee include, but are not limited to, (i) reviewing and supervising our financial reporting process and internal control system of our Group, risk management and internal audit; (ii) providing advice and comments to our Board; and (iii) performing other duties and responsibilities as may be assigned by our Board.

Remuneration committee

The Remuneration Committee consists of three members, namely Mr. Ding Jiangan, Mr. Chen Hongni and Mr. Ma Hongman. Mr. Ding Jiangan has been appointed as the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee include, but are not limited to (i) establishing, reviewing and providing advices to our Board on our policy and structure concerning remuneration of our Directors and senior management and on the establishment of a formal and transparent procedure for developing policies concerning such remuneration; (ii) determining the terms of the specific remuneration package of each director and senior management member; and (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time to time.

Nomination committee

The Nomination Committee consists of three members, namely Mr. Chen Guoxiang, Mr. Ding Jiangang and Mr. Ma Hongman. Mr. Chen Guoxiang has been appointed as the chairman of the Nomination Committee.

The primary duties of the Nomination Committee include, but are not limited to, (i) reviewing the structure, size and composition of our Board on a regular basis and making recommendations to our Board regarding any proposed changes to the composition of our Board; (ii) identifying, selecting or making recommendations to our Board on the selection of individuals nominated for directorship, and ensuring the diversity of our Board members; (iii) assessing the independence of our independent non-executive Directors; and (iv) making recommendations to our Board on relevant matters relating to the appointment, re-appointment and removal of our Directors and succession planning for our Directors.

RELATED PARTY TRANSACTIONS

The following discussion describes certain material related party transactions between us or our consolidated subsidiaries and our directors, executive officers and principal shareholders and, in each case, the companies with whom they are affiliated. Each of our related party transactions was entered into in the ordinary course of business, on fair and reasonable commercial terms, in our interests and the interests of our shareholders.

The table below sets forth certain material transactions between us and our related parties during the year ended December 31, 2018, 2019 and 2020:

	Year ended December 31,			
	2018	2019	2020	
	(RMB'000)	(RMB'000)	(RMB'000)	(USD'000)
				(unaudited)
Advances from related parties:				
Joint ventures	163,077	502,434	901,862	138,216
Associates	862,078	539,489	244,535	37,477
Companies controlled by the Controlling Shareholder	13,337,404	7,512,798	382,925	58,686
Companies controlled by a member of key management personnel	–	139,200	–	–
Controlling Shareholder	–	–	12,273	1,881
A family member of the Controlling Shareholder	84,380	34,695	35,964	5,512
	<u>84,380</u>	<u>34,695</u>	<u>35,964</u>	<u>5,512</u>
Repayment of advances from related parties:				
Joint ventures	–	305,018	338,173	51,827
Associates	687,352	383,840	134,560	20,622
Companies controlled by the Controlling Shareholder	14,239,933	8,919,696	226,681	34,740
Controlling shareholder	6,000	–	6,183	948
A family member of the Controlling Shareholder	216,008	2,367	54,857	8,407
	<u>216,008</u>	<u>2,367</u>	<u>54,857</u>	<u>8,407</u>
Management consulting services provided by:				
Companies controlled by the Controlling Shareholder	4,998	5,897	67	10
	<u>4,998</u>	<u>5,897</u>	<u>67</u>	<u>10</u>
Property and sales management services provided by:				
Companies controlled by the Controlling Shareholder	99,809	156,292	175,179	26,847
	<u>99,809</u>	<u>156,292</u>	<u>175,179</u>	<u>26,847</u>

	Year ended December 31,			
	2018	2019	2020	
	(RMB'000)	(RMB'000)	(RMB'000)	(USD'000)
				(unaudited)
Construction services provided by:				
Companies controlled by the Controlling Shareholder	9,610,131	9,832,415	7,403,498	1,134,636
Companies controlled by a family member of the Controlling Shareholder	209,800	699,432	530,766	81,343
A family member of the Controlling Shareholder	3,620	—	—	—
	<u>36,472</u>	<u>65,195</u>	<u>—</u>	<u>—</u>
Interest income from Joint ventures	<u>36,472</u>	<u>65,195</u>	<u>—</u>	<u>—</u>
Management consulting services provided to:				
Joint ventures	5,889	68,455	80,939	12,404
Associate	3,083	16,083	22,411	3,435
	<u>3,083</u>	<u>16,083</u>	<u>22,411</u>	<u>3,435</u>
Property and hotel lease services provided to:				
Companies controlled by the Controlling Shareholder	—	—	26,161	4,009
An associate	—	—	95	15
	<u>—</u>	<u>—</u>	<u>95</u>	<u>15</u>

PRINCIPAL SHAREHOLDERS

As of December 31, 2020, the following persons or institutions have beneficial interests or short positions in any of our shares or underlying shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, Cap 571 of the Laws of Hong Kong, or who are directly and/or indirectly interested in 5% or more of the nominal value of any class of shares or share capital carrying rights to vote in all circumstances at general meetings of any of our other members:

Name of Shareholder	Nature of interest	Number of Shares	Approximate Percentage of interest in the Company
Mr. Chen	Founder of a trust ⁽²⁾	2,376,000,000 Shares (L)	78.07%
TMF (Cayman) Ltd.	Trustee of a trust ⁽²⁾	2,376,000,000 Shares (L)	78.07%
Shinfamily Holdings	Interest in a controlled corporation ⁽²⁾	2,376,000,000 Shares (L)	78.07%
Shinlight Limited	Beneficial owner ⁽²⁾	2,376,000,000 Shares (L)	78.07%
Ms. Zhu Guoling	Interest of spouse ⁽³⁾	2,376,000,000 Shares (L)	78.07%

Notes:

- (1) The letter “L” denotes a long position in our Shares.
- (2) The entire issued share capital of Shinlight Limited is held by Shinfamily Holdings, which is the holding vehicle of TMF (Cayman) Ltd. TMF (Cayman) Ltd. is the trustee of the Family Trust, a discretionary trust established by Mr. Chen as settlor, the beneficiaries of which are Mr. Chen and his family members. Accordingly, each of Mr. Chen, TMF (Cayman) Ltd. and Shinfamily Holdings is deemed under the SFO to be interested in the Shares held by Shinlight Limited.
- (3) Ms. Zhu Guoling is the spouse of Mr. Chen. Under the SFO, Ms. Zhu Guoling is deemed to be interested in the same Shares in which Mr. Chen is interested.

DESCRIPTION OF OTHER MATERIAL INDEBTEDNESS

To fund our existing property projects and to finance our working capital requirements, we have entered into loan agreements with various financial institutions. As of December 31, 2020, our total outstanding external borrowings amounted to RMB46,176.6 million (US\$7,076.9 million). Set forth below is a summary of the material terms and conditions of these loans and other indebtedness.

PROJECT LOAN AGREEMENTS

Certain of our PRC subsidiaries have entered into loan agreements with various PRC banks and financial limited companies, including, but not limited to Industrial and Commercial Bank of China and Everbright Xinglong Trust Co., Ltd. These loans are typically project loans to finance the construction of our projects (the “project loans”) and have terms ranging from three months to ten years, which generally correspond to the construction periods of the particular projects. As of December 31, 2020, the aggregate outstanding amount under these project loans totaled approximately RMB42,285.9 million (US\$6,480.6 million), of which RMB20,754.8 million (US\$3,180.8 million) was due within one year, RMB8,874.4 million (US\$1,360.1 million) was due between one and two years, RMB11,861.7 million (US\$1,817.9 million) was due between two and five years and RMB795.0 million (US\$121.8 million) was due over five years. Our project loans are typically secured by land use rights and properties as well as guaranteed by our Company and certain of our PRC subsidiaries.

Interest

The principal amounts outstanding under the project loans generally bear interest at floating rates calculated by reference to the relevant bank’s benchmark interest rate per annum. Floating interest rates are generally subject to review by the banks annually. Interest payments are payable either monthly or quarterly and must be made on each payment date as provided in the particular loan agreement. As of December 31, 2020, the weighted average interest rate on the aggregate outstanding amount of our project loans was 8.85% per annum.

Covenants

Under these project loans, many of our subsidiary borrowers have agreed, among other things, not to take the following actions without first obtaining the lenders’ prior consent:

- create encumbrances on any part of their property or assets or deal with their assets in a way that may adversely affect their ability to repay the loans;
- grant guarantees to any third parties that may adversely affect their ability to repay the loans;
- make any major changes to their corporate structures, such as entering into joint ventures, mergers and acquisitions and reorganizations;
- alter the nature or scope of their business operations in any material respect;
- incur additional debts that may adversely affect their ability to repay the loans;
- prepay the loans; and
- transfer part or all of their liabilities under the loans to a third party

Events of Default

The project loans contain certain customary events of default, including insolvency, material adverse change in the collateral and breaches of the terms of the loan agreements. The financial institutions are entitled to terminate their respective agreements and/or demand immediate repayment of the loans and any accrued interest upon the occurrence of an event of default.

Guarantee and Security

Our Company and certain of our PRC subsidiaries have entered into guarantee agreements with the PRC financial institutions in connection with some of the project loans pursuant to which these subsidiaries have guaranteed all liabilities of the subsidiary borrowers under these project loans. Further, as of December 31, 2020, RMB41,870.3 million (US\$6,416.9 million) of the project loans were secured by land use rights and/or other assets and properties of the subsidiary borrowers and/or our other PRC subsidiaries, including equity interests in certain of our PRC subsidiaries.

Dividend Restrictions

Pursuant to the project loans with certain PRC financial institutions, some of our PRC subsidiaries also agreed not to distribute any dividend, including, but not limited to:

- if the borrower's after-tax profit is nil or negative;
- before the principal amount of and accrued interest on the relevant project loan have been fully paid; or
- before any principal amount of and accrued interest on the relevant project loan due within the period have been fully paid.

OTHER FINANCINGS

Trust Financings

From time to time we have entered into financing arrangements with trust financing companies in the PRC in the ordinary course of business to finance our property development and other related operations. The terms of our trust financings typically range from six months to three years, and the interest rates range from 8.0% to 17.0% per annum. As of the date of this offering memorandum, the amount under our trust financings aggregate to RMB20,064 million (US\$3,075 million).

Although we have not experienced any difficulty in obtaining bank loans necessary to fund our developments, we utilize loans from trust companies with a view to diversifying our financing sources, given that loans from trust companies give us more flexibility. We believe this is in line with the industry practice.

In general, the interest rates of our financing agreements with trust companies are higher than those of our bank loans. In addition, while banks generally do not accept transferred equity interests to secure repayment obligations, trust companies are generally more flexible in accepting different types of security. Our financing agreements with trust companies contain a number of customary affirmative or negative covenants to ensure the loans for which the agreed uses are properly applied. For example, we are required to provide interim financial statements, property development and sales schedules to the relevant lenders upon their request. Under certain trust financing agreements, we are required to report to the relevant lenders as to the use of proceeds on a regular basis. If we fail to satisfy our repayment obligations on time, we will be subject to penalties for any late payment based on the calculation agreed in the relevant agreements, or we will be subject to enforcement actions against the security interest we have granted and which could affect our ownership of our project companies.

The 2022 Notes

On January 23, 2020, March 16, 2020 and May 20, 2020, Xiang Sheng Holding Limited, a wholly owned subsidiary of Shinsun Real Estate Group Co., Ltd. (“Shinsun Real Estate Group”), issued US\$300,000,000 in aggregate principal amount of 12.5% senior notes due 2022. The 2022 Notes bear interest at the rate of 12.5% per annum, and are unsecured. Shinsun Real Estate Group provides parent guarantee for the 2022 Notes. As of the date of this offering memorandum, the entire 2022 Notes remains outstanding.

The 2021 Notes

On July 31, 2020, Xiang Sheng Overseas Limited, a wholly owned subsidiary of Shinsun Real Estate Group, issued US\$200,000,000 in aggregate principal amount of 11.0% senior notes due in 2021. The 2021 Notes bear interest at the rate of 11.0% per annum, and are unsecured. Shinsun Real Estate Group provides parent guarantee for the 2021 Notes. As of the date of this offering memorandum, the entire 2021 Notes remains outstanding.

DESCRIPTION OF THE NOTES

For purposes of this “Description of the Notes,” the term “Company” refers only to Shinsun Holdings (Group) Co., Ltd. (祥生控股(集團)有限公司), a company incorporated in the Cayman Islands with limited liability, and any successor obligor on the Notes, and not to any of its Subsidiaries. Each Subsidiary of the Company that guarantees the Notes (other than a JV Subsidiary Guarantor) is referred to as a “Subsidiary Guarantor,” and each such guarantee is referred to as a “Subsidiary Guarantee.” Each Subsidiary of the Company that in the future provides a JV Subsidiary Guarantee is referred to as a “JV Subsidiary Guarantor.”

The Notes are to be issued under an indenture (the “Indenture”), to be dated as of the Original Issue Date, among the Company, the Subsidiary Guarantors, as guarantors, and China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司), as trustee (the “Trustee”).

The following is a summary of certain material provisions of the Indenture, the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any). This summary does not purport to be complete and is qualified in its entirety by reference to all of the provisions of the Indenture, the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any). It does not restate those agreements in their entirety. Whenever particular sections or defined terms of the Indenture not otherwise defined herein are referred to, such sections or defined terms are incorporated herein by reference. Copies of the Indenture will be available for inspection upon written request and proof of holding to the satisfaction of the Trustee, during usual business hours on or after the Original Issue Date at the corporate trust office of the Trustee at 20/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong.

BRIEF DESCRIPTION OF THE NOTES

The Notes are:

- general obligations of the Company;
- senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes;
- at least *pari passu* in right of payment with all other unsecured, unsubordinated Indebtedness of the Company (subject to any priority rights of such unsecured, unsubordinated Indebtedness pursuant to applicable law);
- guaranteed by the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) on a senior basis, subject to the limitations described under “— The Subsidiary Guarantees and the JV Subsidiary Guarantees” and in “Risk Factors — Risks Relating to the Notes, Subsidiary Guarantees and JV Subsidiary Guarantees”;
- effectively subordinated to the secured obligations (if any) of the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any), to the extent of the value of the assets serving as security therefor; and
- effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries (as defined below).

The Notes will mature on June 7, 2022, unless earlier redeemed pursuant to the terms thereof and the Indenture. The Indenture allows additional Notes to be issued from time to time (the “Additional Notes”), subject to certain limitations described under “— Further Issues.” Unless the context requires otherwise, references to the “Notes” for all purposes of the Indenture and this “Description of the Notes” include any Additional Notes that are actually issued. The Notes will bear interest at 10.5% per annum from the Original Issue Date or from the most recent interest payment date to which interest has been paid or duly provided for, payable in arrears on December 8, 2021 and June 7, 2022 (each an “Interest Payment Date”).

Interest on the Notes will be paid to Holders of record at the close of business on November 23, 2021 and May 23, 2022 (each, a “Record Date”), notwithstanding any transfer, exchange or cancellation thereof after a Record Date and prior to the immediately following Interest Payment Date. So long as the Notes are held in global form, each payment in respect of the Global Note will be made to the person shown as the holder of the Notes in the Notes 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 December 25 and January 1. Interest on the Notes will be calculated on the basis of a 360-day year comprised of twelve 30-day months.

Except as described under “Optional Redemption,” “Redemption for Tax Reasons” and otherwise provided in the Indenture, the Notes may not be redeemed prior to maturity (unless they have been repurchased by the Company). In any case in which the date of the payment of principal of, premium or interest on the Notes is not a Business Day in the relevant place of payment or in the place of business of the Paying and Transfer Agent, then payment of principal, premium or interest need not be made in such place on such date but may be made on the next succeeding Business Day in such place. Any payment made on such Business Day shall have the same force and effect as if made on the date on which such payment is due, and no interest on the Notes shall accrue for the period after such date.

The Notes will be issued only in fully registered form, without coupons, in denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof. No service charge will be made for any registration of transfer or exchange of Notes, but the Company, the Paying and Transfer Agent or the Registrar may require indemnity and payment of a sum sufficient to cover any transfer tax or other similar governmental charge payable in connection therewith.

All payments on the Notes will be made by wire transfer in U.S. dollars by the Company at the office or agency of the Company maintained for that purpose (which initially will be the specified office of the Paying and Transfer Agent, currently located at 20/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong, and the Notes may be presented for registration of transfer or exchange at such office or agency; *provided* that, if the Notes are in certificated form and the Company acts as its own paying agent, at the option of the Company, payment of interest may be made by check mailed at the expense of the Company to the address of the Holders as such address appears in the Note register maintained by the Registrar (as defined herein) or by wire transfer. Interest payable on the Notes held through Euroclear or Clearstream will be available to Euroclear or Clearstream participants (as defined herein) on the Business Day following payment thereof.

THE SUBSIDIARY GUARANTEES AND THE JV SUBSIDIARY GUARANTEES

The initial Subsidiary Guarantors that will execute the Indenture on the Original Issue Date will consist of all of the Company’s Restricted Subsidiaries other than (i) those Restricted Subsidiaries organized under the laws of the PRC (the “PRC Non-Guarantor Subsidiaries”) and (ii) Xiang Sheng Development Limited, Xiang Sheng Holding Limited, Hong Run International Holdings Limited and Xiang Sheng Overseas Limited (such Restricted Subsidiaries in this clause (ii) are collectively referred to as the “Initial Non-Guarantor Subsidiaries”). The Subsidiary Guarantors are holding companies that do not have significant operations.

The initial Subsidiary Guarantors will be SilverRock Group Holdings Limited, Golden Stone Hong Kong Limited, Shinsun International Holdings Limited and Shinsun Hong Kong Limited.

None of the Initial Non-Guarantor Subsidiaries and none of the existing PRC Non-Guarantor Subsidiaries will provide a Subsidiary Guarantee or JV Subsidiary Guarantee on the Original Issue Date. In addition, none of the future Restricted Subsidiaries organized under the laws of the PRC, the Exempted Subsidiaries (as long as it remains an Exempted Subsidiary) or the Listed Subsidiaries (as long as it remains a Listed Subsidiary) will provide a Subsidiary Guarantee or JV Subsidiary Guarantee at any time in the future.

In the case of a Restricted Subsidiary that is, or is proposed by the Company or any Restricted Subsidiary to be, established or acquired after the Original Issue Date, or any entity in respect of which the Company or any Restricted Subsidiary (x) in the case of a Restricted Subsidiary is proposing to sell, whether through the sale of existing shares or the issuance of new shares, no less than 20% of the Capital Stock of such Restricted Subsidiary, or (y) in the case of any other entity is proposing to purchase the Capital Stock of an Independent Third Party such that it becomes a non-Wholly Owned Subsidiary of the Company and designate such Subsidiary as a Restricted Subsidiary, the Company may (in each case, to the extent such Restricted Subsidiary is not an Exempted Subsidiary or a Listed Subsidiary or is incorporated in the PRC), concurrently with or as soon as practicable after the consummation of such establishment, sale, issuance, or purchase, cause (a) such Restricted Subsidiary and (b) the Restricted Subsidiaries of such Restricted Subsidiary that are organized in any jurisdiction other than the PRC (other than Exempted Subsidiaries and Listed Subsidiaries) to provide a JV Subsidiary Guarantee (as defined below) instead of a Subsidiary Guarantee, if the following conditions, in the case of both (a) and (b), are satisfied:

- as of the date of execution of a JV Subsidiary Guarantee (as defined below), no document exists that is binding on the Company or any Restricted Subsidiary that would have the effect of (a) prohibiting the Company or any Restricted Subsidiary from providing a JV Subsidiary Guarantee or (b) requiring the Company or any Restricted Subsidiary to deliver or keep in place a guarantee on terms that are more favorable to the recipients of such guarantee than the JV Subsidiary Guarantee;
- such sale or issuance of Capital Stock is made to, or such purchase of Capital Stock is made from, an Independent Third Party at a consideration that is not less than (in the case of a sale or issuance) or no more than (in the case of a purchase) the Fair Market Value of such Capital Stock;
- concurrently with providing the JV Subsidiary Guarantee, the Company shall or shall cause such JV Subsidiary Guarantor to deliver to the Trustee:
 - (i) (A) a duly executed JV Subsidiary Guarantee of such JV Subsidiary Guarantor (the “JV Subsidiary Guarantee”) and each Restricted Subsidiary of such JV Subsidiary Guarantor that is not organized under the laws of the PRC (other than Exempted Subsidiaries and Listed Subsidiaries), and (B) a duly executed supplemental indenture to the Indenture pursuant to which such JV Subsidiary Guarantor will guarantee the payment of the Notes, each of which provides, among other things, that the aggregate claims of the Trustee and the Holders under such JV Subsidiary Guarantee and all JV Subsidiary Guarantees provided by the Restricted Subsidiaries and shareholders of such JV Subsidiary Guarantor will be limited to the JV Entitlement Amount;
 - (ii) an Officers’ Certificate certifying a copy of the Board Resolution to the effect that such JV Subsidiary Guarantee has been approved by a majority of the disinterested members of the Board of Directors; and
 - (iii) an Opinion of Counsel by a law firm of recognized international standing confirming that under New York law such JV Subsidiary Guarantees are valid, binding and enforceable against the JV Subsidiary Guarantors providing such JV Subsidiary Guarantees (subject to customary qualifications and assumptions).

As of December 31, 2020, the Company and its consolidated subsidiaries had total indebtedness of RMB42,285.9 million (US\$6,480.6 million), of which approximately RMB33,086.0 million (US\$5,076.7 million) was secured.

As of December 31, 2020, the Non-Guarantor Subsidiaries had total indebtedness of approximately RMB42,285.9 million (US\$6,480.6 million) and the Non-Guarantor Subsidiaries had capital commitments of approximately RMB27,016.9 million (US\$4,140.5 million) and contingent liabilities of approximately RMB27,241.5 million (US\$4,174.9 million).

The Subsidiary Guarantee of each Subsidiary Guarantor:

- is a general obligation of such Subsidiary Guarantor;
- is effectively subordinated to secured obligations of such Subsidiary Guarantor, to the extent of the value of the assets serving as security therefor;
- is senior in right of payment to all future obligations of such Subsidiary Guarantor expressly subordinated in right of payment to such Subsidiary Guarantee;
- ranks at least *pari passu* with all other unsecured, unsubordinated Indebtedness of such Subsidiary Guarantor (subject to any priority rights of such unsecured, unsubordinated Indebtedness pursuant to applicable law); and
- is effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries.

If any is provided, the JV Subsidiary Guarantee of each JV Subsidiary Guarantor:

- will be a general obligation of such JV Subsidiary Guarantor;
- will be enforceable only up to the JV Entitlement Amount;
- will be effectively subordinated to secured obligations of such JV Subsidiary Guarantor, to the extent of the value of the assets serving as security therefor;
- will be limited to the JV Entitlement Amount and will be senior in right of payment to all future obligations of such JV Subsidiary Guarantor expressly subordinated in right of payment to such JV Subsidiary Guarantee;
- will be limited to the JV Entitlement Amount and will rank at least *pari passu* with all other unsecured, unsubordinated Indebtedness of such JV Subsidiary Guarantor (subject to any priority rights of such unsecured, unsubordinated Indebtedness pursuant to applicable law); and
- effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries.

The Company will cause each of its future Restricted Subsidiaries (other than Persons organized under the laws of the PRC, Exempted Subsidiaries or Listed Subsidiaries), as soon as practicable after it becomes a Restricted Subsidiary or ceases to be an Exempted Subsidiary or a Listed Subsidiary, to execute and deliver to the Trustee a supplemental indenture to the Indenture pursuant to which such Restricted Subsidiary will Guarantee the payment of the Notes as either a Subsidiary Guarantor or a JV Subsidiary Guarantor. Notwithstanding the foregoing, the Company may elect to have any future Restricted Subsidiary (and its Restricted Subsidiaries) organized outside the PRC not provide a Subsidiary Guarantee or JV Subsidiary Guarantee at the time such entity becomes a Restricted Subsidiary or ceases to be an Exempted Subsidiary or a Listed Subsidiary (the “New Non-Guarantor Subsidiaries” and, together with

the Initial Non-Guarantor Subsidiaries, the “Other Non-Guarantor Subsidiaries”), *provided* that, after giving effect to the Consolidated Assets of such Restricted Subsidiary, the Consolidated Assets of all Restricted Subsidiaries organized outside the PRC (other than Exempted Subsidiaries or Listed Subsidiaries) that are not Subsidiary Guarantors or JV Subsidiary Guarantors do not account for more than 15.0% of Total Assets as of the date such Person becomes a Restricted Subsidiary or ceases to be an Exempted Subsidiary or a Listed Subsidiary.

Each Restricted Subsidiary that guarantees the Notes after the Original Issue Date other than a JV Subsidiary Guarantor is referred to as a “Future Subsidiary Guarantor” and upon execution of the applicable supplemental indenture to the Indenture will be a “Subsidiary Guarantor.” The Other Non-Guarantor Subsidiaries, together with the PRC Non-Guarantor Subsidiaries, are referred to herein as the “Non-Guarantor Subsidiaries.”

Although the Indenture contains limitations on the amount of additional Indebtedness that Non-Guarantor Subsidiaries may incur, the amount of such additional Indebtedness could be substantial. In the event of a bankruptcy, liquidation or reorganization of any Non-Guarantor Subsidiary, the Non-Guarantor Subsidiaries will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to the Company.

Under the Indenture, and any supplemental indenture to the Indenture, as applicable, each of the Subsidiary Guarantors and JV Subsidiary Guarantors (if any) will jointly and severally guarantee the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes; *provided* that any JV Subsidiary Guarantee will be limited to the JV Entitlement Amount. The Subsidiary Guarantors and the JV Subsidiary Guarantors will (1) agree that their respective obligations under the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be, will be enforceable irrespective of any invalidity, irregularity or unenforceability of the Notes or the Indenture and (2) waive their right to require the Trustee to pursue or exhaust its legal or equitable remedies against the Company prior to exercising its rights under the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be. Moreover, if at any time any amount paid under a Note or the Indenture is rescinded or must otherwise be restored, the rights of the Holders under the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be, will be reinstated with respect to such payment as though such payment had not been made. All payments under the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be, are required to be made in U.S. dollars.

Under the Indenture, and any supplemental indenture to the Indenture, as applicable,

- each Subsidiary Guarantee will be limited to an amount not to exceed the maximum amount that can be guaranteed by the applicable Subsidiary Guarantor without rendering the Subsidiary Guarantee, as it relates to such Subsidiary Guarantor, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally; and
- each JV Subsidiary Guarantee will be limited to an amount which is the lower of (i) the JV Entitlement Amount and (ii) an amount not to exceed the maximum amount that can be guaranteed by the applicable JV Subsidiary Guarantor without rendering the JV Subsidiary Guarantee, as it relates to such JV Subsidiary Guarantor, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally.

If a Subsidiary Guarantee or a JV Subsidiary Guarantee were to be rendered voidable, it could be subordinated by a court to all other Indebtedness (including guarantees and other contingent liabilities) of the applicable Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, and, depending on the amount of such Indebtedness, a Subsidiary Guarantor’s liability on its Subsidiary Guarantee or a JV Subsidiary Guarantor’s liability on its JV Subsidiary Guarantee, as the case may be, could in each case be reduced to zero.

The obligations of each Subsidiary Guarantor under its Subsidiary Guarantee may be limited, or possibly invalid, under applicable laws. Similarly, the obligations of each JV Subsidiary Guarantor under its JV Subsidiary Guarantee may be limited, or possibly invalid, under applicable laws. See “Risk Factors — Risks Relating to the Notes, Subsidiary Guarantees and JV Subsidiary Guarantees — The Subsidiary Guarantees or JV Subsidiary Guarantees may be challenged under applicable insolvency or fraudulent transfer laws, which could impair the enforceability of the Subsidiary Guarantees or JV Subsidiary Guarantees.”

Release of the Subsidiary Guarantees and JV Subsidiary Guarantees

A Subsidiary Guarantee given by a Subsidiary Guarantor and a JV Subsidiary Guarantee given by a JV Subsidiary Guarantor may be released in certain circumstances, including:

- upon repayment in full of the Notes;
- upon a defeasance as described under “— Defeasance — Defeasance and Discharge”;
- upon the designation by the Company of a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, as an Unrestricted Subsidiary in compliance with the terms of the Indenture; or
- upon the sale, disposition or merger of a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, in compliance with the terms of the Indenture (including the covenants described under “— Certain Covenants — Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries,” “— Certain Covenants — Limitation on Asset Sales” and “— Consolidation, Merger and Sale of Assets”) resulting in such Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, no longer being a Restricted Subsidiary, so long as (1) such Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, is simultaneously released from its obligations in respect of any of the Company’s other Indebtedness or any Indebtedness of any other Restricted Subsidiary and (2) the proceeds from such sale, disposition or merger are used for the purposes permitted or required by the Indenture;
- in the case of a Subsidiary Guarantee, upon the replacement of a Subsidiary Guarantee with a JV Subsidiary Guarantee in compliance with the terms of the Indenture; or
- in the case of a Subsidiary Guarantor or JV Subsidiary Guarantor that becomes an Other Non-Guarantor Subsidiary, in compliance with the terms of the Indenture.

In the case of a Subsidiary Guarantor with respect to which the Company or any Restricted Subsidiary is proposing to sell, whether through the sale of existing shares or the issuance of new shares, no less than 20.0% of the Capital Stock of such Subsidiary Guarantor, the Company may concurrently with the consummation of such sale or issuance of Capital Stock, instruct the Trustee to release the Subsidiary Guarantees provided by such Subsidiary Guarantor and each of its Restricted Subsidiaries organized outside the PRC, and upon such release such Subsidiary Guarantor and its Restricted Subsidiaries organized outside the PRC (other than existing Non-Guarantor Subsidiaries) will become Other Non-Guarantor Subsidiaries (such that they will no longer Guarantee the Notes), without any requirement to seek the consent or approval of the Holders of the Notes, *provided* that after the release of such Subsidiary Guarantees, the Consolidated Assets of all Restricted Subsidiaries organized outside the PRC (other than Exempted Subsidiaries or Listed Subsidiaries) that are not Subsidiary Guarantors or JV Subsidiary Guarantors (including such Other Non-Guarantor Subsidiaries) do not account for more than 15.0% of Total Assets. A Subsidiary Guarantee of a Subsidiary Guarantor may only be released pursuant to this paragraph if as of the date of such proposed release, no document exists that is binding on the Company or such Restricted Subsidiary that would have the effect of (a) prohibiting the Company or such Restricted Subsidiary from releasing such Subsidiary Guarantee or (b) requiring the Company or such Subsidiary Guarantor to deliver or keep in place a guarantee of other Indebtedness of the Company by such Subsidiary Guarantor.

No release of a Subsidiary Guarantor from its Subsidiary Guarantee or a JV Subsidiary Guarantor from its JV Subsidiary Guarantee shall be effective against the Trustee or the Holders until the Company has delivered to the Trustee an Officers' Certificate stating that all requirements relating to such release have been complied with and that such release is authorized and permitted by the Indenture.

Replacement of Subsidiary Guarantees with JV Subsidiary Guarantees

A Subsidiary Guarantee given by a Subsidiary Guarantor may be released and replaced by a JV Subsidiary Guarantee following the sale or issuance by the Company or any Restricted Subsidiary of Capital Stock in (a) such Subsidiary Guarantor or (b) any other Subsidiary Guarantor that, directly or indirectly, owns a majority of the Capital Stock of such Subsidiary Guarantor, in each case where such sale or issuance, whether through the sale of existing shares or the issuance of new shares is for no less than 20% of the issued Capital Stock of the relevant Subsidiary Guarantor, *provided* that the following conditions are satisfied or complied with:

- as of the date of such proposed release, no document exists that is binding on the Company or such Restricted Subsidiary that would have the effect of (a) prohibiting the Company or such Restricted Subsidiary from releasing such Subsidiary Guarantee, (b) prohibiting the Company or such Restricted Subsidiary from providing such JV Subsidiary Guarantee or (c) requiring the Company or such Restricted Subsidiary to deliver or keep in force a replacement guarantee on terms that are more favorable to the recipients of such guarantee than the recipient of the JV Subsidiary Guarantee;
- such sale or issuance of Capital Stock is made to an Independent Third Party at a consideration that is not less than the Fair Market Value of such Capital Stock;
- concurrently with the release of such Subsidiary Guarantee, the Company shall or shall cause such JV Subsidiary Guarantor to deliver to the Trustee:
 - (i) (A) a duly executed JV Subsidiary Guarantee of such JV Subsidiary Guarantor and each Restricted Subsidiary of such JV Subsidiary Guarantor that is not organized under the laws of the PRC, and (B) a duly executed supplemental indenture to the Indenture pursuant to which such JV Subsidiary Guarantor will guarantee the payment of the Notes, each of which provides, among other things, that the aggregate claims of the Trustee and the Holders under such JV Subsidiary Guarantee and all JV Subsidiary Guarantees provided by the Restricted Subsidiaries and shareholders of such JV Subsidiary Guarantor will be limited to the JV Entitlement Amount;
 - (ii) an Officers' Certificate certifying a copy of a Board Resolution to the effect that such JV Subsidiary Guarantee has been approved by a majority of the disinterested members of the Board of Directors; and
 - (iii) an Opinion of Counsel by a law firm of recognized international standing confirming that under New York law such JV Subsidiary Guarantee is valid, binding and enforceable against the JV Subsidiary Guarantor providing such JV Subsidiary Guarantee (subject to customary qualifications and assumptions).

Notwithstanding the foregoing paragraph, any such sale or issuance of the Capital Stock of the relevant Subsidiary Guarantor (including where such sale results in the relevant Subsidiary Guarantor ceasing to be a Restricted Subsidiary) will need to comply with the other covenants set forth in the Indenture, including the covenants described under “— Certain Covenants — Limitation on Asset Sales” and “— Certain Covenants — Limitation on Restricted Payments.”

Any Net Cash Proceeds from the sale of such Capital Stock shall be applied by the Company (or any Restricted Subsidiary) in accordance with the “Limitation on Asset Sales” covenant.

As of the date of the Indenture, all of the Company's Subsidiaries will be "Restricted Subsidiaries." However, under the circumstances described under "— Certain Covenants — Designation of Restricted and Unrestricted Subsidiaries," the Company will be permitted to designate certain of its Subsidiaries as "Unrestricted Subsidiaries." The Company's Unrestricted Subsidiaries will generally not be subject to the restrictive covenants in the Indenture. The Company's Unrestricted Subsidiaries will not Guarantee the Notes.

FURTHER ISSUES

Subject to the covenants described below and in accordance with the terms of the Indenture, the Company may, from time to time, without notice to or the consent of the Holders, create and issue Additional Notes having the same terms and conditions as the Notes (including the benefit of the Subsidiary Guarantees and JV Subsidiary Guarantees) in all respects (or in all respects except for the issue date, issue price and the first payment of interest on them and, to the extent necessary, certain temporary securities law transfer restrictions) (a "Further Issue") so that such Additional Notes may be consolidated and form a single class with the previously outstanding Notes and vote together as one class on all matters with respect to the Notes; *provided* that the issuance of any such Additional Notes shall then be permitted by the covenant described under "— Certain Covenants — Limitation on Indebtedness and Preferred Stock."

OPTIONAL REDEMPTION

At any time prior to June 7, 2022, the Company may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes plus the Applicable Premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date. Neither the Trustee nor any of the Agents will be responsible for calculating or verifying the Applicable Premium.

At any time and from time to time prior to June 7, 2022, the Company may redeem up to 35% of the aggregate principal amount of the Notes with the Net Cash Proceeds of one or more sales of Common Stock of the Company in an Equity Offering at a redemption price of 110.5% of the principal amount of the Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least 65% of the aggregate principal amount of the Notes issued on the Original Issue Date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related Equity Offering.

Selection and Notice

The Company will give not less than 30 days' nor more than 60 days' notice of any redemption to the Holders and the Trustee. If less than all of the Notes are to be redeemed at any time, the Notes for redemption will be selected as follows:

- (1) if the Notes are listed on any national securities exchange and/or being held through the clearing systems, in compliance with the requirements of the principal national securities exchange on which the Notes are listed and/or the requirements of the clearing systems, as applicable; or
- (2) if the Notes are not listed on any national securities exchange and/or held through the clearing systems, on a pro rata basis by lot or by such other method as the Trustee in its sole and absolute discretion shall deem to be fair and appropriate, unless otherwise required by law.

A Note of US\$200,000 in principal amount or less shall not be redeemed in part. If any Note is to be redeemed in part only, the notice of redemption relating to such Note will state the portion of the principal amount to be redeemed. With respect to any certificated Note, a new Note in principal amount equal to the unredeemed portion will be issued upon cancellation of the original Note. On and after the redemption date, interest will cease to accrue on the Notes or portions of them called for redemption.

REPURCHASE OF NOTES UPON A CHANGE OF CONTROL TRIGGERING EVENT

Not later than 30 days following a Change of Control Triggering Event, the Company will make an Offer to Purchase all outstanding Notes (a “Change of Control Offer”) at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to (but not including) the Offer to Purchase Payment Date.

The Company has agreed in the Indenture that it will timely repay all Indebtedness or obtain consents as necessary under, or terminate, agreements or instruments that would otherwise prohibit a Change of Control Offer required to be made pursuant to the Indenture. Notwithstanding this agreement of the Company, it is important to note that if the Company is unable to repay (or cause to be repaid) all of the Indebtedness, if any, that would prohibit repurchase of the Notes or is unable to obtain the requisite consents of the holders of such Indebtedness, or terminate any agreements or instruments that would otherwise prohibit a Change of Control Offer, it would continue to be prohibited from purchasing the Notes. In that case, the Company’s failure to purchase tendered Notes would constitute an Event of Default under the Indenture.

Certain of the events constituting a Change of Control Triggering Event under the Notes may also constitute an event of default under certain other debt instruments of the Company and its Subsidiaries. Future debt of the Company may also (1) prohibit the Company from purchasing Notes in the event of a Change of Control Triggering Event; (2) provide that a Change of Control Triggering Event is a default; or (3) require repurchase of such debt upon a Change of Control Triggering Event. Moreover, the exercise by the Holders of their right to require the Company to purchase the Notes could cause a default under other Indebtedness, even if the Change of Control Triggering Event itself does not, due to the financial effect of such purchase on the Company. The Company’s ability to pay cash to the Holders following the occurrence of a Change of Control Triggering Event may be limited by the Company’s and the Subsidiary Guarantors’ then-existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the Notes. See “Risk Factors — Risks Relating to the Notes, Subsidiary Guarantees and JV Subsidiary Guarantees — We may not be able to repurchase the Notes upon a Change of Control Triggering Event.”

The phrase “all or substantially all,” as used with respect to the assets of the Company in the definition of “Change of Control,” will likely be interpreted under applicable law of the relevant jurisdictions and will be dependent upon particular facts and circumstances. As a result, there may be a degree of uncertainty in ascertaining whether a sale or transfer of “all or substantially all” the assets of the Company has occurred.

Notwithstanding the above, the Company will not be required to make a Change of Control Offer following a Change of Control Triggering Event if a third party makes the Change of Control Offer in the same manner, at the same time and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Company and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

Except as described above with respect to a Change of Control Triggering Event, the Indenture does not contain provisions that permit the Holders to require that the Company purchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

Neither the Trustee nor the Agents shall be required to take any steps to ascertain whether a Change of Control Triggering Event or any event which could lead to a Change of Control Triggering Event has occurred or may occur and shall not be liable to any person for any failure to do so. The Trustee and the Agents shall be entitled to assume that no such event has occurred until it has received written notice to the contrary from the Company. Neither the Trustee nor the Agents shall be required to take any steps to ascertain whether the condition for the exercise of the rights herein has occurred. The Trustee shall not be responsible for determining or verifying whether a Note is to be accepted for redemption and will not be responsible to the Holders for any loss arising from any failure by it to do so. The Trustee and the Agents shall not be under any duty to determine, calculate or verify the redemption amount payable hereunder and will not be responsible to the Holders for any loss arising from any failure by it to do so.

NO MANDATORY REDEMPTION OR SINKING FUND

There will be no mandatory redemption or sinking fund payments for the Notes.

ADDITIONAL AMOUNTS

All payments of principal of, and premium (if any) and interest on the Notes or under the Subsidiary Guarantees and JV Subsidiary Guarantees will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or within any jurisdiction in which the Company, a Surviving Person (as defined under “— Consolidation, Merger and Sale of Assets”) or an applicable Subsidiary Guarantor or JV Subsidiary Guarantor is organized or resident for tax purposes (or any political subdivision or taxing authority thereof or therein), including, without limitation, the PRC (each, as applicable, a “Relevant Jurisdiction”), or any jurisdiction through which payments are made, unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law. In the event that any such withholding or deduction is so required, the Company, a Surviving Person or the applicable Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, will pay such additional amounts (“Additional Amounts”) as will result in receipt by the Holder of each Note of such amounts as would have been received by such Holder had no such withholding or deduction been required, except that no Additional Amounts shall be payable:

- (1) for or on account of:
 - (a) any tax, duty, assessment or other governmental charge that would not have been imposed but for:
 - (i) the existence of any present or former connection between the Holder or beneficial owner of such Note and the Relevant Jurisdiction or the jurisdiction through which payments are made, other than merely holding such Note or the receipt of payments thereunder or under a Subsidiary Guarantee or JV Subsidiary Guarantee, including, without limitation, such Holder or beneficial owner being or having been a national, domiciliary or resident of such Relevant Jurisdiction or treated as a resident thereof or being or having been physically present or engaged in a trade or business therein or having or having had a permanent establishment therein;
 - (ii) the presentation of such Note (in cases in which presentation is required) more than 30 days after the later of the date on which the payment of the principal of, premium, if any, and interest on, such Note became due and payable pursuant to the terms thereof or was made or duly provided for, except to the extent that the Holder thereof would have been entitled to such Additional Amounts if it had presented such Note for payment on any date within such 30-day period;
 - (iii) the failure of the Holder or beneficial owner to comply with a timely request of the Company, a Surviving Person, any Subsidiary Guarantor or any JV Subsidiary Guarantor addressed to the Holder, to provide information concerning such Holder’s or its beneficial owner’s nationality, residence, identity or connection with any Relevant Jurisdiction or the jurisdiction through which payments are made, if and to the extent that due and timely compliance with such request is required under the tax laws of such jurisdiction in order to reduce or eliminate any withholding or deduction as to which Additional Amounts would have otherwise been payable to such Holder; or
 - (iv) the presentation of such Note (in cases in which presentation is required) for payment in the Relevant Jurisdiction or the jurisdiction through which payments are made, unless such Note could not have been presented for payment elsewhere;

- (b) any estate, inheritance, gift, sale, transfer, personal property or similar tax, assessment or other governmental charge;
 - (c) any tax, assessment or other governmental charge that is payable otherwise than by withholding or deduction from payments of principal, premium (if any) and interest on the Notes or from payments under the Subsidiary Guarantees or JV Subsidiary Guarantees (if any);
 - (d) any tax, assessment, withholding or deduction required by sections 1471 through 1474 of the Internal Revenue Code of 1986, as amended (“FATCA”), any current or future Treasury Regulations or rulings promulgated thereunder, any law, regulation or other official guidance enacted in any jurisdiction implementing FATCA, any intergovernmental agreement between the United States and any other jurisdiction to implement FATCA, or any agreement with the U.S. Internal Revenue Service under FATCA; or
 - (e) any combination of taxes, duties, assessments or other governmental charges referred to in the preceding clauses (a), (b), (c) and (d); or
- (2) to a Holder that is a fiduciary, partnership or person other than the sole beneficial owner of any payment to the extent that such payment would be required to be included in the income under the laws of a Relevant Jurisdiction or the jurisdiction through which payments are made, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, or a member of that partnership or a beneficial owner who would not have been entitled to such Additional Amounts had that beneficiary, settlor, partner or beneficial owner been the Holder thereof.

Whenever there is mentioned in any context the payment of principal of, and any premium or interest on, any Note or under any Subsidiary Guarantee or JV Subsidiary Guarantee, such mention shall be deemed to include payment of Additional Amounts provided for in the Indenture to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Paying and Transfer Agent and the Trustee will make payments free of withholdings or deductions on account of taxes unless required by applicable law. If such a deduction or withholding is required, the Paying and Transfer Agent or Trustee will not be obligated to pay any Additional Amount to the recipient unless such an Additional Amount is received by the Paying and Transfer Agent or the Trustee in accordance with the Indenture.

REDEMPTION FOR TAXATION REASONS

The Notes may be redeemed, at the option of the Company or a Surviving Person with respect to the Company, as a whole but not in part, upon giving not less than 30 days’ nor more than 60 days’ notice to the Holders (which notice shall be irrevocable) and the Trustee, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any Additional Amounts), if any, to the date fixed by the Company or the Surviving Person, as the case may be, for redemption (the “Tax Redemption Date”) if, as a result of:

- (1) any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of a Relevant Jurisdiction affecting taxation; or
- (2) any change in the existing official position or the stating of an official position regarding the application or interpretation of such laws, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction),

which change or amendment is proposed and becomes effective (or in the case of an official position, is announced) (i) with respect to the Company or any initial Subsidiary Guarantor on or after the Original Issue Date, or (ii) with respect to any Future Subsidiary Guarantor, JV Subsidiary Guarantor or Surviving Person, on or after the date such Future Subsidiary Guarantor, JV Subsidiary Guarantor or Surviving Person becomes a Subsidiary Guarantor, a JV Subsidiary Guarantor or Surviving Person, with respect to any payment due or to become due under the Notes or the Indenture, the Company, a Surviving Person, a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, is, or on the next Interest Payment Date would be, required to pay Additional Amounts, and such requirement cannot be avoided by the taking of reasonable measures by the Company, the Surviving Person, a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be; *provided* that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Company, the Surviving Person, a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, would be obligated to pay such Additional Amounts if a payment in respect of the Notes were then due.

Prior to the giving of any notice of redemption of the Notes pursuant to the foregoing, the Company, a Surviving Person, a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, will deliver to the Trustee at least 30 days but not more than 60 days before a redemption date:

- (1) an Officers' Certificate stating that such change, amendment or statement of an official position referred to in the prior paragraph has occurred, describing the facts related thereto and stating that such requirement cannot be avoided by the Company, such Surviving Person, Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, taking reasonable measures available to it; and
- (2) an Opinion of Counsel or an opinion of a tax consultant, in either case of recognized standing with respect to tax matters of the Relevant Jurisdiction, stating that the requirement to pay such Additional Amounts results from such change, amendment or statement of an official position referred to in the prior paragraph.

The Trustee shall be and is entitled to conclusively rely on and accept such Officers' Certificate and Opinion of Counsel as sufficient evidence of the satisfaction of the conditions precedent described above without further verification, in which event it shall be conclusive and binding on the Holders, and will not be responsible for any loss occasioned by acting in reliance on such Officers' Certificate and Opinion of Counsel, and is not obligated to investigate or verify any information in such Officers' Certificate and Opinion of Counsel.

Any Notes that are redeemed will be cancelled.

CERTAIN COVENANTS

Set forth below are summaries of certain covenants contained in the Indenture.

Limitation on Indebtedness and Preferred Stock

- (1) The Company will not, and will not permit any Restricted Subsidiary to, Incur any Indebtedness (including Acquired Indebtedness), and the Company will not permit any Restricted Subsidiary to issue Preferred Stock, *provided* that the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor may Incur Indebtedness (including Acquired Indebtedness) and any Non-Guarantor Subsidiary may Incur Permitted Subsidiary Indebtedness if, after giving effect to the Incurrence of such Indebtedness and the receipt and application of the proceeds therefrom, (x) no Default has occurred and is continuing and (y) the Fixed Charge Coverage Ratio would not be less than 2.0 to 1.0. Notwithstanding the foregoing, the Company will not permit any Restricted Subsidiary to Incur any Disqualified Stock (other than Disqualified Stock of Restricted Subsidiaries held by the Company or a Subsidiary Guarantor, so long as it is so held).

- (2) Notwithstanding the foregoing, the Company and, to the extent provided below, any Restricted Subsidiary may Incur each and all of the following (“Permitted Indebtedness”):
- (a) Indebtedness under the Notes (excluding any Additional Notes) and each Subsidiary Guarantee and JV Subsidiary Guarantee;
 - (b) any *Pari Passu* Guarantees;
 - (c) Indebtedness of the Company or any Restricted Subsidiary outstanding on the Original Issue Date excluding Indebtedness permitted under clause (d) below; *provided* that such Indebtedness of Non-Guarantor Subsidiaries shall be included in the calculation of Permitted Subsidiary Indebtedness;
 - (d) Indebtedness of the Company or any Restricted Subsidiary owed to the Company or any Restricted Subsidiary; *provided* that (i) any event which results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any subsequent transfer of such Indebtedness (other than to the Company or any Restricted Subsidiary) shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause (d) and (ii) if the Company is the obligor on such Indebtedness, such Indebtedness must expressly be subordinated in right of payment to the Notes, and if a Subsidiary Guarantor or a JV Subsidiary Guarantor is the obligor on such Indebtedness and the Company is not the obligee, such Indebtedness must be expressly subordinated in right of payment to the Subsidiary Guarantee of such Subsidiary Guarantor or the JV Subsidiary Guarantee of such JV Subsidiary Guarantor, as the case may be;
 - (e) Indebtedness of the Company or any Restricted Subsidiary (“Permitted Refinancing Indebtedness”) issued in exchange for, or the net proceeds of which are used to refinance or refund, replace, exchange, renew, repay, defease, discharge or extend (collectively, “refinance” and “refinances” and “refinanced” shall have a correlative meaning), then outstanding Indebtedness Incurred under the immediately preceding paragraph (1) or clause (a), (b), (c), (h), (p), (q), (r), (s), (u), (v), (w) or (x) of this paragraph (2) and any refinancings thereof in an amount not to exceed the amount so refinanced (plus premiums, accrued interest, fees and expenses); *provided* that (i) Indebtedness the proceeds of which are used to refinance the Notes or Indebtedness that is *pari passu* with, or subordinated in right of payment to, the Notes or a Subsidiary Guarantee or a JV Subsidiary Guarantee shall only be permitted under this clause (e) if (A) in case the Notes are refinanced in part or the Indebtedness to be refinanced is *pari passu* with the Notes or a Subsidiary Guarantee or a JV Subsidiary Guarantee, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is issued or remains outstanding, is expressly made *pari passu* with, or subordinate in right of payment to, the remaining Notes or such Subsidiary Guarantee or such JV Subsidiary Guarantee, as the case may be, or (B) in case the Indebtedness to be refinanced is subordinated in right of payment to the Notes or a Subsidiary Guarantee or a JV Subsidiary Guarantee, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is issued or remains outstanding, is expressly made subordinate in right of payment to the Notes or such Subsidiary Guarantee or such JV Subsidiary Guarantee, as the case may be, at least to the extent that the Indebtedness to be refinanced is subordinated to the Notes or such Subsidiary Guarantee or such JV Subsidiary Guarantee, (ii) such new Indebtedness, determined as of the date of Incurrence of such new Indebtedness, does not mature prior to the Stated Maturity of the Indebtedness to be refinanced, and the Average Life of such new Indebtedness is at least equal to the remaining Average Life of the Indebtedness to be refinanced, (iii) in no event may Indebtedness of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor be refinanced pursuant to this clause by means of any Indebtedness of any Restricted Subsidiary that is not a Subsidiary Guarantor or a JV Subsidiary Guarantor, and (iv) in no event may Indebtedness of the Company or any Subsidiary Guarantor be refinanced pursuant to this clause by means of any Indebtedness of any JV Subsidiary Guarantor;

- (f) Indebtedness Incurred by the Company or any Restricted Subsidiary pursuant to Hedging Obligations designed to reduce or manage the exposure of the Company or any Restricted Subsidiary to fluctuations in commodity prices, interest rates or foreign currency exchange rates;
- (g) Pre-Registration Mortgage Guarantees by the Company or any Restricted Subsidiary;
- (h) Indebtedness Incurred by the Company or any Restricted Subsidiary for the purpose of financing (x) all or any part of the purchase price of assets, real or personal property (including the lease purchase price of land use rights) or equipment to be used in the ordinary course of business by the Company or a Restricted Subsidiary in a Permitted Business, including any such purchase through the acquisition of Capital Stock of any Person that owns such real or personal property or equipment which will, upon acquisition, become a Restricted Subsidiary, or (y) all or any part of the purchase price or the cost of development, construction or improvement of assets, real or personal property (including the lease purchase price of land use rights) or equipment to be used in the ordinary course of business by the Company or such Restricted Subsidiary in a Permitted Business; *provided* that, in the case of clauses (x) and (y), (A) the aggregate principal amount of such Indebtedness shall not exceed such purchase price or cost, (B) such Indebtedness shall be Incurred no later than 180 days after the acquisition of such asset, property or equipment or completion of such development, construction or improvement and (C) on the date of the Incurrence of such Indebtedness and after giving effect thereto, the sum of (1) the aggregate principal amount outstanding of all such Indebtedness permitted by this clause (h) (together with refinancings thereof, but excluding any Contractor Guarantee Incurred under this clause (h) to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount) plus (2) the aggregate amount outstanding of all Indebtedness permitted and then outstanding under clauses (p), (q), (r), (u), (v), (w) and (x) below (together with any refinancings thereof) does not exceed an amount equal to 35.0% of Total Assets;
- (i) Indebtedness Incurred by the Company or any Restricted Subsidiary constituting reimbursement obligations with respect to workers' compensation claims or self-insurance obligations or bid, performance or surety bonds (in each case other than for an obligation for borrowed money);
- (j) Indebtedness Incurred by the Company or any Restricted Subsidiary constituting reimbursement obligations with respect to letters of credit, trade guarantees or similar instruments issued in the ordinary course of business to the extent that such letters of credit, trade guarantees or similar instruments are not drawn upon or, if drawn upon, to the extent such drawing is reimbursed no later than 30 days following receipt by the Company or such Restricted Subsidiary of a demand for reimbursement;
- (k) Indebtedness arising from agreements providing for indemnification, adjustment of purchase price or similar obligations, or from Guarantees or letters of credit, surety bonds or performance bonds securing any obligation of the Company or any Restricted Subsidiary pursuant to such agreements, in any case, Incurred in connection with the disposition of any business, assets or Restricted Subsidiary, other than Guarantees of Indebtedness Incurred by any Person acquiring all or any portion of such business, assets or Restricted Subsidiary for the purpose of financing such acquisition; *provided* that the maximum aggregate liability in respect of all such Indebtedness shall at no time exceed the gross proceeds actually received by the Company or any Restricted Subsidiary from the disposition of such business, assets or Restricted Subsidiary;

- (l) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business, *provided* that such Indebtedness is extinguished within five Business Days of Incurrence;
- (m) (i) Guarantees by the Company or any Subsidiary Guarantor of Indebtedness of the Company or any Restricted Subsidiary that was permitted to be Incurred by another provision of this covenant (ii) Guarantees by any Restricted Subsidiary of Indebtedness of another Restricted Subsidiary that was permitted to be Incurred by another provision of this covenant or (iii) Guarantees by any JV Subsidiary Guarantor of Indebtedness of any other JV Subsidiary Guarantor that is a direct or indirect Subsidiary or parent of such JV Subsidiary Guarantor, which Indebtedness was permitted to be Incurred by another provision of this covenant;
- (n) Indebtedness of the Company or any Restricted Subsidiary maturing within one year used by the Company or any Restricted Subsidiary for working capital; *provided* that the aggregate principal amount of Indebtedness permitted by this clause (n) at any time outstanding does not exceed US\$50.0 million (or the Dollar Equivalent thereof);
- (o) Indebtedness of the Company or any Restricted Subsidiary constituting an obligation to pay the deferred purchase price of Capital Stock of a Restricted Subsidiary pursuant to a Staged Acquisition Agreement, to the extent that such deferred purchase price is paid within 12 months after the date the Company or such Restricted Subsidiary enters into and becomes obligated to pay such deferred purchase price pursuant to such Staged Acquisition Agreement;
- (p) Indebtedness Incurred or Preferred Stock issued by the Company or any Restricted Subsidiary arising from any Investment made by a Trust Company Investor in a Restricted Subsidiary; *provided* that, on the date of Incurrence of such Indebtedness or issuance of such Preferred Stock and after giving effect thereto, the sum of (1) the aggregate amount outstanding of all Indebtedness and Preferred Stock permitted under this clause (p) plus (2) the aggregate principal amount outstanding of all Indebtedness permitted under clause (h) above and clauses (q), (r), (u), (v), (w) and (x) below (together with refinancings thereof, but excluding any Contractor Guarantee Incurred under clause (h) above to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 35.0% of Total Assets;
- (q) Bank Deposit Secured Indebtedness Incurred by the Company or any Restricted Subsidiary; *provided* that, on the date of the Incurrence of such Indebtedness and after giving effect thereto, the sum of (1) the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to this clause (q) (together with any refinancings thereof), plus (2) the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to clauses (h) and (p) above and clauses (r), (u), (v), (w) and (x) below (together with any refinancings thereof, but excluding any Contractor Guarantee Incurred under clause (h) above to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount), does not exceed an amount equal to 35.0% of Total Assets;
- (r) Indebtedness Incurred by any Restricted Subsidiary which is secured by Investment Properties; *provided* that, on the date of the Incurrence of such Indebtedness and after giving effect thereto, the sum of (1) the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to this clause (r) (together with any refinancings thereof), plus (2) the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to clauses (h), (p) and (q) above and clauses (u), (v), (w) and (x) below

(together with any refinancings thereof, but excluding any Contractor Guarantee Incurred under clause (h) above to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount), does not exceed an amount equal to 35.0% of Total Assets;

- (s) Indebtedness of the Company or any Restricted Subsidiary in an aggregate principal amount outstanding at any time (together with refinancings thereof) not to exceed US\$50.0 million (or the Dollar Equivalent thereof);
- (t) Indebtedness Incurred by the Company or a Restricted Subsidiary constituting a Subordinated Shareholder Loan;
- (u) Indebtedness Incurred by the Company or any Restricted Subsidiary constituting a Guarantee of Indebtedness of any Person (other than the Company or a Restricted Subsidiary) by the Company or such Restricted Subsidiary; *provided* that, on the date of the Incurrence of such Indebtedness and after giving effect thereto, (1) the aggregate principal amount outstanding of all such Indebtedness Incurred under this clause (u) (together with any refinancings thereof), plus (2) the aggregate principal amount outstanding of all Indebtedness Incurred pursuant to clauses (h), (p), (q) and (r) above and clauses (v), (w) and (x) below (together with any refinancings thereof, but excluding any Contractor Guarantee Incurred under clause (h) to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount), does not exceed an amount equal to 35.0% of Total Assets;
- (v) Acquired Indebtedness of any Restricted Subsidiary Incurred and outstanding on the date on which such Person becomes a Restricted Subsidiary (other than Indebtedness Incurred (A) to provide all or any portion of the funds utilized to consummate the transaction or series of transactions pursuant to which a Person becomes a Restricted Subsidiary or (B) otherwise in contemplation of a Person becoming a Restricted Subsidiary or any such acquisition); *provided* that, on the date of the Incurrence of such Indebtedness and after giving effect thereto, (1) the aggregate principal amount outstanding of all such Indebtedness Incurred under this clause (v) (together with any refinancings thereof), plus (2) the aggregate principal amount outstanding of all Indebtedness Incurred pursuant to clauses (h), (p), (q), (r) and (u) above and clauses (w) and (x) below (together with any refinancings thereof, but excluding any Contractor Guarantee Incurred under clause (h) to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 35.0% of Total Assets;
- (w) Indebtedness Incurred by the Company or any Restricted Subsidiary under Credit Facilities; *provided* that, on the date of the Incurrence of such Indebtedness and after giving effect thereto, (1) the aggregate principal amount outstanding of all such Indebtedness Incurred under this clause (w) (together with any refinancings thereof), plus (2) the aggregate principal amount outstanding of all Indebtedness Incurred pursuant to clauses (h), (p), (q), (r), (u) and (v) above and clause (x) below (together with any refinancings thereof, but excluding any Contractor Guarantee Incurred under clause (h) to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 35.0% of Total Assets; and
- (x) Indebtedness of the Company or any Restricted Subsidiary constituting an obligation to pay the deferred purchase price of Capital Stock of a Person pursuant to a Minority Interest Staged Acquisition Agreement, to the extent that such deferred purchase price is paid within 12 months after the date the Company or such Restricted Subsidiary enters into and becomes obligated to pay such deferred purchase price pursuant to such Minority Interest Staged Acquisition Agreement; *provided* that, on the date of the Incurrence of

such Indebtedness and after giving effect thereto, the sum of (1) the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to this clause (x) (together with any refinancings thereof), plus (2) the aggregate principal amount outstanding of all Indebtedness Incurred pursuant to clauses (h), (p), (q), (r), (u), (v) and (w) above (together with any refinancings thereof, but excluding any Contractor Guarantee Incurred under clause (h) to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 35.0% of Total Assets.

- (3) For purposes of determining compliance with this “Limitation on Indebtedness and Preferred Stock” covenant, in the event that an item of Indebtedness or Preferred Stock meets the criteria of more than one of the types of Indebtedness or Preferred Stock described above, including under the proviso in paragraph (1) above, the Company, in its sole discretion, shall classify, and from time to time may reclassify, such item of Indebtedness or Preferred Stock as one or more of such types.
- (4) Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that may be Incurred or Preferred Stock that may be issued pursuant to this covenant will not be deemed to be exceeded with respect to any outstanding Indebtedness due solely to the result of fluctuations in the exchange rates of currencies.

Limitation on Restricted Payments

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly (the payments or any other actions described in clauses (1) through (4) below being collectively referred to as “Restricted Payments”):

- (1) declare or pay any dividend or make any distribution on or with respect to the Company’s or any Restricted Subsidiary’s Capital Stock (other than dividends or distributions payable or paid solely in shares of the Company’s or any Restricted Subsidiary’s Capital Stock (other than Disqualified Stock or Preferred Stock) or in options, warrants or other rights to acquire shares of such Capital Stock) held by Persons other than the Company or any Restricted Subsidiary;
- (2) purchase, call for redemption or redeem, retire or otherwise acquire for value any shares of Capital Stock of the Company or any Restricted Subsidiary (including options, warrants or other rights to acquire such shares of Capital Stock) or any direct or indirect parent of the Company held by any Persons other than the Company or any Restricted Subsidiary and other than the purchase of Capital Stock of a Restricted Subsidiary pursuant to a Staged Acquisition Agreement;
- (3) make any voluntary or optional principal payment, or voluntary or optional redemption, repurchase, defeasance, or other acquisition or retirement for value, of Indebtedness that is subordinated in right of payment to the Notes or any Subsidiary Guarantee or JV Subsidiary Guarantee (excluding any intercompany Indebtedness between or among the Company and any Restricted Subsidiary); or
- (4) make any Investment, other than a Permitted Investment;

if, at the time of, and after giving effect to, the proposed Restricted Payment:

- (a) a Default has occurred and is continuing or would occur as a result of such Restricted Payment;
- (b) the Company could not Incur at least US\$1.00 of Indebtedness under the proviso in paragraph (1) of the covenant described under “— Limitation on Indebtedness and Preferred Stock”;

- (c) such Restricted Payment, together with the aggregate amount of all Restricted Payments made by the Company and its Restricted Subsidiaries after the Original Issue Date (excluding Restricted Payments permitted by clauses (2), (3), (4), (5) (to the extent such Restricted Payment is made to the Company or a Restricted Subsidiary), (6) and (7)) of the immediately following paragraph), shall exceed the sum (without duplication) of:
- (i) 50% of the aggregate amount of the Consolidated Net Income of the Company (or, if the Consolidated Net Income is a loss, minus 100% of the amount of such loss) accrued on a cumulative basis during the period (taken as one accounting period) beginning on July 1, 2020 and ending on the last day of the Company's most recently ended fiscal quarter for which consolidated financial statements of the Company (which the Company shall use its reasonable best efforts to compile in a timely manner) are available (which may include internal consolidated financial statements); plus
 - (ii) 100% of the aggregate Net Cash Proceeds received by the Company after the Original Issue Date as a capital contribution to its common equity or from the issuance and sale of its Capital Stock (other than Disqualified Stock) to a Person who is not a Restricted Subsidiary of the Company, including any such Net Cash Proceeds received upon (A) the conversion of any Indebtedness (other than Subordinated Indebtedness) of the Company into Capital Stock (other than Disqualified Stock) of the Company, or (B) the exercise by a Person who is not a Restricted Subsidiary of the Company of any options, warrants or other rights to acquire Capital Stock of the Company (other than Disqualified Stock) in each case excluding the amount of any such Net Cash Proceeds used to redeem, repurchase, defease or otherwise acquire or retire for value any Subordinated Indebtedness or Capital Stock of the Company; plus
 - (iii) the amount by which Indebtedness of the Company or any Restricted Subsidiary is reduced on the Company's consolidated balance sheet upon the conversion or exchange (other than by a Restricted Subsidiary of the Company) subsequent to the Original Issue Date of any Indebtedness of the Company or any Restricted Subsidiary convertible or exchangeable into Capital Stock (other than Disqualified Stock) of the Company (less the amount of any cash, or the Fair Market Value of any other property, distributed by the Company upon such conversion or exchange); plus
 - (iv) an amount equal to the net reduction in Investments (other than reductions in Permitted Investments) that were made after the Original Issue Date in any Person resulting from (A) payments of interest on Indebtedness, dividends or repayments of loans or advances by such Person, in each case to the Company or any Restricted Subsidiary (except, in each case, to the extent any such payment or proceeds are included in the calculation of Consolidated Net Income) after the Original Issue Date, (B) the unconditional release of a Guarantee provided by the Company or a Restricted Subsidiary after the Original Issue Date of an obligation of another Person, (C) to the extent that an Investment made after the Original Issue Date was, after such date, or is sold or otherwise liquidated or repaid for cash, the lesser of (x) cash return of capital with respect to such Investment (less the cost of disposition, if any) and (y) the initial amount of such Investment, or (D) from redesignations of Unrestricted Subsidiaries as Restricted Subsidiaries, not to exceed, in each case, the amount of Investments (other than Permitted Investments) made by the Company or a Restricted Subsidiary after the Original Issue Date in any such Person; plus
 - (v) US\$20.0 million (or the Dollar Equivalent thereof).

The foregoing provision shall not be violated by reason of:

- (1) the payment of any dividend or redemption of any Capital Stock within 60 days after the related date of declaration or call for redemption if, at said date of declaration or call for redemption, such payment or redemption would comply with the preceding paragraph;
- (2) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Company or any Subsidiary Guarantor or JV Subsidiary Guarantor with the Net Cash Proceeds of, or in exchange for, a substantially concurrent Incurrence of Permitted Refinancing Indebtedness;
- (3) the redemption, repurchase or other acquisition of Capital Stock of the Company or any Subsidiary Guarantor or JV Subsidiary Guarantor (or options, warrants or other rights to acquire such Capital Stock) in exchange for, or out of the Net Cash Proceeds of a substantially concurrent capital contribution or sale (other than to a Restricted Subsidiary of the Company) of, shares of Capital Stock (other than Disqualified Stock) of the Company or any Subsidiary Guarantor or JV Subsidiary Guarantor (or options, warrants or other rights to acquire such Capital Stock); *provided* that the amount of any such Net Cash Proceeds that are utilized for any such Restricted Payment will be excluded from clause (c)(ii) of the preceding paragraph;
- (4) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Company or any Subsidiary Guarantor or JV Subsidiary Guarantor in exchange for, or out of the Net Cash Proceeds of, a substantially concurrent capital contribution or sale (other than to a Subsidiary of the Company) of, shares of Capital Stock (other than Disqualified Stock) of the Company or any Subsidiary Guarantor or JV Subsidiary Guarantor (or options, warrants or other rights to acquire such Capital Stock); *provided* that the amount of any such Net Cash Proceeds that are utilized for any such Restricted Payment will be excluded from clause (c)(ii) of the preceding paragraph;
- (5) the payment of any dividends or distributions declared, paid or made by a Restricted Subsidiary payable, on a pro rata basis or on a basis more favorable to the Company, to all holders of any class of Capital Stock of such Restricted Subsidiary;
- (6) the repurchase, redemption or other acquisition or retirement for value of the Capital Stock of the Company or any Restricted Subsidiary (directly or indirectly, including through any trustee, agent or nominee) in connection with an employee benefit plan, and any corresponding Investment by the Company or any Restricted Subsidiary in any trust or similar arrangements to the extent of such repurchased, redeemed, acquired or retired Capital Stock, or (B) the repurchase, redemption or other acquisition or retirement for value of any Capital Stock of the Company or any Restricted Subsidiary held by an employee benefit plan of the Company or any Restricted Subsidiary, any current or former officer, director, consultant, or employee of the Company or any Restricted Subsidiary (or permitted transferees, estates or heirs of any of the foregoing); *provided* that the aggregate consideration paid for all such repurchased, redeemed, acquired or retired Capital Stock shall not exceed US\$5.0 million (or the Dollar Equivalent thereof using the Original Issue Date as the date of determination) for any fiscal year, with any unused amount (representing the difference, if any, between such limit and the actual consideration under such limit paid) in any such fiscal year being carried over to the subsequent fiscal year;
- (7) repurchases of Capital Stock deemed to occur upon the exercise of stock options if such Capital Stock represents a portion of the exercise price thereof;

- (8) dividends or other distributions paid to, or the purchase of Capital Stock of any Restricted Subsidiary held by, any Trust Company Investor in respect of any Indebtedness or Preferred Stock outstanding on the Original Issue Date or permitted to be Incurred or issued under clause (2)(p) of the covenant described under the caption “— Limitation on Indebtedness and Preferred Stock”;
- (9) cash payments in lieu of the issuance of fractional shares in connection with the exercise of warrants, options or other securities convertible into or exchangeable for Capital Stock of the Company; *provided* that any such cash payment shall not be for the purpose of evading the limitation of this “Limitation on Restricted Payments” covenant (as determined in good faith by the Board of Directors of the Company);
- (10) purchase by the Company or a Restricted Subsidiary of Capital Stock in any other Restricted Subsidiary held by a minority shareholder of such Restricted Subsidiary, which purchase increases the proportion of the Capital Stock of such Restricted Subsidiary held, directly or indirectly, by the Company; *provided* that the purchase price of such Capital Stock is less than or equal to the Fair Market Value of such Capital Stock;
- (11) the payment of any dividend or distribution payable or paid solely in Capital Stock (other than Disqualified Stock or Preferred Stock) of any Unrestricted Subsidiary or in options, warrants or other rights to acquire shares of such Capital Stock;
- (12) the declaration and payment of dividends on, or the repurchase or redemption of the Capital Stock of the Company by the Company in any fiscal year in an aggregate amount not to exceed 25.0% of profit for the year in the immediate prior fiscal year;
- (13) the distributions or payments of Securitization Fees in connection with Receivable Financing permitted under the Indenture; or
- (14) payments, including distributions, made under or in connection with any Perpetual Securities Obligation pursuant to the terms thereof,

provided that, in the case of clause (2), (3) or (4) of this paragraph, no Default shall have occurred and be continuing or would occur as a consequence of the actions or payments set forth therein.

The amount of any Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Company or the Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The value of any assets or securities that are required to be valued by this covenant will be the Fair Market Value. The Board of Directors’ determination of the Fair Market Value of a Restricted Payment or any such assets or securities (other than any Restricted Payments set forth in clauses (5) through (14) above) must be based upon an opinion or appraisal issued by an appraisal or investment banking firm of recognized international standing if the Fair Market Value exceeds US\$10.0 million (or the Dollar Equivalent thereof).

Not later than the date of making any Restricted Payment in excess of US\$10.0 million (or the Dollar Equivalent thereof) (other than any Restricted Payments set forth in clauses (5) through (14) above), the Company will deliver to the Trustee an Officers’ Certificate stating that such Restricted Payment is permitted and setting forth the basis upon which the calculations required by this “— Limitation on Restricted Payments” covenant were computed, together with a copy of any fairness opinion or appraisal required by the Indenture.

For purposes of determining compliance with this covenant, in the event that an item of Investment meets the criteria of both the first paragraph of this covenant and paragraph (19) of the definition of “Permitted Investment” at any time, the Company, in its sole discretion, shall classify, and from time to time may reclassify, such item of Investment in either or both of such paragraphs.

Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

- (1) Except as provided below, the Company will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any encumbrance or restriction on the ability of any Restricted Subsidiary to:
 - (a) pay dividends or make any other distributions on any Capital Stock of such Restricted Subsidiary owned by the Company or any other Restricted Subsidiary;
 - (b) pay any Indebtedness or other obligation owed to the Company or any other Restricted Subsidiary;
 - (c) make loans or advances to the Company or any other Restricted Subsidiary; or
 - (d) sell, lease or transfer any of its property or assets to the Company or any other Restricted Subsidiary;

provided that for the avoidance of doubt the following shall not be deemed to constitute such an encumbrance or restriction: (i) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on Common Stock; (ii) the subordination of loans or advances made to the Company or any Restricted Subsidiary to other Indebtedness Incurred by the Company or any Restricted Subsidiary; and (iii) the provisions contained in documentation governing Indebtedness requiring transactions between or among the Company and any Restricted Subsidiary or between or among any Restricted Subsidiary to be on fair and reasonable terms or on an arm's length basis.

- (2) The provisions of paragraph (1) do not apply to any encumbrances or restrictions:
 - (a) existing in agreements as in effect on the Original Issue Date, or in the Notes, the Subsidiary Guarantees, the JV Subsidiary Guarantees or the Indenture or under any Pari Passu Guarantee or any Indebtedness of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor Guaranteed by any Pari Passu Guarantee, and any extensions, refinancings, renewals or replacements of any of the foregoing agreements; *provided* that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;
 - (b) existing under or by reason of applicable law, rule, regulation or order;
 - (c) with respect to any Person or the property or assets of such Person acquired by the Company or any Restricted Subsidiary, existing at the time of such acquisition and not incurred in contemplation thereof, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Person or the property or assets of such Person so acquired, and any extensions, refinancings, renewals or replacements thereof; *provided* that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;
 - (d) that otherwise would be prohibited by the provision described in clause (1)(d) of this covenant if they arise, or are agreed to, in the ordinary course of business and, that (i) restrict in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease or license, (ii) exist by virtue of any Lien on, or agreement to transfer, option or similar right with respect to any property or assets of the Company or any Restricted Subsidiary

not otherwise prohibited by the Indenture, or (iii) do not relate to any Indebtedness, and that do not, individually or in the aggregate, detract from the value of property or assets of the Company or any Restricted Subsidiary in any manner material to the Company or any Restricted Subsidiary;

- (e) with respect to a Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the sale or disposition of all or substantially all of the Capital Stock of, or property and assets of, such Restricted Subsidiary that is permitted by the “— Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries,” “— Limitation on Indebtedness and Preferred Stock” and “— Limitation on Asset Sales” covenants;
- (f) with respect to any Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the Incurrence of Indebtedness permitted under the “Limitation on Indebtedness and Preferred Stock” covenant if, as determined by the Board of Directors, the encumbrances or restrictions are (i) customary for such types of agreements and (ii) would not, at the time agreed to, be expected to materially and adversely affect the ability of the Company to make required payment on the Notes and, with respect to such Indebtedness any extensions, refinancings, renewals or replacements of any of the foregoing agreements; *provided* that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;
- (g) existing in customary provisions in joint venture agreements and other similar agreements, to the extent such encumbrance or restriction relates to the activities or assets of the Company or a Restricted Subsidiary that is a party to such joint venture and if (as determined in good faith by the Board of Directors) (i) the encumbrances or restrictions are customary for a joint venture or similar agreement of that type and (ii) the encumbrances or restrictions would not, at the time agreed to, be expected to materially and adversely affect (x) the ability of the Company to make the required payments on the Notes, or (y) any Subsidiary Guarantor or JV Subsidiary Guarantor to make required payments under its Subsidiary Guarantee or JV Subsidiary Guarantee; or
- (h) existing with respect to any Unrestricted Subsidiary or the property or assets of such Unrestricted Subsidiary that is designated as a Restricted Subsidiary in accordance with the terms of the Indenture at the time of such designation and not incurred in contemplation of such designation, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Subsidiary or its subsidiaries or the property or assets of such Subsidiary or its subsidiaries, and any extensions, refinancing, renewals or replacements thereof; *provided* that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced.

Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries

The Company will not sell, and will not permit any Restricted Subsidiary, directly or indirectly, to issue or sell any shares of Capital Stock of a Restricted Subsidiary (including options, warrants or other rights to purchase shares of such Capital Stock) except:

- (1) to the Company or a Wholly Owned Restricted Subsidiary, or in the case of a Restricted Subsidiary that is not Wholly Owned, pro rata to its shareholders or incorporators or on a basis more favorable to the Company and its Restricted Subsidiaries;

- (2) to the extent such Capital Stock represents director's qualifying shares or is required by applicable law to be held by a Person other than the Company or a Wholly Owned Restricted Subsidiary;
- (3) the issuance or sale of Capital Stock of a Restricted Subsidiary if, immediately after giving effect to such issuance or sale, such Restricted Subsidiary would no longer constitute a Restricted Subsidiary and any remaining Investment in such Person would have been permitted to be made by the covenant described under "— Limitation on Restricted Payments" if made on the date of such issuance or sale and *provided* that the Company complies with the "— Limitation on Asset Sales" covenant; or
- (4) the issuance or sale of Capital Stock of a Restricted Subsidiary (which remains a Restricted Subsidiary after any such issuance or sale); *provided* that the Company or such Restricted Subsidiary applies the Net Cash Proceeds of such issuance or sale in accordance with the "Limitation on Asset Sales" covenant.

Limitation on Issuances of Guarantees by Restricted Subsidiaries

The Company will not permit any Restricted Subsidiary which is not a Subsidiary Guarantor or a JV Subsidiary Guarantor, directly or indirectly, to Guarantee any Indebtedness ("Guaranteed Indebtedness") of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor, unless (1) (a) such Restricted Subsidiary, simultaneously executes and delivers a supplemental indenture to the Indenture providing for an unsubordinated Subsidiary Guarantee (in the case of a Subsidiary Guarantor) or JV Subsidiary Guarantee (in the case of a JV Subsidiary Guarantor) of payment of the Notes by such Restricted Subsidiary and (b) such Restricted Subsidiary waives and will not in any manner whatsoever claim or take the benefit or advantage of, any rights of reimbursement, indemnity or subrogation or any other rights against the Company or any other Restricted Subsidiary as a result of any payment by such Restricted Subsidiary under its Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, until the Notes have been paid in full or (2) such Guarantee are permitted by clauses (2)(c), (d) or (q) (in the case of (2)(q), with respect to the Guarantee provided by any Restricted Subsidiary that is not Subsidiary Guarantor or a JV Subsidiary Guarantor through the pledge of cash deposits, bank accounts or other assets to secure (or the use of any Guarantee, letter of credit or similar instrument to Guarantee), directly, or indirectly, any Bank Deposit Secured Indebtedness of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor) under "— Limitation on Indebtedness and Preferred Stock."

If the Guaranteed Indebtedness (1) ranks *pari passu* in right of payment with the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee, then the Guarantee of such Guaranteed Indebtedness shall rank *pari passu* in right of payment with, or subordinated to, the Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, or (2) is subordinated in right of payment to the Notes any Subsidiary Guarantee or any JV Subsidiary Guarantee, then the Guarantee of such Guaranteed Indebtedness shall be subordinated in right of payment to the Subsidiary Guarantee or the JV Subsidiary Guarantee, as the case may be, at least to the extent that the Guaranteed Indebtedness is subordinated to the Notes, the Subsidiary Guarantee or the JV Subsidiary Guarantee.

The Company will not permit any JV Subsidiary Guarantor, directly or indirectly, to Guarantee any Indebtedness of the Company or any other Restricted Subsidiary unless the aggregate claims of the creditor under such Guarantee will be limited to the JV Entitlement Amount. If any JV Subsidiary Guarantor Guarantees any Indebtedness of the Company or any other Restricted Subsidiary where the aggregate claims of the creditor under such Guarantee exceeds the JV Entitlement Amount, such JV Subsidiary Guarantee shall be replaced with a Subsidiary Guarantee given by a Subsidiary Guarantor.

Limitation on Transactions with Shareholders and Affiliates

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, enter into, renew or extend any transaction or arrangement (including, without limitation, the purchase, sale, lease or exchange of property or assets, or the rendering of any service) with (x) any holder (or any Affiliate of such holder) of 10.0% or more of any class of Capital Stock of the Company or (y) any Affiliate of the Company (each an “Affiliate Transaction”), unless:

- (1) the Affiliate Transaction is on fair and reasonable terms that are no less favorable to the Company or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Company or the relevant Restricted Subsidiary with a Person that is not an Affiliate of the Company; and
- (2) the Company delivers to the Trustee:
 - (a) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US\$5.0 million (or the Dollar Equivalent thereof), a Board Resolution set forth in an Officers’ Certificate certifying that such Affiliate Transaction complies with this covenant and such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors; and
 - (b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US\$10.0 million (or the Dollar Equivalent thereof), in addition to the Board Resolution required in clause (2)(a) above, an opinion as to the fairness to the Company or such Restricted Subsidiary of such Affiliate Transaction from a financial point of view issued or confirming that the terms of such Affiliate Transaction are no less favorable to the Company or the relevant Restricted Subsidiary than terms available to (or from, as applicable) a Person that is not an Affiliate of the Company by an accounting, appraisal or investment banking firm of recognized international standing.

The foregoing limitation does not limit, and shall not apply to:

- (1) the payment of reasonable and customary regular fees and other reasonable and customary compensation to directors of the Company or any Restricted Subsidiary who are not employees of the Company or any Restricted Subsidiary;
- (2) transactions between or among the Company and any of its Wholly Owned Restricted Subsidiaries or between or among Wholly Owned Restricted Subsidiaries;
- (3) any Restricted Payment of the type described in clause (1), (2) or (3) of the first paragraph of the covenant described under “— Limitation on Restricted Payments” if permitted by that covenant;
- (4) any sale of Capital Stock (other than Disqualified Stock) of the Company;
- (5) the payment of compensation to officers and directors of the Company or any Restricted Subsidiary pursuant to an employee stock, share option or other incentive scheme, so long as such scheme is in compliance with the listing rules of The Stock Exchange of Hong Kong Limited, which as of the Original Issue Date require a majority shareholder approval of any such scheme; and
- (6) any employment, consulting, service or termination agreement, or reasonable and customary indemnification arrangements, entered into by the Company or any of its Restricted Subsidiaries with directors, officers, employees and consultants in the ordinary course of business and the payment of compensation pursuant thereto.

In addition, the requirements of clause (2) of the first paragraph of this covenant shall not apply to (i) Investments (other than Permitted Investments) not prohibited by the “Limitation on Restricted Payments” covenant, (ii) transactions pursuant to agreements in effect on the Original Issue Date, or any amendment or modification or replacement thereof, so long as such amendment, modification or replacement is not more disadvantageous to the Company and its Restricted Subsidiaries than the original agreement in effect on the Original Issue Date, (iii) any transaction between or among the Company, any Wholly Owned Restricted Subsidiary and any Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary or between or among Restricted Subsidiaries that are not Wholly Owned Restricted Subsidiaries or between or among the Company or a Restricted Subsidiary on the one hand and a Minority Joint Venture or an Unrestricted Subsidiary on the other hand; *provided* that in the case of this clause (iii), (a) such transaction is entered into in the ordinary course of business and (b) none of the shareholders or partners (other than the Company or any Restricted Subsidiary) of or in such Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary, Minority Joint Venture or Unrestricted Subsidiary is a Person described in clauses (x) or (y) of the first paragraph of this covenant (other than by reason of such other shareholder or other partner being an officer or director of such Restricted Subsidiary, Minority Joint Venture or Unrestricted Subsidiary), and (iv) any Affiliate Transaction that is conducted in accordance with the Listing Rules of The Stock Exchange of Hong Kong Limited, for as long as the Capital Stock of the Company remains listed on The Stock Exchange of Hong Kong Limited.

Limitation on Liens

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, incur, assume or permit to exist any Lien of any nature whatsoever on any of its assets or properties of any kind, whether owned at the Original Issue Date or thereafter acquired, except Permitted Liens, unless the Notes are secured equally and ratably with (or, if the obligation or liability to be secured by such Lien is subordinated in right of payment to the Notes, prior to) the obligation or liability secured by such Lien, for so long as such obligation or liability is secured by such Lien.

In the event that one or more Liens (and documents relating thereto) are to be established or maintained to effect equal and ratable security arrangements in respect of the Notes (as contemplated under the preceding paragraph) with regards to Indebtedness proposed to be or previously Incurred by the Company or any Subsidiary Guarantor in compliance with the terms of the Indenture, the Company may instruct the Trustee to directly, or through its Affiliates (in its capacity as Trustee or that of a collateral agent on such terms as it shall require) and without the consent of any Holders, (a) enter into one or more intercreditor agreements, pledge agreements, collateral and security agreements or other arrangements intended to effect the shared security arrangements contemplated by this paragraph among holders of such Indebtedness and (b) complete or facilitate the completion by itself or other parties of filings, registrations or other actions necessary to effect or perfect the relevant Liens or related arrangements.

Limitation on Sale and Leaseback Transactions

The Company will not, and will not permit any Restricted Subsidiary to, enter into any Sale and Leaseback Transaction; *provided* that the Company or any Restricted Subsidiary may enter into a Sale and Leaseback Transaction if:

- (1) the Company or such Restricted Subsidiary, as the case may be, could have (a) incurred Indebtedness in an amount equal to the Attributable Indebtedness relating to such Sale and Leaseback Transaction under the covenant described under “— Limitation on Indebtedness and Preferred Stock” and (b) incurred a Lien to secure such Indebtedness pursuant to the covenant described under “— Limitation on Liens,” in which case, the corresponding Indebtedness and Lien will be deemed incurred pursuant to those provisions;
- (2) the gross cash proceeds of such Sale and Leaseback Transaction are at least equal to the Fair Market Value of the property that is the subject of such Sale and Leaseback Transaction; and
- (3) the transfer of assets in such Sale and Leaseback Transaction is permitted by, and the Company or such Restricted Subsidiary, as the case may be, applies the proceeds of such transaction in compliance with, the covenant described under “— Limitation on Asset Sales.”

Limitation on Asset Sales

The Company will not, and will not permit any Restricted Subsidiary to, consummate any Asset Sale, unless:

- (1) no Default shall have occurred and be continuing or would occur as a result of such Asset Sale;
- (2) the consideration received by the Company or such Restricted Subsidiary, as the case may be, is at least equal to the Fair Market Value of the assets sold or disposed of; and
- (3) at least 75% of the consideration received consists of cash, Temporary Cash Investments or Replacement Assets; *provided* that in the case of an Asset Sale in which the Company or such Restricted Subsidiary receives Replacement Assets involving aggregate consideration in excess of US\$10.0 million (or the Dollar Equivalent thereof), the Company shall deliver to the Trustee an opinion as to the fairness to the Company or such Restricted Subsidiary of such Asset Sale from a financial point of view issued by an accounting, appraisal or investment banking firm of recognized international standing. For purposes of this provision, each of the following will be deemed to be cash:
 - (a) any liabilities, as shown on the Company's most recent consolidated balance sheet, of the Company or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee) that are assumed by the transferee of any such assets pursuant to a customary assumption, assignment, novation or similar agreement that releases the Company or such Restricted Subsidiary from further liability; and
 - (b) any securities, notes or other obligations received by the Company or any Restricted Subsidiary from such transferee that are promptly, but in any event within 30 days of closing, converted by the Company or such Restricted Subsidiary into cash, to the extent of the cash received in that conversion.

Within 360 days after the receipt of any Net Cash Proceeds from an Asset Sale, the Company (or the applicable Restricted Subsidiary, as the case may be) may apply such Net Cash Proceeds to:

- (1) permanently repay Senior Indebtedness of the Company or a Subsidiary Guarantor or any Indebtedness of a Restricted Subsidiary that is not a Subsidiary Guarantor (and, if such Senior Indebtedness repaid is revolving credit Indebtedness, to correspondingly reduce permanently commitments with respect thereto) in each case owing to a Person other than the Company or a Restricted Subsidiary; or
- (2) acquire Replacement Assets.

Any Net Cash Proceeds from Asset Sales that are not applied or invested as provided in clauses (1) and (2) in the immediately preceding paragraph will constitute "Excess Proceeds." Excess Proceeds of less than US\$10.0 million (or the Dollar Equivalent thereof) will be carried forward and accumulated. When accumulated Excess Proceeds exceed US\$10.0 million (or the Dollar Equivalent thereof), within 10 days thereof, the Company must make an Offer to Purchase Notes having a principal amount equal to:

- (1) accumulated Excess Proceeds, multiplied by
- (2) a fraction (x) the numerator of which is equal to the outstanding principal amount of the Notes and (y) the denominator of which is equal to the outstanding principal amount of the Notes and all *pari passu* Indebtedness similarly required to be repaid, redeemed or tendered for in connection with the Asset Sale, rounded down to the nearest US\$1,000.

Pending application of such Net Cash Proceeds as set forth in clause (1) or (2) above, the Company or any Restricted Subsidiary may make an Investment in cash or Temporary Cash Investments.

The offer price in any Offer to Purchase will be equal to 100% of the principal amount plus accrued and unpaid interest to (but not including) the date of purchase, and will be payable in cash.

If any Excess Proceeds remain after consummation of an Offer to Purchase, the Company may use such Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes (and any other *pari passu* Indebtedness) tendered into (or required to be prepaid or redeemed in connection with) such Offer to Purchase exceeds the amount of Excess Proceeds, the Notes (and such other *pari passu* Indebtedness) to be purchased will be selected on a pro rata basis based on the principal amount of Notes and such other *pari passu* Indebtedness tendered (or required to be prepaid or redeemed). Upon completion of each Offer to Purchase, the amount of Excess Proceeds will be reset at zero.

Limitation on the Company's Business Activities

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, engage in any business other than Permitted Businesses; *provided, however*, that the Company or any Restricted Subsidiary may own Capital Stock of an Unrestricted Subsidiary or joint venture or other entity that is engaged in a business other than a Permitted Business as long as any Investment therein was not prohibited when made by the covenant under the caption “— Limitation on Restricted Payments.”

Use of Proceeds

The Company will not, and will not permit any Restricted Subsidiary to, use the net proceeds from the sale of the Notes, in any amount, for any purpose other than (1) in the approximate amounts and for the purposes specified, including any adjustment in response to changes in acquisition or development plans as contemplated (to the extent permitted under applicable law), under “Use of Proceeds” in this offering memorandum (or in the case of Additional Notes, the offering or other document relating to the issuance of such Additional Notes) and (2) pending the application of all of such net proceeds in such manner, to invest the portion of such net proceeds not yet so applied in Temporary Cash Investments.

Designation of Restricted and Unrestricted Subsidiaries

The Board of Directors may designate any Restricted Subsidiary to be an Unrestricted Subsidiary; *provided* that (1) no Default shall have occurred and be continuing at the time of or after giving effect to such designation; (2) neither the Company nor any Restricted Subsidiary provides credit support for the Indebtedness of such Restricted Subsidiary, if such credit support, at the time of or after giving effect to such designation, would not be permitted to be made under the covenant described under “— Limitation on Indebtedness and Preferred Stock” and the covenant described under “— Limitation on Restricted Payments”; (3) such Restricted Subsidiary has no outstanding Indebtedness that could trigger a cross-default to the Indebtedness of the Company as a result of such designation; (4) such Restricted Subsidiary does not own any Disqualified Stock of the Company or Disqualified or Preferred Stock of another Restricted Subsidiary or hold any Indebtedness of, or any Lien on any property of, the Company or any Restricted Subsidiary, if such Disqualified or Preferred Stock or Indebtedness could not be Incurred under the covenant described under “— Limitation on Indebtedness and Preferred Stock” or such Lien would violate the covenant described under “— Limitation on Liens”; (5) such Restricted Subsidiary does not own any Voting Stock of another Restricted Subsidiary, and all of its Subsidiaries are Unrestricted Subsidiaries or are being concurrently designated to be Unrestricted Subsidiaries in accordance with this paragraph; and (6) the Investment deemed to have been made thereby in such newly-designated Unrestricted Subsidiary and each other newly-designated Unrestricted Subsidiary being concurrently redesignated would be permitted to be made by the covenant described under “— Limitation on Restricted Payments.”

The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that (1) no Default shall have occurred and be continuing at the time of or after giving effect to such designation; (2) any Indebtedness of such Unrestricted Subsidiary outstanding at the time of such designation which will be deemed to have been Incurred by such newly-designated Restricted Subsidiary as a result of such designation would be permitted to be Incurred by the covenant described under “— Limitation on Indebtedness and Preferred Stock”; (3) any Lien on the property of such Unrestricted Subsidiary at the time of such designation which will be deemed to have been incurred by such newly-designated Restricted Subsidiary as a result of such designation would be permitted to be incurred by the covenant described under “— Limitation on Liens”; (4) such Unrestricted Subsidiary is not a Subsidiary of another Unrestricted Subsidiary (that is not concurrently being designated as a Restricted Subsidiary); and (5) if such Restricted Subsidiary is not organized under the laws of the PRC and is not an Other Non-Guarantor Subsidiary, such Restricted Subsidiary shall upon such designation execute and deliver to the Trustee a supplemental indenture to the Indenture by which such Restricted Subsidiary shall become a Subsidiary Guarantor or a JV Subsidiary Guarantor in accordance with the terms under the Indenture.

Government Approvals and Licenses; Compliance with Law

The Company will, and will cause each Restricted Subsidiary to, (1) obtain and maintain in full force and effect all governmental approvals, authorizations, consents, permits, concessions and licenses as are necessary to engage in the Permitted Businesses; (2) preserve and maintain good and valid title to its properties and assets (including land-use rights) free and clear of any Liens other than Permitted Liens; and (3) comply with all laws, regulations, orders, judgments and decrees of any governmental body, except to the extent that failure so to obtain, maintain, preserve and comply would not reasonably be expected to have a material adverse effect on (a) the business, results of operations or prospects of the Company and its Restricted Subsidiaries, taken as a whole, or (b) the ability of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor to perform its obligations under the Notes, the relevant Subsidiary Guarantee, the relevant JV Subsidiary Guarantee or the Indenture.

Anti-Layering

The Company will not Incur, and will not permit any Subsidiary Guarantor or JV Subsidiary Guarantor to Incur, any Indebtedness if such Indebtedness is contractually subordinated in right of payment to any other Indebtedness of the Company, such Subsidiary Guarantor or such JV Subsidiary Guarantor, as the case may be, unless such Indebtedness is also contractually subordinated in right of payment to the Notes, the applicable Subsidiary Guarantee or the applicable JV Subsidiary Guarantee, on substantially identical terms. This does not apply to distinctions between categories of Indebtedness that exist by reason of any Liens or Guarantees securing or in favor of some but not all of such Indebtedness.

Suspension of Certain Covenants

If, on any date following the date of the Indenture, the Notes have a rating of Investment Grade from the Rating Agency and no Default has occurred and is continuing (a “Suspension Event”), then, beginning on that day and continuing until such time, if any, at which the Notes cease to have a rating of Investment Grade from the Rating Agency, the provisions of the Indenture summarized under the following captions will be suspended:

- (1) “— Limitation on Indebtedness and Preferred Stock;”
- (2) “— Limitation on Restricted Payments”;
- (3) “— Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries”;
- (4) “— Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries”;

- (5) “— Limitation on Issuances of Guarantees by Restricted Subsidiaries”;
- (6) “— Limitation on Sale and Leaseback Transactions”;
- (7) “— Limitation on Asset Sales”;
- (8) clause 2(a) of “— Provision of Financial Statements and Reports”;
- (9) “— Limitation on the Company’s Business Activities”;
- (10) clauses (3), (4) and (5)(x) of the first and second paragraphs of “— Consolidation, Merger and Sale of Assets.”

During any period that the foregoing covenants have been suspended, the Board of Directors may not designate any Restricted Subsidiary as an Unrestricted Subsidiary pursuant to the covenant described under “— Designation of Restricted and Unrestricted Subsidiary” or the definition of “Unrestricted Subsidiary.”

Such covenants will be reinstated and apply according to their terms as of and from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Company or any Restricted Subsidiary properly taken in compliance with the provisions of the Indenture during the continuance of the Suspension Event, and following reinstatement the calculations under the covenant described under “— Limitation on Restricted Payments” will be made as if such covenant had been in effect since the date of the Indenture except that no Default will be deemed to have occurred solely by reason of a Restricted Payment made while that covenant was suspended.

There can be no assurance that the Notes will ever achieve a rating of Investment Grade or that any such rating will be maintained.

Provision of Financial Statements and Reports

- (1) So long as any of the Notes remain outstanding, the Company will file with the Trustee and furnish to the Holders upon request, as soon as they are available but in any event not more than 10 calendar days after they are filed with The Stock Exchange of Hong Kong Limited or any other recognized exchange on which the Company’s ordinary shares are at any time listed for trading, true and correct copies of any financial report in the English language filed with such exchange; *provided* that if at any time the Common Stock of the Company ceases to be listed for trading on a recognized stock exchange, the Company will file with the Trustee and furnish to the Holders:
 - (a) as soon as they are available, but in any event within 90 calendar days after the end of the fiscal year of the Company, copies of its financial statements (on a consolidated basis and in the English language) in respect of such financial year (including a statement of income, balance sheet and cash flow statement) prepared in accordance with GAAP and audited by a member firm of an internationally-recognized firm of independent accountants;
 - (b) as soon as they are available, but in any event within 45 calendar days after the end of the second fiscal quarter of the Company, copies of its financial statements (on a consolidated basis and in the English language) in respect of such half-year period (including a statement of income, balance sheet and cash flow statement) prepared in accordance with GAAP and reviewed by a member firm of an internationally-recognized firm of independent accountants; and

- (c) as soon as they are available, but in any event within 45 calendar days after the end of each of the first and third fiscal quarters of the Company, copies of its unaudited financial statements (on a consolidated basis and in the English language), including a statement of income, balance sheet and cash flow statement prepared in accordance with GAAP, and prepared on a basis consistent with the audited financial statements of the Company together with a certificate signed by the person then authorized to sign financial statements on behalf of the Company to the effect that such financial statements are true in all material respects and present fairly the financial position of the Company as at the end of, and the results of its operations for, the relevant quarterly period.
- (2) In addition, so long as any of the Notes remain outstanding, the Company will provide to the Trustee (a) within 120 days after the close of each fiscal year ending after the Original Issue Date, an Officers' Certificate stating the Fixed Charge Coverage Ratio with respect to the four most recent fiscal quarter periods and showing in reasonable detail the calculation of the Fixed Charge Coverage Ratio, including the arithmetic computations of each component of the Fixed Charge Coverage Ratio, with a certificate from the Company's external auditors verifying the accuracy and correctness of the calculation and arithmetic computation; *provided* that the Company shall not be required to provide such auditor certificate if its external auditors refuse to provide such certificate as a result of a policy of such external auditors not to provide such certificate; and (b) as soon as possible and in any event within 30 days after the Company becomes aware or should reasonably become aware of the occurrence of a Default or an Event of Default, an Officers' Certificate setting forth the details of the Default or the Event of Default, and the action which the Company proposes to take with respect thereto.

EVENTS OF DEFAULT

The following events will be defined as "Events of Default" in the Indenture:

- (1) default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise;
- (2) default in the payment of interest on any Note when the same becomes due and payable, and such default continues for a period of 30 consecutive days;
- (3) default in the performance or breach of the provisions of the covenants described under "— Consolidation, Merger and Sale of Assets," the failure by the Company to make or consummate an Offer to Purchase in the manner described under "— Repurchase of Notes upon a Change of Control Triggering Event" or "— Certain Covenants — Limitation on Asset Sales";
- (4) the Company or any Restricted Subsidiary defaults in the performance of or breaches any other covenant or agreement in the Indenture or under the Notes (other than a default specified in clause (1), (2) or (3) above) and such default or breach continues for a period of 30 consecutive days after written notice by the Holders of 25% or more in aggregate principal amount of the Notes then outstanding or by the Trustee at the direction of such Holders;
- (5) there occurs with respect to any Indebtedness of the Company or any Restricted Subsidiary having an outstanding principal amount of US\$20.0 million (or the Dollar Equivalent thereof) or more in the aggregate for all such Indebtedness of all such Persons, whether such Indebtedness now exists or shall hereafter be created, (a) an event of default that has caused the holder thereof to declare such Indebtedness to be due and payable prior to its Stated Maturity and/or (b) the failure to make a principal payment when due;

- (6) one or more final judgments or orders for the payment of money are rendered against the Company or any Restricted Subsidiary and are not paid or discharged, and there is a period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such Persons to exceed US\$20.0 million (or the Dollar Equivalent thereof), in excess of amounts which the Company's insurance carriers have unconditionally agreed to pay under applicable policies, during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;
- (7) an involuntary case or other proceeding is commenced against the Company or any Significant Restricted Subsidiary (or any group of Restricted Subsidiaries that together constitutes a Significant Restricted Subsidiary) with respect to it or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Significant Restricted Subsidiary (or any group of Restricted Subsidiaries that together constitutes a Significant Restricted Subsidiary) or for any substantial part of the property and assets of the Company or any Significant Restricted Subsidiary (or any group of Restricted Subsidiaries that together constitutes a Significant Restricted Subsidiary) and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 consecutive days; or an order for relief is entered against the Company or any Significant Restricted Subsidiary (or any group of Restricted Subsidiaries that together constitutes a Significant Restricted Subsidiary) under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect;
- (8) the Company or any Significant Restricted Subsidiary (or any group of Restricted Subsidiaries that together constitutes a Significant Restricted Subsidiary) (a) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (b) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Significant Restricted Subsidiary (or any group of Restricted Subsidiaries that together constitutes a Significant Restricted Subsidiary) or for all or substantially all of the property and assets of the Company or any Significant Restricted Subsidiary (or any group of Restricted Subsidiaries that together constitutes a Significant Restricted Subsidiary) or (c) effects any general assignment for the benefit of creditors; or
- (9) any Subsidiary Guarantor or JV Subsidiary Guarantor denies or disaffirms its obligations under its Subsidiary Guarantee or JV Subsidiary Guarantee or, except as permitted by the Indenture, any Subsidiary Guarantee or JV Subsidiary Guarantee is determined to be unenforceable or invalid or shall for any reason cease to be in full force and effect.

If an Event of Default (other than an Event of Default specified in clause (7) or (8) above) occurs and is continuing under the Indenture, the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding, by written notice to the Company (and to the Trustee if such notice is given by the Holders), may, and the Trustee at the written direction of such Holders (subject to being indemnified and/or secured to its satisfaction) shall, declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable. Upon a declaration of acceleration, such principal of, premium, if any, and accrued and unpaid interest shall be immediately due and payable. If an Event of Default specified in clause (7) or (8) above occurs with respect to the Company or any Significant Restricted Subsidiary (or any group of Restricted Subsidiaries that together constitutes a Significant Restricted Subsidiary), the principal of, premium, if any, and accrued and unpaid interest on the Notes then outstanding shall automatically become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

The Holders of at least a majority in aggregate principal amount of the outstanding Notes by written notice to the Company and to the Trustee may, on behalf of the Holders of the Notes waive all past defaults and rescind and annul a declaration of acceleration and its consequences if:

- (1) all existing Events of Default, other than the nonpayment of the principal of, premium, if any, and interest on the Notes that have become due solely by such declaration of acceleration, have been cured or waived, and
- (2) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Upon such waiver, the Default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, but no such waiver will extend to any subsequent or other Default or impair any right consequent thereon.

If an Event of Default occurs and is continuing, the Trustee may, and shall, upon written request of Holders of at least 25% in aggregate principal amount of outstanding Notes (subject to receiving indemnity and/or security satisfactory to it), pursue, in its own name or as trustee of an express trust, any available remedy by proceeding at law or in equity to collect the payment of principal of, premium (if any) and interest on the Notes or to enforce the performance of any provision of the Notes or the Indenture. The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding.

The Holders of at least a majority in aggregate principal amount of the outstanding Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee, subject to the Trustee being indemnified and/or secured to its satisfaction in advance of the proceedings. However, the Trustee may refuse to follow any direction that is unclear, conflicting or equivocal, or conflicts with law or regulations or the Indenture, or that may involve the Trustee in personal liability and may take any other action it deems proper that is not inconsistent with any such direction received from Holders. In addition, the Trustee will not be required to expend its own funds in following such direction if it does not believe that reimbursement or satisfactory indemnification and/or security is assured to it.

A Holder may not institute any proceeding, judicial or otherwise, with respect to the Indenture or the Notes, or for the appointment of a receiver or trustee, or for any other remedy under the Indenture or the Notes, unless:

- (1) the Holder has previously given the Trustee written notice of a continuing Event of Default;
- (2) the Holders of at least 25% in aggregate principal amount of outstanding Notes make a written direction to the Trustee to pursue the remedy;
- (3) such Holder or Holders offer the Trustee indemnity and/or security satisfactory to the Trustee against any costs, liability or expense to be incurred in compliance with such written request;
- (4) the Trustee does not comply with the request within 60 days after receipt of the written request and the offer of indemnity and/or security satisfactory to it; and
- (5) during such 60-day period, the Holders of a majority in aggregate principal amount of the outstanding Notes do not give the Trustee a written direction that is inconsistent with the request.

However, such limitations do not apply to the right of any Holder to receive payment of the principal of, premium, if any, or interest on, such Note or any payment under the Subsidiary Guarantee or JV Subsidiary Guarantee, or to bring suit for the enforcement of any such payment, on or after the due date expressed in the Notes, which right shall not be impaired or affected without the consent of the Holder.

Officers of the Company must certify to the Trustee in writing, on or before a date not more than 120 days after the end of each fiscal year ending after the Original Issue Date, that a review has been conducted of the activities of the Company and its Restricted Subsidiaries and the Company's and its Restricted Subsidiaries' performance under the Indenture and that the Company and its Restricted Subsidiaries have fulfilled all obligations thereunder, or, if there has been a default in the fulfillment of any such obligation, specifying each such default and the nature and status thereof. The Company will also be obligated to notify the Trustee in writing of any Default or Event of Default in the performance of any covenants or agreements under the Indenture. See “— Certain Covenants — Provision of Financial Statements and Reports.”

The Trustee and the Agents need not do anything to ascertain whether any Default or Event of Default has occurred or is continuing and will not be responsible to the Holders or any other person for any loss arising from any failure by it to do so, and, the Trustee or the Agents may assume that no Default or Event of Default has occurred and that the Company is performing all its obligations under the Indenture, the Subsidiary Guarantees, JV Subsidiary Guarantees (if any) and the Notes unless the Trustee and the Agents have received written notice of the occurrence of such event or facts establishing that the Company and/or the Subsidiary Guarantors and the JV Subsidiary Guarantors are not performing all of its obligations under the Indenture, the Subsidiary Guarantees, JV Subsidiary Guarantees (if any) and the Notes. The Trustee and the Agents are entitled to conclusively rely on any Opinion of Counsel or Officers' Certificate regarding whether a Default or an Event of Default has occurred.

CONSOLIDATION, MERGER AND SALE OF ASSETS

The Company will not consolidate with, merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its and its Restricted Subsidiaries' properties and assets (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions) to another Person, unless:

- (1) the Company shall be the continuing Person, or the Person (if other than it) formed by such consolidation or merger or that acquired or leased such property and assets (the “Surviving Person”) shall be a corporation organized and validly existing under the laws of the Cayman Islands, the British Virgin Islands or Hong Kong and shall expressly assume, by a supplemental indenture to the Indenture, executed and delivered to the Trustee, all the obligations of the Company under the Indenture and the Notes, including the obligation to pay Additional Amounts with respect to any jurisdiction in which it is organized or resident for tax purposes or through which it makes payments, and the Indenture and the Notes, as the case may be, shall remain in full force and effect;
- (2) immediately after giving effect to such transaction, no Default shall have occurred and be continuing;
- (3) immediately after giving effect to such transaction on a pro forma basis, the Company or the Surviving Person, as the case may be, shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Company immediately prior to such transaction;
- (4) immediately after giving effect to such transaction on a pro forma basis the Company or the Surviving Person, as the case may be, could Incur at least US\$1.00 of Indebtedness under paragraph (1) of the covenant described under “— Certain Covenants — Limitation on Indebtedness and Preferred Stock”;

- (5) the Company delivers to the Trustee (x) an Officers' Certificate (attaching the arithmetic computations to demonstrate compliance with clauses (3) and (4)) and (y) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and the relevant supplemental indenture complies with this provision and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with;
- (6) each Subsidiary Guarantor and JV Subsidiary Guarantor, unless such Subsidiary Guarantor or JV Subsidiary Guarantor is the Person with which the Company has entered into a transaction described under “— Consolidation, Merger and Sale of Assets,” shall execute and deliver a supplemental indenture to the Indenture confirming that its Subsidiary Guarantee or JV Subsidiary Guarantee, as applicable, shall apply to the obligations of the Company or the Surviving Person in accordance with the Notes and the Indenture; and
- (7) no Rating Decline shall have occurred.

No Subsidiary Guarantor or JV Subsidiary Guarantor will consolidate with or merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its and its Restricted Subsidiaries' properties and assets (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions) to another Person (other than the Company or another Subsidiary Guarantor or, in the case of a JV Subsidiary Guarantor, other than another JV Subsidiary Guarantor, the Company or another Subsidiary Guarantor), unless:

- (1) such Subsidiary Guarantor or JV Subsidiary Guarantor shall be the continuing Person, or the Person (if other than it) formed by such consolidation or merger or that acquired or leased such property and assets shall be the Company, another Subsidiary Guarantor or shall become a Subsidiary Guarantor concurrently with the transaction (or, in the case of a JV Subsidiary Guarantor, another JV Subsidiary Guarantor, the Company or a Subsidiary Guarantor); and shall expressly assume, by a supplemental indenture to the Indenture, executed and delivered to the Trustee, all the obligations of such Subsidiary Guarantor or JV Subsidiary Guarantor under the Indenture and the Notes, including the obligation to pay Additional Amounts with respect to any jurisdiction in which it is organized or resident for tax purposes or through which it makes payments, and the Indenture and the Notes, shall remain in full force and effect;
- (2) immediately after giving effect to such transaction, no Default shall have occurred and be continuing;
- (3) immediately after giving effect to such transaction on a pro forma basis, the Company shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Company immediately prior to such transaction;
- (4) immediately after giving effect to such transaction on a pro forma basis, the Company could Incur at least US\$1.00 of Indebtedness under paragraph (1) of the covenant under “— Certain Covenants — Limitation on Indebtedness and Preferred Stock”;
- (5) the Company delivers to the Trustee (x) an Officers' Certificate (attaching the arithmetic computations to demonstrate compliance with clauses (3) and (4)) and (y) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and the relevant supplemental indenture complies with this provision and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with; and
- (6) no Rating Decline shall have occurred,

provided that this paragraph shall not apply to any sale or other disposition that complies with the “Limitation on Asset Sales” covenant or any Subsidiary Guarantor or JV Subsidiary Guarantor whose Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, is unconditionally released in accordance with the provisions described under “— The Subsidiary Guarantees and the JV Subsidiary Guarantees — Release of the Subsidiary Guarantees and the JV Subsidiary Guarantees.”

Although there is a limited body of case law interpreting the phrase “substantially all,” there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve “all or substantially all” of the property or assets of a Person.

The foregoing requirements shall not apply to a consolidation or merger of any Subsidiary Guarantor or JV Subsidiary Guarantor with and into the Company or any other Subsidiary Guarantor or JV Subsidiary Guarantor, so long as the Company or such Subsidiary Guarantor or JV Subsidiary Guarantor survives such consolidation or merger.

The foregoing provisions would not necessarily afford Holders protection in the event of highly-leveraged or other transactions involving the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors, if any, that may adversely affect Holders.

NO PAYMENTS FOR CONSENTS

The Company will not, and shall not permit any of its Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture, the Notes, any Subsidiary Guarantee or JV Subsidiary Guarantee (if any) unless such consideration is offered to be paid or is paid to all Holders that consent, waive or agree to amend such term or provision within the time period set forth in the solicitation documents relating to such consent, waiver or amendment.

Notwithstanding the foregoing, in any offer or payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of the Indenture, the Notes, any Subsidiary Guarantee or JV Subsidiary Guarantee (if any) in connection with an exchange or tender offer, the Company and any Restricted Subsidiary may exclude (i) Holders or beneficial owners of the Notes that are not institutional “accredited investors” as defined in Rule 501 under the Securities Act, and (ii) Holders or beneficial owners of the Notes in any jurisdiction where the inclusion of such Holders or beneficial owners would require the Company or any Restricted Subsidiary to comply with the registration requirements or other similar requirements under any securities laws of such jurisdiction, or the solicitation of such consent, waiver or amendment from, or the granting of such consent or waiver, or the approval of such amendment by, Holders or beneficial owners in such jurisdiction would be unlawful, in each case as determined by the Company in its sole discretion.

DEFEASANCE

Defeasance and Discharge

The Indenture will provide that the Company will be deemed to have paid and will be discharged from any and all obligations in respect of the Notes on the 183rd day after the deposit referred to below, and the provisions of the Indenture will no longer be in effect with respect to the Notes (except for, among other matters, certain obligations to register the transfer or exchange of the Notes, to replace stolen, lost or mutilated Notes, to maintain paying agencies, to pay Additional Amounts and to hold monies for payment in trust) if, among other things:

- (1) the Company (a) has deposited with the Trustee (or its agent), in trust, money and/or U.S. Government Obligations that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity for such payments

in accordance with the terms of the Indenture and the Notes and (b) has delivered to the Trustee an Opinion of Counsel or a certificate of an internationally-recognized firm of independent accountants to the effect that the amount deposited by the Company is sufficient to provide payment for the principal of, premium, if any, and accrued interest on, the Notes on the Stated Maturity for such payment in accordance with the terms of the Indenture;

- (2) the Company has delivered to the Trustee (a) either (x) an Opinion of Counsel of recognized international standing with respect to U.S. federal tax laws which is based on a change in applicable U.S. federal income tax law occurring after the Original Issue Date to the effect that beneficial owners will not recognize income, gain or loss for U.S. federal income tax purposes as a result of the Company's exercise of its option under this "Defeasance and Discharge" provision and will be subject to U.S. federal income tax on the same amounts and in the same manner and at the same times as would have been the case if such deposit, defeasance and discharge had not occurred or (y) a ruling directed to the Trustee received from the U.S. Internal Revenue Service to the same effect as the aforementioned Opinion of Counsel, and (b) an Opinion of Counsel of recognized international standing to the effect that the creation of the defeasance trust does not violate the U.S. Investment Company Act of 1940, as amended, and after the passage of 123 days following the deposit, the trust fund will not be subject to the effect of Section 547 of the United States Bankruptcy Code or Section 15 of the New York Debtor and Creditor Law; and
- (3) immediately after giving effect to such deposit on a pro forma basis, no Event of Default, or event that after the giving of notice or lapse of time or both would become an Event of Default, shall have occurred and be continuing on the date of such deposit or during the period ending on the 183rd day after the date of such deposit, and such defeasance shall not result in a breach or violation of, or constitute a default under, any other agreement or instrument to which the Company or any Restricted Subsidiary is a party or by which the Company or any Restricted Subsidiary is bound.

In the case of either discharge or defeasance of the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees will terminate.

Defeasance of Certain Covenants

The Indenture further will provide that the provisions of the Indenture applicable to the Notes will no longer be in effect with respect to clauses (3), (4), (5)(x) and (7) under the first paragraph, and clauses (3), (4), (5)(x) and (6) under the second paragraph under "— Consolidation, Merger and Sale of Assets" and all the covenants described herein under "— Certain Covenants," other than as described under "— Certain Covenants — Government Approvals and Licenses; Compliance with Law" and "— Certain Covenants — Anti-Layering," clause (3) under "Events of Default" with respect to clauses (3), (4), (5)(x) and (7) under the first paragraph, and clauses (3), (4), (5)(x) and (6) under the second paragraph under "Consolidation, Merger and Sale of Assets" and with respect to the other events set forth in such clause, clause (4) under "Events of Default" with respect to such other covenants and clauses (5) and (6) under "Events of Default" shall be deemed not to be Events of Default upon, among other things, the deposit with the Trustee (or its agent), in trust, of money, U.S. Government Obligations or a combination thereof that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of the Indenture and the Notes, the satisfaction of the provisions described in clause (2)(b) of the preceding paragraph and the delivery by the Company to the Trustee of an Opinion of Counsel of recognized international standing with respect to U.S. federal income tax matters to the effect that beneficial owners will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance of certain covenants and Events of Default and will be subject to U.S. federal income tax on the same amounts and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred.

DEFEASANCE AND CERTAIN OTHER EVENTS OF DEFAULT

In the event that the Company exercises its option to omit compliance with certain covenants and provisions of the Indenture as described in the immediately preceding paragraph and the Notes are declared due and payable because of the occurrence of an Event of Default that remains applicable, the amount of money and/or U.S. Government Obligations on deposit with the Trustee (or its agent) will be sufficient to pay amounts due on the Notes at the time of their Stated Maturity but may not be sufficient to pay amounts due on the Notes at the time of the acceleration resulting from such Event of Default. However, the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) will remain liable for such payments.

AMENDMENTS AND WAIVER

Amendments Without Consent of Holders

The Indenture, the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees (if any) may be amended, without the consent of any Holder, to:

- (1) cure any ambiguity, defect, omission or inconsistency in the Indenture, the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees (if any); *provided* that such actions pursuant to this clause (1) do not materially and adversely affect the interests of the Holders;
- (2) comply with the provisions described under “— Consolidation, Merger and Sale of Assets”;
- (3) evidence and provide for the acceptance of appointment by a successor Trustee;
- (4) add any Subsidiary Guarantor or JV Subsidiary Guarantor, or any Subsidiary Guarantee or JV Subsidiary Guarantee, or release any Subsidiary Guarantor or JV Subsidiary Guarantor from any Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, as provided or permitted by the terms of the Indenture;
- (5) provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture;
- (6) provide collateral, add additional collateral to secure the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee or enter into any intercreditor agreement in accordance with the Indenture;
- (7) in any other case where a supplemental indenture to the Indenture is required or permitted to be entered into pursuant to the provisions of the Indenture without the consent of any Holder;
- (8) effect any changes to the Indenture in a manner necessary to comply with the procedures of Euroclear or Clearstream or any applicable securities depository or clearing system;
- (9) make any other change that does not materially and adversely affect the rights of any Holder;
or
- (10) conform the text of the Indenture, the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees to any provision of this “Description of the Notes” to the extent that such provision in this “Description of the Notes” was intended to be a verbatim recitation of a provision in the Indenture, the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees.

Amendments With Consent of Holders

Amendments of the Indenture, the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees (if any) may be made by the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any) and the Trustee with the consent of the Holders of not less than a majority in aggregate principal amount of the outstanding Notes, and the Holders of a majority in aggregate principal amount of the outstanding Notes may waive future compliance by the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors with any provision of the Indenture or the Notes; *provided, however*, that no such modification, amendment or waiver may, without the consent of each Holder affected thereby:

- (1) change the Stated Maturity of the principal of, or premium, if any, or any installment of interest on, any Note;
- (2) reduce the principal amount of, or premium, if any, or interest on, any Note;
- (3) change the currency of payment of principal of, or premium, if any, or interest on, any Note;
- (4) impair the right to institute suit for the enforcement of any payment on or after the Stated Maturity (or, in the case of a redemption, on or after the redemption date) of any Note;
- (5) reduce the above-stated percentage of outstanding Notes the consent of whose Holders is necessary to modify or amend the Indenture;
- (6) waive a default in the payment of principal of, premium, if any, or interest on the Notes;
- (7) release any Subsidiary Guarantor or JV Subsidiary Guarantor from its Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, except as provided in the Indenture;
- (8) reduce the percentage or aggregate principal amount of outstanding Notes the consent of whose Holders is necessary for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults;
- (9) amend, change or modify any Subsidiary Guarantee or JV Subsidiary Guarantee in a manner that adversely affects the Holders;
- (10) reduce the amount payable upon a Change of Control Offer or an Offer to Purchase with the Excess Proceeds from any Asset Sale or, change the time or manner by which a Change of Control Offer or an Offer to Purchase with the Excess Proceeds or other proceeds from any Asset Sale may be made or by which the Notes must be repurchased pursuant to a Change of Control Offer or an Offer to Purchase with the Excess Proceeds or other proceeds from any Asset Sale, unless such amendment, waiver or modification shall be in effect prior to the occurrence of a Change of Control Triggering Event or the event giving rise to the repurchase of the Notes under “— Certain Covenants — Limitation on Asset Sales”;
- (11) change the redemption date or the redemption price of the Notes from that stated under “— Optional Redemption” or “— Redemption for Taxation Reasons”;
- (12) amend, change or modify the obligation of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor to pay Additional Amounts; or
- (13) amend, change or modify any provision of the Indenture or the related definition affecting the ranking of the Notes or any Subsidiary Guarantee or JV Subsidiary Guarantee in a manner which adversely affects the Holders.

UNCLAIMED MONEY

Claims against the Company for the payment of principal of, premium, if any, or interest, on the Notes will become void unless presentation for payment is made as required in the Indenture within a period of six years.

NO PERSONAL LIABILITY OF INCORPORATORS, STOCKHOLDERS, OFFICERS, DIRECTORS OR EMPLOYEES

No recourse for the payment of the principal of, premium, if any, or interest on any of the Notes or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor in the Indenture, or in any of the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees or because of the creation of any Indebtedness represented thereby, shall be had against any incorporator, stockholder, officer, director, employee or controlling person of the Company, any Subsidiary Guarantor, any JV Subsidiary Guarantor, or of any successor Person thereof. Each Holder, by accepting the Notes, waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees. Such waiver may not be effective to waive liabilities under the federal securities laws.

CONCERNING THE TRUSTEE AND THE AGENTS

China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) is to be appointed as Trustee under the Indenture, as note registrar (the “Registrar”) and as paying and transfer agent (the “Paying and Transfer Agent” and, together with the Registrar, the “Agents”) with regard to the Notes. Except during the continuance of an Event of Default, the Trustee will not be liable, except for the performance of such duties as are specifically set forth in the Indenture and the Notes, and no implied covenant or obligation shall be read into the Indenture or the Notes against the Trustee. If an Event of Default has occurred and is continuing, the Trustee will use the same degree of care and skill in its exercise of the rights and powers vested in it under the Indenture or the Notes as a prudent person would exercise under the circumstances in the conduct of such person’s own affairs. The Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any Holder, unless the requisite number of Holders shall have instructed the Trustee in writing and offered to the Trustee security and/or indemnity satisfactory to it against loss, liability or expense.

The Indenture contains limitations on the rights of the Trustee, should it become a creditor of the Company, any of the Subsidiary Guarantors, or JV Subsidiary Guarantors (if any), to obtain payment of claims in certain cases or to realize on certain property received by it in respect of any such claims, as security or otherwise. The Trustee and the Agents are permitted to engage in other transactions, including normal banking and trustee and agency relationships, with the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) and their respective Affiliates; *provided, however*, that if it acquires any conflicting interest, it must eliminate such conflict or resign.

Each Holder, by accepting the Notes will agree, for the benefit of the Trustee and the Agents, that it is solely responsible for its own independent appraisal of and investigation into all risks arising under or in connection with the Indenture and the offering of the Notes and has not relied on and will not at any time rely on the Trustee and the Agents in respect of such risks.

BOOK-ENTRY; DELIVERY AND FORM

The Notes will be represented by one or more global notes in registered form without interest coupons attached (the “Global Note”). On the Original Issue Date, the Global Note will be deposited with a common depositary and registered in the name of the common depositary or its nominee for the accounts of Euroclear and Clearstream.

GLOBAL NOTE

Ownership of beneficial interests in the Global Note (the “book-entry interests”) will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that may hold interests through such participants. Book-entry interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and Clearstream and their participants.

Except as set forth below under “— Individual Definitive Notes,” the book-entry interests will not be held in definitive form. Instead, Euroclear and/or Clearstream will credit on their respective book-entry registration and transfer systems a participant’s account with the interest beneficially owned by such participant. The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge book-entry interests.

So long as the Notes are held in global form, the common depositary for Euroclear and/or Clearstream (or its nominee) will be considered the sole holder of the Global Note for all purposes under the Indenture and “holders” of book-entry interests will not be considered the owners or “Holders” of Notes for any purpose. As such, participants must rely on the procedures of Euroclear and Clearstream and indirect participants must rely on the procedures of the participants through which they own book-entry interests in order to transfer their interests in the Notes or to exercise any rights of Holders under the Indenture.

None of the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any), the Trustee or any of their respective agents (including the Agents) will have any responsibility or be liable for any aspect of the records relating to the book-entry interests. The Notes are not issuable in bearer form.

Payments on the Global Note

Payments of any amounts owing in respect of the Global Note (including principal, premium, interest and Additional Amounts) will be made to the Paying and Transfer Agent in U.S. dollars. The Paying and Transfer Agent will, in turn, make such payments to the common depositary for Euroclear and Clearstream, which will distribute such payments to participants in accordance with their procedures. Each of the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any) will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under “— Additional Amounts.”

Under the terms of the Indenture, the Company, the Trustee and the Agents will treat the registered holder of the Global Note (i.e., the common depositary or its nominee) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors, the Trustee or any of their respective agents (including the Agents) has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a book-entry interest, for any such payments made by Euroclear, Clearstream or any participant or indirect participants, or for maintaining, supervising or reviewing any of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a book-entry interest; or
- any action or failure to take action by Euroclear, Clearstream or any participant or indirect participant.

Payments by participants to owners of book-entry interests held through participants are the responsibility of such participants.

Redemption of Global Note

In the event any Global Note, or any portion thereof, is redeemed, the common depository will distribute the amount received by it in respect of the Global Note so redeemed to Euroclear and/or Clearstream, as applicable, who will distribute such amount to the holders of the book-entry interests in such Global Note. The redemption price payable in connection with the redemption of such book-entry interests will be equal to the amount received by the common depository, Euroclear or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Company understands that under existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or by lot or on such other basis as they deem fair and appropriate; provided, however, that no book-entry interest of US\$200,000 principal amount, or less, as the case may be, will be redeemed in part.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised that they will take any action permitted to be taken by a Holder of Notes only at the direction of one or more participants to whose account the book-entry interests in the Global Note are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Note.

Transfers

Transfers between participants in Euroclear and Clearstream will be effected in accordance with Euroclear and Clearstream's rules and will be settled in immediately available funds. If a Holder requires physical delivery of individual definitive notes for any reason, including to sell the Notes to persons in jurisdictions which require physical delivery of such securities or to pledge such securities, such Holder must transfer its interest in the Global Note in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the provisions of the Indenture.

Book-entry interests in the Global Note will be subject to the restrictions on transfer discussed under "Transfer Restrictions."

Any book-entry interest in a Global Note that is transferred to a person who takes delivery in the form of a book-entry interest in another Global Note will, upon transfer, cease to be a book-entry interest in the first-mentioned Global Note and become a book-entry interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to book-entry interests in such other Global Note for as long as it retains such a book-entry interest.

Global Clearance and Settlement Under the Book-Entry System

Book-entry interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable. Book-entry interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value on the settlement date.

The book-entry interests will trade through participants of Euroclear or Clearstream, and will settle in same-day funds. Since the purchaser determines the place of delivery, it is important to establish at the time of trading of any book-entry interests where both the purchaser's and seller's accounts are located to ensure that settlement can be made on the desired value date.

Information Concerning Euroclear and Clearstream

The Company understands as follows with respect to Euroclear and Clearstream:

Euroclear and Clearstream hold securities for participating organizations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions, such as underwriters, securities brokers and dealers, banks and trust companies, and certain other organizations. Indirect access to Euroclear or Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodian relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Although the foregoing sets out the procedures of Euroclear and Clearstream in order to facilitate the original issue and subsequent transfers of interests in the Notes among participants of Euroclear and Clearstream, neither Euroclear nor Clearstream is under any obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time.

None of the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors, the Trustee or any of their respective agents (including the Agents) will have responsibility for the performance of Euroclear or Clearstream or their respective participants of their respective obligations under the rules and procedures governing their operations, including, without limitation, rules and procedures relating to book-entry interests.

Individual Definitive Notes

If (1) the common depositary or any successor to the common depositary is at any time unwilling or unable to continue as a depositary for the reasons described in the Indenture and a successor depositary is not appointed within 90 days, (2) either Euroclear or Clearstream, or a successor 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 to permanently cease business or does in fact do so, or (3) any of the Notes has become immediately due and payable in accordance with “— Events of Default” and the Company has received a written request from the Trustee, the Company will issue individual definitive notes in registered form in exchange for the Global Note. Upon receipt of such notice from the common depositary or a Holder, as the case may be, the Company will use its best efforts to make arrangements with the common depositary for the exchange of interests in the Global Note for individual definitive notes and cause the requested individual definitive notes to be executed and delivered to the Registrar in sufficient quantities and authenticated by or on behalf of the Trustee or the Registrar for delivery to Holders. Persons exchanging interests in a Global Note for individual definitive notes will be required to provide the Registrar, through the relevant clearing system, with written instruction and other information required by the Company and the Registrar to complete, execute and deliver such individual definitive notes. In all cases, individual definitive notes delivered in exchange for any Global Note or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by the relevant clearing system.

Individual definitive notes will not be eligible for clearing and settlement through Euroclear or Clearstream.

NOTICES

All notices or demands required or permitted by the terms of the Notes or the Indenture to be given to or by the Holders are required to be in writing and may be given or served by being sent by prepaid courier or first-class mail (if intended for the Company or any Subsidiary Guarantor) addressed to the Company at the principal office of the Company or such other address as the Company may advise the Trustee in writing from time to time, or (if intended for the Trustee) at the corporate trust office of the Trustee; and (if intended for any Holder) addressed to such Holder at such Holder's last address as it appears in the Note register.

Any such notice or demand will be deemed to have been sufficiently given or served when so sent or deposited and, if to the Holders, when delivered in accordance with the applicable rules and procedures of Euroclear or Clearstream, as the case may be, and no separate notice to the Holders will be required under the above paragraph. Any such notice shall be deemed to have been delivered on the day such notice is delivered to Euroclear or Clearstream, as the case may be, or if by mail, when so sent or deposited.

CONSENT TO JURISDICTION; SERVICE OF PROCESS

The Company and each of the Subsidiary Guarantors and each of the JV Subsidiary Guarantors (if any) will irrevocably (1) submit to the non-exclusive jurisdiction of any U.S. federal or New York state court located in the Borough of Manhattan, The City of New York in connection with any suit, action or proceeding arising out of, or relating to, the Notes, any Subsidiary Guarantee, any JV Subsidiary Guarantee, the Indenture or any transaction contemplated thereby; and (2) designate and appoint Cogency Global Inc. for receipt of service of process in any such suit, action or proceeding.

GOVERNING LAW

Each of the Notes, the Subsidiary Guarantees, the JV Subsidiary Guarantees and the Indenture will be governed by, and construed in accordance with, the laws of the State of New York.

DEFINITIONS

Set forth below are defined terms used in the covenants and other provisions of the Indenture. Reference is made to the Indenture for other capitalized terms used in this "Description of the Notes" for which no definition is provided.

"Acquired Indebtedness" means Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary or Indebtedness of a Restricted Subsidiary assumed in connection with an Asset Acquisition by such Restricted Subsidiary whether or not Incurred in connection with, or in contemplation of, the Person merging with or into or becoming a Restricted Subsidiary.

"Adjusted Treasury Rate" means, with respect to any redemption date, (i) the yield, under the heading which represents the average for immediately preceding week, appearing in the most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption "Treasury Constant Maturities," for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three (3) months before or after June 7, 2022, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Adjusted Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month) or (ii) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date, in each case calculated on the third Business Day immediately preceding the redemption date.

“Affiliate” means, with respect to any Person, any other Person (1) directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person; (2) who is a director or officer of such Person or any Subsidiary of such Person or of any Person referred to in clause (1) of this definition; or (3) who is a spouse or any person cohabiting as a spouse, child or step child, parent or step parent, brother, sister, step brother or step sister, parent in law, grandchild, grandparent, uncle, aunt, nephew and niece of a Person described in clause (1) or (2). For purposes of this definition, “control” (including, with correlative meanings, the terms “controlling,” “controlled by” and “under common control with”), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

“Applicable Premium” means with respect to any Note at any redemption date, the greater of (1) 1.00% of the principal amount of such Note and (2) the excess of (A) the present value at such redemption date of the principal amount of such Notes on June 7, 2022, plus all required remaining scheduled interest payments due on such Note through June 7, 2022 (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the Adjusted Treasury Rate plus 100 basis points, over (B) the principal amount of such Note on such redemption date.

“Asset Acquisition” means (1) an investment by the Company or any Restricted Subsidiary in any other Person pursuant to which such Person shall become a Restricted Subsidiary or shall be merged into or consolidated with the Company or any Restricted Subsidiary; or (2) an acquisition by the Company or any Restricted Subsidiary of the property and assets of any Person other than the Company or any Restricted Subsidiary that constitute substantially all of a division or line of business of such Person.

“Asset Disposition” means the sale or other disposition by the Company or any Restricted Subsidiary (other than to the Company or another Restricted Subsidiary) of (1) all or substantially all of the Capital Stock of any Restricted Subsidiary; or (2) all or substantially all of the assets that constitute a division or line of business of the Company or any Restricted Subsidiary.

“Asset Sale” means any sale, transfer or other disposition (including by way of merger, consolidation or Sale and Leaseback Transaction) of any of its property or assets (including any sale of Capital Stock of a Subsidiary or issuance of Capital Stock by a Restricted Subsidiary) in one transaction or a series of related transactions by the Company or any Restricted Subsidiary to any Person; *provided* that “Asset Sale” shall not include:

- (1) sales or other dispositions of inventory, receivables and other current assets (including properties under development for sale and completed properties for sale) in the ordinary course of business;
- (2) sales, transfers or other dispositions of assets constituting a Permitted Investment or Restricted Payment permitted to be made under the “Limitation on Restricted Payments” covenant;
- (3) sales, transfers or other dispositions of assets with a Fair Market Value not in excess of US\$1.0 million (or the Dollar Equivalent thereof) in any transaction or series of related transactions;
- (4) any sale, transfer, assignment or other disposition of any property, or equipment that has become damaged, worn out, obsolete or otherwise unsuitable for use in connection with the business of the Company or its Restricted Subsidiaries;
- (5) any transfer, assignment or other disposition deemed to occur in connection with creating or granting any Permitted Lien;
- (6) a transaction covered by the “Consolidation, Merger and Sale of Assets” covenant; and

- (7) any sale, transfer or other disposition by the Company or any Restricted Subsidiary, including the sale or issuance by the Company or any Restricted Subsidiary of any Capital Stock of any Restricted Subsidiary, to the Company or any Restricted Subsidiary.

“Attributable Indebtedness” means, in respect of a Sale and Leaseback Transaction, at the time of determinations, the present value, discounted at the interest rate implicit in the Sale and Leaseback Transaction, of the total obligations of the lessee for rental payments during the remaining term of the lease in the Sale and Leaseback Transaction, including any period for which such lease has been extended or may, at the opinion of the lessor, be extended.

“Average Life” means, at any date of determination with respect to any Indebtedness, the quotient obtained by dividing (1) the sum of the products of (a) the number of years from such date of determination to the dates of each successive scheduled principal payment of such Indebtedness and (b) the amount of such principal payment by (2) the sum of all such principal payments.

“Bank Deposit Secured Indebtedness” means Indebtedness of the Company or any Restricted Subsidiary that is secured by cash deposits, bank accounts or other assets of the Company or a Restricted Subsidiary and/or guaranteed by a guarantee or a letter of credit (or similar instruments) from or arranged by the Company or a Restricted Subsidiary and is used by the Company and its Restricted Subsidiaries to in effect exchange foreign currencies or remit money onshore or offshore.

“Board of Directors” means the board of directors elected or appointed by the stockholders of the Company to manage the business of the Company or any committee of such board duly authorized to take the action purported to be taken by such committee.

“Board Resolution” means any resolution of the Board of Directors taking an action which it is authorized to take and adopted at a meeting duly called and held at which a quorum of disinterested members (if so required) was present and acting throughout or adopted by written resolution executed by every member of the Board of Directors.

“Business Day” means any day which is not a Saturday, Sunday, legal holiday or other day on which banking institutions in The City of New York, London or Hong Kong (or in any other place in which payments on the Notes are to be made) are authorized by law or governmental regulation to close.

“Capital Stock” means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on the Original Issue Date or issued thereafter, including, without limitation, all Common Stock and Preferred Stock, but excluding debt securities convertible into such equity.

“Capitalized Lease” means, with respect to any Person, any lease of any property (whether real, personal or mixed) which, in conformity with GAAP, is required to be capitalized on the balance sheet of such Person, *provided* that Capitalized Lease shall not include any lease which would have been classified as an “operating lease” before the adoption of GAAP 16.

“Capitalized Lease Obligations” means the discounted present value of the rental obligations under a Capitalized Lease.

“Change of Control” means the occurrence of one or more of the following events:

- (1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation) in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries, taken as a whole, to any “person” (within the meaning of Section 13(d) of the Exchange Act), other than one or more Permitted Holders;

- (2) the Company consolidates with, or merges with or into, any Person (other than one or more Permitted Holders), or any Person consolidates with, or merges with or into, the Company, in any such event pursuant to a transaction in which any of the outstanding Voting Stock of the Company or such other Person is converted into or exchanged for cash, securities or other property, other than any such transaction where the Voting Stock of the Company outstanding immediately prior to such transaction is converted into or exchanged for (or continues as) Voting Stock (other than Disqualified Stock) of the surviving or transferee Person constituting a majority of the outstanding shares of Voting Stock of such surviving or transferee Person (immediately after giving effect to such issuance) and in substantially the same proportion as before the transaction;
- (3) the Permitted Holders are the beneficial owners of less than 50.1% of the total voting power of the Voting Stock of the Company;
- (4) individuals who on the Original Issue Date constituted the board of directors of the Company, together with any new directors whose election by the board of directors was approved by a vote of at least a majority of the directors then still in office who were either directors or whose election was previously so approved, cease for any reason to constitute a majority of the board of directors of the Company then in office; or
- (5) the adoption of a plan relating to the liquidation or dissolution of the Company.

“Change of Control Triggering Event” means the occurrence of both a Change of Control and a Rating Decline.

“Clearstream” means Clearstream Banking S.A.

“Commodity Agreement” means any spot, forward or option commodity price protection agreements or other similar agreement or arrangement designed to reduce or manage exposure to fluctuations in commodity prices.

“Common Stock” means, with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person’s common stock or ordinary shares, whether or not outstanding on the Original Issue Date, and include, without limitation, all series and classes of such common stock or ordinary shares.

“Comparable Treasury Issue” means the U.S. Treasury security having a maturity comparable to June 7, 2022 that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to June 7, 2022.

“Comparable Treasury Price” means, with respect to any redemption date, if clause (ii) of the Adjusted Treasury Rate is applicable, the average of three (or such lesser number as is obtained by the Company) Reference Treasury Dealer Quotations for such redemption date.

“Consolidated Assets” means, with respect to any Restricted Subsidiary at any date of determination, the Company and its Restricted Subsidiaries’ proportionate interest in the total consolidated assets of such Restricted Subsidiary and its Restricted Subsidiaries measured in accordance with GAAP as of the last day of the most recent fiscal quarter period for which consolidated financial statements of the Company and its Restricted Subsidiaries (which the Company shall use its reasonable best efforts to compile in a timely manner) are available (which may include internal consolidated financial statements).

“Consolidated EBITDA” means, for any period, Consolidated Net Income for such period plus, to the extent such amount was deducted in calculating such Consolidated Net Income:

- (1) Consolidated Interest Expense,
- (2) income taxes (other than income taxes attributable to extraordinary and non-recurring gains (or losses) or sales of assets), and
- (3) depreciation expense, amortization expense and all other non-cash items reducing Consolidated Net Income (other than non-cash items in a period which reflect cash expenses paid or to be paid in another period and other than losses on Investment Properties arising from fair value adjustments made in conformity with GAAP), less all non-cash items increasing Consolidated Net Income (other than accrual of revenue in the ordinary course of business and gains on Investment Properties arising from fair value adjustments made in conformity with GAAP),

all as determined on a consolidated basis for the Company and its Restricted Subsidiaries in conformity with GAAP; *provided* that (1) if any Restricted Subsidiary is not a Wholly Owned Restricted Subsidiary, Consolidated EBITDA shall be reduced (to the extent not otherwise reduced in accordance with GAAP) by an amount equal to (A) the amount of the Consolidated Net Income attributable to such Restricted Subsidiary multiplied by (B) the percentage ownership interest in the income of such Restricted Subsidiary not owned on the last day of such period by the Company or any Restricted Subsidiary and (2) in the case of any future PRC CJV (consolidated in accordance with GAAP), Consolidated EBITDA shall be reduced (to the extent not already reduced in accordance with GAAP) by any payments, distributions or amounts (including the Fair Market Value of any non-cash payments, distributions or amounts) required to be made or paid by such PRC CJV to the PRC CJV Partner, or to which the PRC CJV Partner otherwise has a right or is entitled, pursuant to the joint venture agreement governing such PRC CJV.

“Consolidated Fixed Charges” means, for any period, the sum (without duplication) of (1) Consolidated Interest Expense for such period and (2) all cash and non-cash dividends paid, declared, accrued or accumulated during such period on any Disqualified Stock or Preferred Stock of the Company or any Restricted Subsidiary held by Persons other than the Company or any Wholly Owned Restricted Subsidiary, except for dividends payable in the Company’s Capital Stock (other than Disqualified Stock) or paid to the Company or to a Wholly Owned Restricted Subsidiary and, for the avoidance of doubt, distributions Incurred or accrued or payments on any Perpetual Securities Obligation shall not be included in the calculation of Consolidated Fixed Charges.

“Consolidated Interest Expense” means, for any period, the amount that would be included in gross interest expense on a consolidated income statement prepared in accordance with GAAP for such period of the Company and its Restricted Subsidiaries, plus, to the extent not included in such gross interest expense, and to the extent incurred, accrued or payable during such period by the Company and its Restricted Subsidiaries, without duplication, (1) interest expense attributable to Capitalized Lease Obligations and imputed interest with respect to Attributable Indebtedness, (2) amortization of debt issuance costs and original issue discount expense and non-cash interest payments in respect of any Indebtedness, (3) the interest portion of any deferred payment obligation, (4) all commissions, discounts and other fees and charges with respect to letters of credit or similar instruments issued for financing purposes or in respect of any Indebtedness, (5) the net costs associated with Hedging Obligations (including the amortization of fees), (6) interest accruing on Indebtedness of any other Person that is Guaranteed by, or secured by a Lien on any asset of, the Company or any Restricted Subsidiary (other than Pre-Registration Mortgage Guarantees), only to the extent that such interest is actually paid by the Company or any Restricted Subsidiary and (7) any capitalized interest, *provided* that Consolidated Interest Expense shall not include (x) interest expense attributable to leases which would have been classified as “operating leases” before the adoption of GAAP 16 and (y) interest expense accruing on pre-sale receipts in advance from customers; and *provided further* that interest expense attributable to interest on any Indebtedness bearing a floating interest rate will be computed on a pro forma basis as if the rate in effect on the date of determination had been the applicable rate for the entire relevant period and, for the avoidance of doubt, distributions Incurred or accrued or payments on any Perpetual Securities Obligation shall not be included in the calculation of Consolidated Interest Expense.

“Consolidated Net Income” means, with respect to any specified Person for any period, the aggregate of the net income (or loss) of such Person and its Restricted Subsidiaries attributable to the shareholders of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in conformity with GAAP; *provided* that the following items shall be excluded in computing Consolidated Net Income (without duplication):

- (1) the net income (or loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting except that:
 - (a) subject to the exclusion contained in clause (5) below, the Company’s equity in the net income of any such Person for such period shall be included in such Consolidated Net Income up to the aggregate amount of cash actually distributed by such Person during such period to the Company or a Restricted Subsidiary as (i) a dividend or other distribution (subject, in the case of a dividend or other distribution paid to a Restricted Subsidiary, to the limitations contained in clause (3) below) or (ii) as a distribution in the form of intercompany loans or that is otherwise treated as a dividend in advance prior to any recognition of income on the consolidated financial statements of such Person; *provided* that, in the case of such distribution in the form of intercompany loans, advances or otherwise, (A) such amount shall not be included again in the Consolidated Net Income in the same period or another period when it is later recognized as income and (B) to the extent that the amounts actually received in dividends in a future period are less than such intercompany loans, advances or otherwise, a deduction in the amount equal to such difference shall be made in such future period (subject, in the case of a dividend or other distribution paid to a Restricted Subsidiary, to the limitations contained in clause (3) below); and
 - (b) the Company’s equity in a net loss of any such Person for such period shall be included in determining such Consolidated Net Income to the extent funded with cash or other assets of the Company or Restricted Subsidiaries;
- (2) the net income (or loss) of any Person accrued prior to the date it becomes a Restricted Subsidiary or is merged into or consolidated with the Company or any Restricted Subsidiary or all or substantially all of the property and assets of such Person are acquired by the Company or any Restricted Subsidiary;
- (3) the net income (but not loss) of any Restricted Subsidiary to the extent that the declaration or payment of dividends or similar distributions by such Restricted Subsidiary of such net income is not at the time permitted by the operation of the terms of its charter, articles of association or other similar constitutive documents, or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to such Restricted Subsidiary;
- (4) the cumulative effect of a change in accounting principles;
- (5) any net after tax gains realized on the sale or other disposition of (a) any property or assets of the Company or any Restricted Subsidiary which is not sold in the ordinary course of its business or (b) any Capital Stock of any Person (including any gains by the Company realized on sales of Capital Stock of the Company or other Restricted Subsidiaries);
- (6) any translation gains and losses due solely to fluctuations in currency values and related tax effects; and
- (7) any net after-tax extraordinary or non-recurring gains.

provided that (A) solely for purposes of calculating Consolidated EBITDA and the Fixed Charge Coverage Ratio, any net after tax gains derived from direct or indirect sale by the Company or any Restricted Subsidiary of (i) Capital Stock of a Restricted Subsidiary primarily engaged in the holding of Investment Property or (ii) an interest in any Investment Property arising from the difference between the current book value and the cash sale price shall be added to Consolidated Net Income; (B) for purposes of this Consolidated Net Income calculation (but not for purposes of calculating Consolidated EBITDA and the Fixed Charge Coverage Ratio) any net after tax gains derived from direct or indirect sale by the Company or any Restricted Subsidiary of (i) Capital Stock of a Restricted Subsidiary primarily engaged in the holding of Investment Property or (ii) an interest in any Investment Property arising from the difference between the original cost basis and the cash sale price shall be added to Consolidated Net Income to the extent not already included in the net income for such period as determined in conformity with GAAP and Consolidated Net Income and (C) solely for the purposes of calculating Consolidated EBITDA and the Fixed Charge Coverage Ratio, any net after tax gains on Investment Properties arising from fair value adjustments made in conformity with GAAP shall be added to Consolidated Net Income.

“Consolidated Net Worth” means, at any date of determination, stockholders’ equity as set forth on the most recently available fiscal quarter, semi-annual or annual consolidated balance sheet of the Company and its Restricted Subsidiaries, plus, to the extent not included, any Preferred Stock of the Company, less any amounts attributable to Disqualified Stock or any equity security convertible into or exchangeable for Indebtedness, the cost of treasury stock and the principal amount of any promissory notes receivable from the sale of the Capital Stock of the Company or any Restricted Subsidiary, each item to be determined in conformity with GAAP.

“Contractor Guarantees” means any Guarantee by the Company or any Restricted Subsidiary of Indebtedness of any contractor, builder or other similar Person engaged by the Company or such Restricted Subsidiary in connection with the development, construction or improvement of real or personal property or equipment to be used in a Permitted Business by the Company or any Restricted Subsidiary in the ordinary course of business, which Indebtedness was Incurred by such contractor, builder or other similar Person to finance the cost of such development, construction or improvement.

“Credit Facilities” means one or more of the facilities or arrangements with one or more banks or other lenders or institutions providing for revolving credit loans, term loans, receivables or financings (including without limitation through the sale of receivables or assets to such institutions or to special purpose entities formed to borrow from such institutions against such receivables or assets or the creation of any Liens in respect of such receivables or assets in favor of such institutions), letters of credit or other Indebtedness, in each case, including all agreements, instruments and documents executed and delivered pursuant to or in connection with any of the foregoing, including but not limited to any notes and letters of credit issued pursuant thereto and any guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other guarantees, pledge agreements, security agreements and collateral documents, in each case as the same may be amended, supplemented, waived or otherwise modified from time to time, or refunded refinanced, restructured, replaced, renewed, repaid, increased or extended from time to time (whether in whole or in part, whether with the original banks, lenders or institutions or other banks, lenders or institutions or otherwise, and whether provided under any original Credit Facility or one or more other credit agreements, indentures, financing agreements or other Credit Facilities or otherwise). Without limiting the generality of the foregoing, the term “Credit Facility” shall include any agreement (1) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (2) adding Subsidiaries as additional borrowers or guarantors thereunder, (3) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder (provided that such increase is permitted under the covenant described under “— Certain Covenants — Limitation on Indebtedness and Preferred Stock”) or (4) otherwise altering the terms and conditions thereof.

“Currency Agreement” means any foreign exchange forward contract, currency swap agreement or other similar agreement or arrangement designed to reduce or manage exposure to fluctuations in foreign exchange rates.

“Default” means any event that is, or after notice or passage of time or both would be, an Event of Default.

“Disqualified Stock” means any class or series of Capital Stock of any Person that by its terms or otherwise is (1) required to be redeemed prior to the date that is 183 days after the Stated Maturity of the Notes, (2) redeemable at the option of the holder of such class or series of Capital Stock at any time prior to the date that is 183 days after the Stated Maturity of the Notes or (3) convertible into or exchangeable for Capital Stock referred to in clause (1) or (2) above or Indebtedness having a scheduled maturity prior to the Stated Maturity of the Notes; *provided* that any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to repurchase or redeem such Capital Stock upon the occurrence of an “asset sale” or “change of control” occurring prior to the Stated Maturity of the Notes shall not constitute Disqualified Stock if the “asset sale” or “change of control” provisions applicable to such Capital Stock are no more favorable to the holders of such Capital Stock than the provisions contained in the “Limitation on Asset Sales” and “Repurchase of Notes upon a Change of Control Triggering Event” covenants and such Capital Stock specifically provides that such Person will not repurchase or redeem any such stock pursuant to such provision prior to the Company’s repurchase of such Notes as are required to be repurchased pursuant to the “Limitation on Asset Sales” and “Repurchase of Notes upon a Change of Control Triggering Event” covenants.

“Dollar Equivalent” means, with respect to any monetary amount in a currency other than U.S. dollars, at any time for the determination thereof, the amount of U.S. dollars obtained by converting such foreign currency involved in such computation into U.S. dollars at the base rate for the purchase of U.S. dollars with the applicable foreign currency as quoted by the Federal Reserve Bank of New York on the date of determination.

“Entrusted Loans” means borrowings by a Non-Guarantor Subsidiary from the Company or another Non-Guarantor Subsidiary (whether directly or through or facilitated by a bank or other financial institution), *provided* that such borrowings are not reflected on the consolidated balance sheet of the Company.

“Equity Offering” means (i) any *bona fide* underwritten primary public offering or private placement of Common Stock of the Company after the Original Issue Date or (ii) any *bona fide* underwritten secondary public offering or secondary private placement of Common Stock of the Company beneficially owned by a Permitted Holder, after the Original Issue Date, to the extent that a Permitted Holder or a company controlled by a Permitted Holder concurrently with such public offering or private placement purchases in cash an equal amount of Common Stock from the Company at the same price as the public offering or private placement price, in each case under clause (i) or (ii) *provided* such public offering or private placement is to a person other than a Restricted Subsidiary or Permitted Holder; *provided* that any offering or placement referred to in (A) clause (i), (B) clause (ii), or (C) a combination of clauses (i) and (ii) result in the aggregate gross cash proceeds received by the Company being no less than US\$20.0 million (or the Dollar Equivalent thereof).

“Euroclear” means Euroclear Bank SA/NV.

“Exchange Act” means the U.S. Securities Exchange Act of 1934, as amended.

“Exempted Subsidiary” means any Restricted Subsidiary organized in any jurisdiction other than the PRC that is prohibited by applicable law or regulation to provide a Subsidiary Guarantee or a JV Subsidiary Guarantee; *provided* that (x) the Company shall have failed, upon using commercially reasonable efforts, to obtain any required governmental or regulatory approval or registration with respect to such Subsidiary Guarantee or JV Subsidiary Guarantee, to the extent that such approval or registration is available under any applicable law or regulation and (y) such Restricted Subsidiary shall cease to be an Exempted Subsidiary immediately upon such prohibition ceasing to be in force or apply to such Restricted Subsidiary or upon the Company having obtained such applicable approval or registration.

“Fair Market Value” means the price that would be paid in an arm’s-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the Board of Directors, whose determination shall be conclusive if evidenced by a Board Resolution, except in the case of a determination of Fair Market Value of total assets for the purposes of determining a JV Entitlement Amount, in which case such price shall be determined by an accounting, appraisal or investment banking firm of recognized international standing appointed by the Company.

“Fitch” means Fitch Ratings Ltd. and its successors.

“Fixed Charge Coverage Ratio” means, on any Transaction Date, the ratio of (1) the aggregate amount of Consolidated EBITDA for the then most recent four fiscal quarters prior to such Transaction Date for which consolidated financial statements of the Company (which the Company shall use its reasonable best efforts to compile in a timely manner) are available (which may include internal consolidated financial statements) (the “Four Quarter Period”) to (2) the aggregate Consolidated Fixed Charges during such Four Quarter Period. In making the foregoing calculation:

- (a) pro forma effect shall be given to any Indebtedness or Preferred Stock Incurred, repaid or redeemed during the period (the “Reference Period”) commencing on and including the first day of the Four Quarter Period and ending on and including the Transaction Date (other than Indebtedness Incurred or repaid under a revolving credit or similar arrangement (or under any predecessor revolving credit or similar arrangement) in effect on the last day of such Four Quarter Period), in each case as if such Indebtedness or Preferred Stock had been Incurred, repaid or redeemed on the first day of such Reference Period; *provided* that, in the event of any such repayment or redemption, Consolidated EBITDA for such period shall be calculated as if the Company or such Restricted Subsidiary had not earned any interest income actually earned during such period in respect of the funds used to repay such Indebtedness or Preferred Stock;
- (b) Consolidated Interest Expense attributable to interest on any Indebtedness (whether existing or being Incurred) computed on a pro forma basis and bearing a floating interest rate shall be computed as if the rate in effect on the Transaction Date (taking into account any Interest Rate Agreement applicable to such Indebtedness if such Interest Rate Agreement has a remaining term in excess of 12 months or, if shorter, at least equal to the remaining term of such Indebtedness) had been the applicable rate for the entire period;
- (c) pro forma effect shall be given to the creation, designation or redesignation of Restricted and Unrestricted Subsidiaries as if such creation, designation or redesignation had occurred on the first day of such Reference Period;
- (d) pro forma effect shall be given to Asset Dispositions and Asset Acquisitions (including giving pro forma effect to the application of proceeds of any Asset Disposition) that occur during such Reference Period as if they had occurred and such proceeds had been applied on the first day of such Reference Period; and
- (e) pro forma effect shall be given to asset dispositions and asset acquisitions (including giving pro forma effect to the application of proceeds of any asset disposition) that have been made by any Person that has become a Restricted Subsidiary or has been merged with or into the Company or any Restricted Subsidiary during such Reference Period and that would have constituted Asset Dispositions or Asset Acquisitions had such transactions occurred when such Person was a Restricted Subsidiary as if such asset dispositions or asset acquisitions were Asset Dispositions or Asset Acquisitions that occurred on the first day of such Reference Period;

provided that to the extent that clause (d) or (e) of this paragraph requires that pro forma effect be given to an Asset Acquisition or Asset Disposition (or asset acquisition or asset disposition), such pro forma calculation shall be based upon the four full fiscal quarters immediately preceding the Transaction Date of the Person, or division or line of business of the Person, that is acquired or disposed for which financial information is available.

“GAAP” means International Financial Reporting Standards, as in effect from time to time.

“Guarantee” means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); *provided* that the term “Guarantee” shall not include endorsements for collection or deposit in the ordinary course of business. The term “Guarantee” used as a verb has a corresponding meaning.

“Hedging Obligation” of any Person means the obligations of such Person pursuant to any Commodity Agreement, Currency Agreement or Interest Rate Agreement.

“Holder” means the Person in whose name a Note is registered in the Note register.

“Incur” means, with respect to any Indebtedness or Capital Stock, to incur, create, issue, assume, Guarantee or otherwise become liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Indebtedness or Capital Stock; *provided* that (1) any Indebtedness and Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (or fails to meet the qualifications necessary to remain an Unrestricted Subsidiary) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and (2) the accretion of original issue discount shall not be considered an Incurrence of Indebtedness. The terms “Incurrence,” “Incurred” and “Incurring” have meanings correlative with the foregoing.

“Indebtedness” means, with respect to any Person at any date of determination (without duplication):

- (1) all indebtedness of such Person for borrowed money;
- (2) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (3) all obligations of such Person in respect of letters of credit, bankers’ acceptances or other similar instruments;
- (4) all obligations of such Person to pay the deferred and unpaid purchase price of property or services, except Trade Payables;
- (5) all Capitalized Lease Obligations and Attributable Indebtedness;
- (6) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided* that the amount of such Indebtedness shall be the lesser of (a) the Fair Market Value of such asset at such date of determination and (b) the amount of such Indebtedness;
- (7) all Indebtedness of other Persons Guaranteed by such Person to the extent such Indebtedness is Guaranteed by such Person;

- (8) to the extent not otherwise included in this definition, Hedging Obligations; and
- (9) all Disqualified Stock issued by such Person valued at the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price plus accrued dividends.

Notwithstanding the foregoing, Indebtedness shall not include any (1) capital commitments, pre-sale receipts in advance from customers, deferred payment obligations or similar obligations, Incurred in the ordinary course of business in connection with the acquisition, development, construction or improvement of real or personal property (including land use rights) to be used in a Permitted Business, (2) Entrusted Loans or (3) Perpetual Securities Obligations; *provided* that such Indebtedness is not reflected as borrowings on the consolidated balance sheet of the Company (contingent obligations and commitments referred to in a footnote to financial statements and not otherwise reflected as borrowings on the balance sheet will not be deemed to be reflected on such balance sheet).

The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and, with respect to contingent obligations, the maximum liability upon the occurrence of the contingency giving rise to the obligation; *provided* that

- (1) the amount outstanding at any time of any Indebtedness issued with original issue discount is the face amount of such Indebtedness less the remaining unamortized portion of the original issue discount of such Indebtedness at such time as determined in conformity with GAAP,
- (2) money borrowed and set aside at the time of the Incurrence of any Indebtedness in order to prefund the payment of the interest on such Indebtedness shall not be deemed to be “Indebtedness” so long as such money is held to secure the payment of such interest, and
- (3) the amount of Indebtedness with respect to any Hedging Obligation shall be (i) zero if Incurred pursuant to paragraph (2)(f) under the “Limitation on Indebtedness and Preferred Stock” covenant or (ii) equal to the net amount payable by such Person if such Hedging Obligation were terminated at that time if not Incurred pursuant to such paragraph.

“Independent Third Party” means any Person that is not an Affiliate of the Company.

“Interest Rate Agreement” means any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement, option or future contract or other similar agreement or arrangement designed to reduce or manage exposure to fluctuations in interest rates.

“Investment” means, with respect to any Person:

- (1) any direct or indirect advance, loan or other extension of credit by such Person to another Person;
- (2) any capital contribution by such Person to another Person (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others);
- (3) any purchase or acquisition of Capital Stock, Indebtedness, bonds, notes, debentures or other similar instruments or securities by such Person issued by another Person; or
- (4) any Guarantee of any obligation by such Person of another Person to the extent such obligation is outstanding and to the extent Guaranteed by such Person.

For the purposes of the provisions of the “Designation of Restricted and Unrestricted Subsidiaries” and “Limitation on Restricted Payments” covenants: (1) the Company will be deemed to have made an Investment in an Unrestricted Subsidiary in an amount equal to the Company’s proportional interest in the Fair Market Value of the assets (net of the Company’s proportional interest in the liabilities owed to any Person other than the Company or a Restricted Subsidiary and that are not Guaranteed by the Company or a Restricted Subsidiary) of a Restricted Subsidiary that is designated an Unrestricted Subsidiary at the time of such designation, and (2) any property transferred to or from any Person shall be valued at its Fair Market Value at the time of such transfer, as determined in good faith by the Board of Directors.

“Investment Grade” means a rating of “AAA,” “AA,” “A” or “BBB,” as modified by a “+” or “-” indication, or an equivalent rating representing one of the four highest Rating Categories, by Lianhe Global or any of its successors or assigns, or the equivalent ratings of one or more nationally recognized statistical rating organizations (as defined in Rule 436 under the Securities Act), as the case may be, which shall have been designated by the Company as having been substituted for Lianhe Global.

“Investment Property” means any property that is owned and held by any Restricted Subsidiary for long-term rental yield or for capital appreciation or both, or any hotel owned by the Company or any Restricted Subsidiary from which the Company or any Restricted Subsidiary derives or expects to derive operating income.

“JV Entitlement Amount” means, with respect to any JV Subsidiary Guarantor and its Subsidiaries, an amount that is equal to the product of (i) the Fair Market Value of the total assets of such JV Subsidiary Guarantor and its Subsidiaries, on a consolidated basis (without deducting any Indebtedness or other liabilities of such JV Subsidiary Guarantor and its Subsidiaries) as of the date of the last fiscal year end of the Company and (ii) a percentage equal to the direct equity ownership percentage of the Company and/or its Restricted Subsidiaries in the Capital Stock of such JV Subsidiary Guarantor and its Subsidiaries.

“JV Subsidiary Guarantee” has the meaning set forth under “— The Subsidiary Guarantees and the JV Subsidiary Guarantees.”

“JV Subsidiary Guarantor” means a Restricted Subsidiary that executes a JV Subsidiary Guarantee.

“Lianhe Global” means Lianhe Ratings Global Limited and its successors.

“Lien” means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof or any agreement to create any mortgage, pledge, security interest, lien, charge, easement or encumbrance of any kind).

“Listed Subsidiaries” means any Restricted Subsidiary any class of Voting Stock of which is listed on a Qualified Exchange and any Restricted Subsidiary of a Listed Subsidiary; *provided* that such Restricted Subsidiary shall cease to be a Listed Subsidiary immediately upon, as applicable, (x) the Voting Stock of such Restricted Subsidiary ceasing to be listed on a Qualified Exchange, or (y) such Restricted Subsidiary ceasing to be a Restricted Subsidiary of a Listed Subsidiary.

“Minority Interest Staged Acquisition Agreement” means an agreement between the Company and/or any Restricted Subsidiary on the one hand and an Independent Third Party on the other (x) pursuant to which the Company and/or such Restricted Subsidiary agrees to acquire less than a majority of the Capital Stock of a Person for a consideration that is not more than the Fair Market Value of such Capital Stock at the time the Company and/or such Restricted Subsidiary enters into such agreement and (y) which provides that the payment of the purchase price for such Capital Stock is made in more than one instalment over a period of time.

“Minority Joint Venture” means any corporation, association or other business entity that is accounted for by the equity method of accounting in accordance with GAAP by the Company or a Restricted Subsidiary and primarily engaged in the Permitted Businesses, and such Minority Joint Venture’s Subsidiaries.

“Moody’s” means Moody’s Investors Service, Inc. and its successors.

“Net Cash Proceeds” means:

- (1) with respect to any Asset Sale, the proceeds of such Asset Sale in the form of cash or cash equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or cash equivalents and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of:
 - (a) brokerage commissions and other fees and expenses (including fees and expenses of counsel and investment banks) related to such Asset Sale;
 - (b) provisions for all taxes (whether or not such taxes will actually be paid or are payable) as a result of such Asset Sale without regard to the consolidated results of operations of the Company and its Restricted Subsidiaries, taken as a whole;
 - (c) payments made to repay Indebtedness or any other obligation outstanding at the time of such Asset Sale that either (x) is secured by a Lien on the property or assets sold or (y) is required to be paid as a result of such sale;
 - (d) appropriate amounts to be provided by the Company or any Restricted Subsidiary as a reserve against any liabilities associated with such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as determined in conformity with GAAP; and
- (2) with respect to any issuance or sale of Capital Stock or securities convertible or exchangeable into Capital Stock, the proceeds of such issuance or sale in the form of cash or cash equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or cash equivalents and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of attorneys’ fees, accountants’ fees, underwriters’ or placement agents’ fees, discounts or commissions and brokerage, consultant and other fees incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

“Offer to Purchase” means an offer to purchase the Notes by the Company from the Holders commenced by mailing a notice by first class mail, postage prepaid, to the Trustee, the Paying and Transfer Agent and each Holder at its last address appearing in the Note register stating:

- (1) the covenant pursuant to which the offer is being made and that all Notes validly tendered will be accepted for payment on a pro rata basis;

- (2) the purchase price and the date of purchase (which shall be a Business Day no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the “Offer to Purchase Payment Date”);
- (3) that any Note not tendered will continue to accrue interest pursuant to its terms;
- (4) that, unless the Company defaults in the payment of the purchase price, any Note accepted for payment pursuant to the Offer to Purchase shall cease to accrue interest on and after the Offer to Purchase Payment Date;
- (5) that Holders electing to have a Note purchased pursuant to the Offer to Purchase will be required to surrender the Note, together with the form entitled “Option of the Holder to Elect Purchase” on the reverse side of the Note completed, to the tender agent (the “Tender Agent”) at the address specified in the notice prior to the close of business on the Business Day immediately preceding the Offer to Purchase Payment Date;
- (6) that Holders will be entitled to withdraw their election if the Tender Agent receives, not later than the close of business on the third Business Day immediately preceding the Offer to Purchase Payment Date, a facsimile transmission or letter setting forth the name of such Holder, the principal amount of Notes delivered for purchase and a statement that such Holder is withdrawing his election to have such Notes purchased; and
- (7) that Holders whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered; *provided* that each Note purchased and each new Note issued shall be in a principal amount of US\$200,000 or integral multiples of US\$1,000.

On one Business Day prior to the Offer to Purchase Payment Date, the Company shall deposit with the Tender Agent sufficient money to pay the purchase price of all Notes or portions thereof to be accepted by the Company for payment on the Offer to Purchase Payment Date. On the Offer to Purchase Payment Date, the Company shall (a) accept for payment on a pro rata basis Notes or portions thereof tendered pursuant to an Offer to Purchase; and (b) deliver, or cause to be delivered, to the Trustee all Notes or portions thereof so accepted together with an Officers’ Certificate specifying the Notes or portions thereof accepted for payment by the Company. The Tender Agent shall as soon as reasonably practicable mail to the Holders of Notes so accepted payment in an amount equal to the purchase price, and the Trustee or an authenticating agent shall as soon as reasonably practicable authenticate and mail to such Holders a new Note equal in principal amount to any unpurchased portion of the Note surrendered; *provided* that each Note purchased and each new Note issued shall be in a principal amount of US\$200,000 or integral multiples of US\$1,000. The Company will publicly announce the results of an Offer to Purchase as soon as practicable after the Offer to Purchase Payment Date. The Company will comply with all applicable securities laws and regulations, in the event that the Company is required to repurchase Notes pursuant to an Offer to Purchase.

The materials used in connection with an Offer to Purchase are required to contain or incorporate by reference information concerning the business of the Company and its Subsidiaries which the Company in good faith believes will assist such Holders to make an informed decision with respect to the Offer to Purchase, including a brief description of the events requiring the Company to make the Offer to Purchase, and any other information required by applicable law to be included therein. The offer is required to contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Offer to Purchase.

“Officer” means one of the executive officers of the Company or, in the case of a Subsidiary Guarantor or JV Subsidiary Guarantor, one of the directors or officers of such Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be.

“Officers’ Certificate” means a certificate signed by two Officers; *provided, however*, with respect to the Officers’ Certificate required to be delivered by any Subsidiary Guarantor or any JV Subsidiary Guarantor, as the case may be, under the Indenture, Officers’ Certificate means a certificate signed by one Officer if there is only one Officer in such Subsidiary Guarantor or any JV Subsidiary Guarantor, as the case may be, at the time such certificate is required to be delivered.

“Opinion of Counsel” means a written opinion from legal counsel who is reasonably acceptable to the Trustee.

“Original Issue Date” means the date on which the Notes are originally issued under the Indenture.

“Pari Passu Guarantee” means a guarantee by the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor of Indebtedness of the Company (including Additional Notes), any Subsidiary Guarantor or any JV Subsidiary Guarantor; *provided* that (1) the Company, such Subsidiary Guarantor or such JV Subsidiary Guarantor was permitted to Incur such Indebtedness under the covenant described under “— Certain Covenants — Limitation on Indebtedness and Preferred Stock” and (2) such guarantee ranks *pari passu* with the Notes, any outstanding Subsidiary Guarantee of such Subsidiary Guarantor, or with any outstanding JV Subsidiary Guarantee of such JV Subsidiary Guarantor, as the case may be.

“Permitted Business” means any business which is the same or related, ancillary or complementary to any of the business of the Company and its Restricted Subsidiaries on the Original Issue Date.

“Permitted Holders” means any or all of the following:

- (1) Mr. Chen Guoxiang (陳國祥);
- (2) any Affiliate (other than an Affiliate as defined in clause (2) or (3) of the definition of Affiliate) of the Person specified in clause (1);
- (3) the estate, trust and any immediate family member of the Persons listed in (1) or the legal representative of any of the foregoing; and
- (4) any Person both the Capital Stock and the Voting Stock of which (or in the case of a trust, the beneficial interests in which) are owned 80% or more by Persons specified in clauses (1), (2) and (3).

“Permitted Investment” means:

- (1) any Investment in the Company or a Restricted Subsidiary that is primarily engaged in a Permitted Business or a Person which will, upon the making of such Investment, become a Restricted Subsidiary that is primarily engaged in a Permitted Business or be merged or consolidated with or into or transfer or convey all or substantially all its assets to, the Company or a Restricted Subsidiary that is primarily engaged in a Permitted Business;
- (2) Temporary Cash Investments;
- (3) payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses in accordance with GAAP;
- (4) stock, obligations or securities received in satisfaction of judgments;
- (5) an Investment in an Unrestricted Subsidiary consisting solely of an Investment in another Unrestricted Subsidiary;

- (6) any Investment pursuant to a Hedging Obligation designed to reduce or manage the exposure of the Company or any Restricted Subsidiary to fluctuations in commodity prices, interest rates or foreign currency exchange rates;
- (7) receivables owing to the Company or any Restricted Subsidiary, if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms;
- (8) Investments made by the Company or any Restricted Subsidiary consisting of consideration received in connection with an Asset Sale made in compliance with the covenant described under “— Certain Covenants — Limitation on Asset Sales”;
- (9) pledges or deposits (x) with respect to leases or utilities provided to third parties in the ordinary course of business or (y) otherwise described in the definition of “Permitted Liens” or made in connection with Liens permitted under the covenant described under “— Certain Covenants — Limitation on Liens”;
- (10) any Investment pursuant to Pre-Registration Mortgage Guarantees or Contractor Guarantees by the Company or any Restricted Subsidiary otherwise permitted to be Incurred under the Indenture;
- (11) Investments in securities of trade creditors, trade debtors or customers received pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of such trade creditor, trade debtor or customer;
- (12) advances to contractors and suppliers for the acquisition of assets or consumables or services in the ordinary course of business that are recorded as deposits or prepaid expenses on the Company’s consolidated balance sheet;
- (13) deposits of pre-sale proceeds made in order to secure the completion and delivery of pre-sold properties and issuance of the related land use title in the ordinary course of business;
- (14) deposits made in order to comply with statutory or regulatory obligations to maintain deposits for workers compensation claims and other purposes specified by statute or regulation from time to time in the ordinary course of business;
- (15) deposits made in order to secure the performance of the Company or any Restricted Subsidiary and prepayments made in connection with the acquisition of real property or land use rights by the Company or any Restricted Subsidiary, in each case in the ordinary course of business;
- (16) advances in the ordinary course of business to government authorities or government-affiliated entities in the PRC for the purpose of the development and preparation by such government authority or government affiliated entity of primary land for auction purposes which advances are recorded as deposits or prepaid expenses on the Company’s consolidated balance sheet to the extent each such advance is on normal commercial terms including being subject to repayment from the relevant government authority;
- (17) an acquisition of assets, Capital Stock or other securities by the Company or a Subsidiary for consideration to the extent such consideration consists solely of Common Stock of the Company;
- (18) repurchases of the Notes;

- (19) any Investment (including any deemed Investment upon the redesignation of a Restricted Subsidiary as an Unrestricted Subsidiary or upon the sale of Capital Stock of a Restricted Subsidiary) by the Company or any Restricted Subsidiary in any Person (other than a Restricted Subsidiary), *provided* that:
- (i) such Investment, together with the aggregate of all other Investments made under this clause (19) since the Original Issue Date, shall not exceed in aggregate an amount equal to 20.0% of Total Assets. Such aggregate amount of Investments shall be calculated after deducting an amount equal to the net reduction in all Investments made under this clause (19) since the Original Issue Date resulting from:
 - (A) payments of interest on Indebtedness, dividends or repayments of loans or advances made under this clause, in each case to the Company or any Restricted Subsidiary (except, in each case, to the extent any such payment or proceeds are included in the calculation of Consolidated Net Income),
 - (B) the unconditional release of a Guarantee provided by the Company or a Restricted Subsidiary after the Original Issue Date under this clause of an obligation of any such Person,
 - (C) to the extent that an Investment made after the Original Issue Date under this clause is sold or otherwise liquidated or repaid for cash, the lesser of (x) cash return of capital with respect to such Investment (less the cost of disposition, if any) and (y) the initial amount of such Investment, not to exceed, in each case, the amount of Investments made by the Company or a Restricted Subsidiary after the Original Issue Date in any such Person under this clause, or
 - (D) such Person becoming a Restricted Subsidiary (whereupon all Investments (other than Permitted Investments) made by the Company or any Restricted Subsidiary in such Person since the Original Issue Date shall be deemed to have been made pursuant to clause (1) of this “Permitted Investment” definition);
 - (ii) the Person into which such Investment is made is primarily engaged in the Permitted Business; *provided however* that this paragraph (ii) shall not apply if such Investment would otherwise have been permitted under this clause (19) and such Investment, together with the aggregate amount of all other Investments made in reliance on this proviso since the Original Issue Date, shall not exceed in aggregate an amount equal to 10.0% of Total Assets (such aggregate amount of Investments shall be calculated after deducting an amount equal to the net reduction in all Investments made in reliance on this proviso since the Original Issue Date resulting from the events set forth in paragraphs (i)(A) through (i)(D) above, where references in such paragraphs to “under this clause (19)” shall be substituted with “in reliance on the proviso in paragraph (ii)”);
 - (iii) if any of the shareholders or partners (other than the Company or any Restricted Subsidiary) in such Person in which such Investment was made is a Person described in clause (x) or (y) of the first paragraph of the covenant under the caption “— Limitation on Transactions with Shareholders and Affiliates” (other than by reason of such shareholder or partner being an officer or director of the Company, a Restricted Subsidiary, a Minority Joint Venture or an Unrestricted Subsidiary or by reason of being a Restricted Subsidiary, a Minority Joint Venture or an Unrestricted Subsidiary), such Investment shall comply with the requirements set forth under the covenant under the caption “— Limitation on Transactions with Shareholders and Affiliates”; and
 - (iv) no Default has occurred and is continuing or would occur as a result of such Investment.

For the avoidance of doubt, the value of each Investment made pursuant to this clause (19) shall be valued at the time such Investment is made; and

- (20) Guarantees permitted by the covenant described under the caption entitled “— Limitation on Indebtedness and Preferred Stock.”

“Permitted Liens” means:

- (1) Liens for taxes, assessments, governmental charges or claims that are being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made;
- (2) statutory and common law Liens of landlords and carriers, warehousemen, mechanics, suppliers, repairmen or other similar Liens arising in the ordinary course of business and with respect to amounts not yet delinquent or being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made;
- (3) Liens incurred or deposits made to secure the performance of tenders, bids, leases, statutory or regulatory obligations, bankers’ acceptances, surety and appeal bonds, government contracts, performance, and return-of-money bonds and other obligations of a similar nature incurred in the ordinary course of business (exclusive of obligations for the payment of borrowed money);
- (4) leases or subleases granted to others that do not materially interfere with the ordinary course of business of the Company and its Restricted Subsidiaries, taken as a whole;
- (5) Liens encumbering property or assets under construction arising from progress or partial payments by a customer of the Company or its Restricted Subsidiaries relating to such property or assets;
- (6) Liens on property of, or on shares of Capital Stock or Indebtedness of, any Person existing at the time such Person becomes, or becomes a part of, any Restricted Subsidiary; provided that such Liens do not extend to or cover any property or assets of the Company or any Restricted Subsidiary other than the property or assets acquired; provided further that such Liens were not created in contemplation of or in connection with the transactions or series of transactions pursuant to which such Person became a Restricted Subsidiary;
- (7) Liens in favor of the Company or any Restricted Subsidiary;
- (8) Liens arising from the rendering of a final judgment or order against the Company or any Restricted Subsidiary that does not give rise to an Event of Default;
- (9) Liens securing reimbursement obligations with respect to letters of credit that encumber documents and other property relating to such letters of credit and the products and proceeds thereof;
- (10) Liens encumbering customary initial deposits and margin deposits, and other Liens that are within the general parameters customary in the industry, in each case, securing Indebtedness under Hedging Obligations permitted by clause (2)(f) of the covenant described under “— Certain Covenants — Limitation on Indebtedness and Preferred Stock”;
- (11) Liens existing on the Original Issue Date;

- (12) Liens securing Indebtedness which is Incurred to refinance secured Indebtedness which is permitted to be Incurred under clause (2)(e) of the covenant described under “— Certain Covenants — Limitation on Indebtedness and Preferred Stock”; provided that such Liens do not extend to or cover any property or assets of the Company or any Restricted Subsidiary other than the property or assets securing the Indebtedness being refinanced;
- (13) any interest or title of a lessor in the property subject to any operating lease;
- (14) Liens securing Indebtedness of the Company or any Restricted Subsidiary under any Pre-Registration Mortgage Guarantee which is permitted to be Incurred under clause (2)(g) of the covenant described under “— Certain Covenants — Limitation on Indebtedness and Preferred Stock”;
- (15) easements, rights-of-way, municipal and zoning ordinances or other restrictions as to the use of properties in favor of governmental agencies or utility companies that do not materially adversely affect the value of such properties or materially impair the use for the purposes of which such properties are held by the Company or any Restricted Subsidiary;
- (16) Liens (including extensions and renewals thereof) upon real or personal property; provided that (a) such Lien is created solely for the purpose of securing Indebtedness of the type described under clause (2)(h) of the covenant under “— Certain Covenants — Limitation on Indebtedness and Preferred Stock” and such Lien is created prior to, at the time of or within 180 days after the later of the acquisition or the completion of development, construction or improvement of such property, (b) the principal amount of the Indebtedness secured by such Lien does not exceed 100% of the cost of such property, development, construction or improvement and (c) such Lien shall not extend to or cover any property or assets other than such item of property and any improvements on such item, *provided* that, in the case of clauses (b) and (c), such Lien may cover other property or assets (instead of or in addition to such item of property or improvements) and the principal amount of Indebtedness secured by such Lien may exceed 100% of such cost if (x) such Lien is incurred in the ordinary course of business and (y) the aggregate book value of property or assets as of the last day of the most recent fiscal quarter period for which consolidated financial statements of the Company (which the Company shall use its reasonable best efforts to compile in a timely manner) are available (which may include internal consolidated financial statements) or, if any such property or assets have been acquired since the date of such financial statements, the cost of such property or assets) subject to Liens incurred pursuant to this clause (16) does not exceed 130% of the aggregate principal amount of Indebtedness secured by such Liens;
- (17) Liens on deposits of pre-sale proceeds made in order to secure the completion and delivery of pre-sold properties and issuance of the related land use title made in the ordinary course of business and not securing Indebtedness of the Company or any Restricted Subsidiary;
- (18) Liens on deposits made in order to comply with statutory obligations to maintain deposits for workers compensation claims and other purposes specified by statute made in the ordinary course of business and not securing Indebtedness of the Company or any Restricted Subsidiary;
- (19) Liens on deposits made in order to secure the performance of the Company or any Restricted Subsidiary in connection with the acquisition of real property or land use rights by the Company or any Restricted Subsidiary in the ordinary course of business and not securing Indebtedness of the Company or any Restricted Subsidiary;
- (20) Liens incurred or deposits made to secure Entrusted Loans;
- (21) Liens securing Indebtedness permitted to be Incurred under clause (2)(n) of the covenant described under “— Certain Covenants — Limitation on Indebtedness and Preferred Stock”;

- (22) Liens on the Capital Stock of the Person that is to be acquired under the relevant Staged Acquisition Agreement or Minority Interest Staged Acquisition Agreement securing Indebtedness which is permitted to be Incurred under clause (2)(o) or (2)(x) of the covenant described under “— Certain Covenants — Limitation on Indebtedness and Preferred Stock”;
- (23) Liens on the Capital Stock of a Restricted Subsidiary granted by the Company or any other Restricted Subsidiary in favor of any Trust Company Investor (including the sale or transfer of such Capital Stock to such Trust Company Investor) in respect of, and to secure, the Indebtedness permitted to be Incurred under clause (2)(p) of the covenant described under “— Certain Covenants — Limitation on Indebtedness and Preferred Stock”;
- (24) Liens on cash deposits, bank accounts or other assets to secure Bank Deposit Secured Indebtedness permitted to be Incurred under clause (2)(q) of the covenant described under “— Certain Covenants — Limitation on Indebtedness and Preferred Stock”;
- (25) Liens on Investment Properties securing Indebtedness of the Company or any Restricted Subsidiary permitted to be Incurred under clause (2)(r) of the covenant described under “— Certain Covenants — Limitation on Indebtedness and Preferred Stock”;
- (26) Liens securing Indebtedness of Restricted Subsidiaries (other than Subsidiary Guarantors or JV Subsidiary Guarantors) Incurred pursuant to clause (2)(s) of the covenant described under “— Certain Covenants — Limitation on Indebtedness and Preferred Stock”;
- (27) Liens securing Indebtedness Incurred under clause 2(u), (2)(v) or (2)(w) of the covenant described under “— Certain Covenants — Limitation on Indebtedness and Preferred Stock”; and
- (28) Liens on assets of a Non-Guarantor Subsidiary securing any Permitted Subsidiary Indebtedness of any Non-Guarantor Subsidiary permitted to be Incurred under the proviso in paragraph (1) of the covenant described under “— Certain Covenants — Limitation on Indebtedness and Preferred Stock.”

“Permitted Subsidiary Indebtedness” means Indebtedness of, and all Preferred Stock issued by, the Non-Guarantor Subsidiaries, taken as a whole; *provided* that, on the date of the Incurrence of such Indebtedness and after giving effect thereto and the application of the proceeds thereof, the aggregate principal amount outstanding of all such Indebtedness (excluding Public Indebtedness and any Indebtedness of any Non-Guarantor Subsidiary permitted under clauses (2)(d), (2)(f) and (2)(g) of the covenant described under “— Certain Covenants — Limitation on Indebtedness and Preferred Stock”) does not exceed an amount equal to 15.0% of Total Assets.

“Perpetual Securities Obligation” means perpetual securities (other than any Capital Stock) that are accounted for as equity in accordance with the relevant generally accepted accounting principles issued by the Company or any Restricted Subsidiary.

“Person” means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof.

“PRC” means the People’s Republic of China, excluding Hong Kong Special Administrative Region, Macau and Taiwan.

“PRC CJV” means any Subsidiary that is a Sino-foreign cooperative joint venture enterprise with limited liability, established in the PRC pursuant to the Foreign Investment Law of the People’s Republic of China adopted on January 1, 2020 and the Detailed Rules for the Regulation of Implementing the Foreign Investment Law of the People’s Republic of China adopted on January 1, 2020, as such laws and rules may be amended.

“PRC CJV Partner” means with respect to a PRC CJV, the other party to the joint venture agreement relating to such PRC CJV with the Company or any Restricted Subsidiary.

“Preferred Stock” as applied to the Capital Stock of any Person means Capital Stock of any class or classes that by its terms is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

“Pre-Registration Mortgage Guarantee” means any Indebtedness of the Company or any Restricted Subsidiary consisting of a guarantee in favor of any bank or other similar financial institutions in the ordinary course of business of secured loans of purchasers of individual units of properties from the Company or any Restricted Subsidiary; *provided* that, any such guarantee shall be released in full on or before the perfection of a security interest in such properties under applicable law in favor of the relevant lender.

“Public Indebtedness” means any bonds, debentures, notes or similar debt securities issued in a public offering or a private placement (other than the Notes) to institutional investors.

“Qualified Exchange” means either (1) The New York Stock Exchange, the London Stock Exchange, The Stock Exchange of Hong Kong Limited, the Nasdaq Stock Market, Singapore Exchange Securities Trading Limited, The Shanghai Stock Exchange or The Shenzhen Stock Exchange or (2) a national securities exchange (as such term is defined in Section 6 of the Exchange Act) or a designated offshore securities market (as such term is defined in Rule 902(b) under the Securities Act).

“Rating Agency” means Lianhe Global; provided that if Lianhe Global shall not make a rating of the Notes publicly available, one or more nationally recognized statistical rating organizations (as defined in Rule 436 under the Securities Act), as the case may be, selected by the Company, which shall be substituted for Lianhe Global.

“Rating Category” means (1) with respect to Lianhe Global, any of the following categories: “BB,” “B,” “CCC,” “CC,” “C” and “D” (or equivalent successor categories); and (2) the equivalent of any such category of Lianhe Global used by another Rating Agency. In determining whether the rating of the Notes has decreased by one or more gradations, gradations within Rating Categories (“+” and “-” for Lianhe Global; or the equivalent gradations for another Rating Agency) shall be taken into account (e.g., with respect to Lianhe Global, a decline in a rating from “BB+” to “BB,” as well as from “BB-” to “B+,” will constitute a decrease of one gradation).

“Rating Date” means (1) in connection with a Change of Control Triggering Event, that date which is 90 days prior to the earlier of (x) a Change of Control and (y) a public notice of the occurrence of a Change of Control or of the intention by the Company or any other Person or Persons to effect a Change of Control or (2) in connection with actions contemplated under the caption “— Consolidation, Merger and Sale of Assets,” that date which is 90 days prior to the earlier of (x) the occurrence of any such actions as set forth therein and (y) a public notice of the occurrence of any such actions.

“Rating Decline” means (1) in connection with a Change of Control Triggering Event, the occurrence on, or within six months after the date of public notice of the occurrence of, a Change of Control or the intention by the Company or any other Person or Persons to effect a Change of Control (which period shall be extended so long as the rating of the Notes is under publicly announced consideration for possible downgrade by the Rating Agency) of any of the events listed below, or (2) in connection with actions contemplated under the caption “— Consolidation, Merger and Sale of Assets,” the notification by the Rating Agency that such proposed actions will result in any of the events listed below:

- (a) in the event the Notes are rated by the Rating Agency on the Rating Date as Investment Grade, the rating of the Notes by the Rating Agency shall be below Investment Grade; or
- (b) in the event the Notes are rated below Investment Grade by the Rating Agency on the Rating Date, the rating of the Notes by the Rating Agency shall be decreased by one or more gradations (including gradations within Rating Categories as well as between Rating Categories).

“Receivable Financing” means any financing transaction or series of financing transactions that have been or may be entered into by the Company or any Restricted Subsidiary pursuant to which the Company or any Restricted Subsidiary may sell, convey or otherwise transfer to another Person, or may grant a security interest in, any receivables, mortgages, royalty, other revenue streams, assets or interests therein (including without limitation, all security interests in goods financed thereby (including equipment and property), the proceeds of such receivables, and other assets which are customarily sold or in respect of which security interests are customarily granted in connection with securitization or factoring transactions involving such assets) for credit or liquidity management purposes (including discounting, securitization or factoring transactions) either (i) in the ordinary course of business or (ii) by way of selling securities that are, or are capable of being, listed on any stock exchange or in any securities market and are offered using an offering memorandum or similar offering document.

“Receivable Financing Assets” means assets that are underlying and are sold, conveyed or otherwise transferred or pledged in a Receivable Financing.

“Reference Treasury Dealer” means each of any three investment banks of recognized standing that is a primary U.S. Government securities dealer in The City of New York, selected by the Company in good faith.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any redemption date, the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing by such Reference Treasury Dealer at 5:00 p.m. New York City time on the third Business Day preceding such redemption date.

“Replacement Assets” means, on any date, property or assets (other than current assets) of a nature or type or that are used in a Permitted Business (including any Capital Stock in a Person holding such property or assets that is primarily engaged in a Permitted Business).

“Restricted Subsidiary” means any Subsidiary of the Company other than an Unrestricted Subsidiary. “S&P” means Standard & Poor’s Ratings Group, a division of The McGraw-Hill Companies, and its successors.

“Sale and Leaseback Transaction” means any direct or indirect arrangement relating to property (whether real, personal or mixed), now owned or hereafter acquired whereby the Company or any Restricted Subsidiary transfers such property to another Person and the Company or any Restricted Subsidiary leases it from such Person.

“Securities Act” means the U.S. Securities Act of 1933, as amended.

“Securitization Fees” means distributions or payments made directly or by means of discounts with respect to any Receivable Financing Assets or participation in interest therein issued or sold in connection with and other fees paid to a Person that is not a Restricted Subsidiary in connection with any Receivable Financing.

“Senior Indebtedness” of the Company or a Restricted Subsidiary, as the case may be, means all Indebtedness of the Company or the Restricted Subsidiary, as relevant, whether outstanding on the Original Issue Date or thereafter created, except for Indebtedness which, in the instrument creating or evidencing the same, is expressly stated to be subordinated in right of payment to (a) in respect of the Company, the Notes or, (b) in respect of any Restricted Subsidiary that is a Subsidiary Guarantor, its Subsidiary Guarantee or, (c) in respect of any Restricted Subsidiary that is a JV Subsidiary Guarantor, its JV Subsidiary Guarantee; *provided* that Senior Indebtedness does not include (1) any obligation to the Company or any Restricted Subsidiary, (2) trade payables or (3) Indebtedness Incurred in violation of the Indenture.

“Significant Restricted Subsidiary” means a Restricted Subsidiary that would be a “significant subsidiary” within the meaning of the definition of “significant subsidiary” in Article 1, Rule 1-02(w) of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the Original Issue Date; *provided* that in each instance in such definition in which the term “10 percent” is used, the term “5 percent” shall be substituted therefor.

“Staged Acquisition Agreement” means an agreement between the Company or a Restricted Subsidiary and an Independent Third Party (x) pursuant to which the Company or such Restricted Subsidiary agrees to acquire not less than a majority of the Capital Stock of a Person for consideration that is not more than the Fair Market Value of such Capital Stock of such Person at the time the Company or such Restricted Subsidiary enters into such agreement and (y) which provides that the payment of the purchase price for such Capital Stock is made in more than one installment over a period of time.

“Stated Maturity” means, (1) with respect to any Indebtedness, the date specified in such debt security as the fixed date on which the final installment of principal, and premium, if any, of such Indebtedness is due and payable as set forth in the documentation governing such Indebtedness and (2) with respect to any scheduled installment of principal of, and premium, if any, or interest on any Indebtedness, the date specified as the fixed date on which such installment is due and payable as set forth in the documentation governing such Indebtedness.

“Subordinated Indebtedness” means any Indebtedness of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor which is contractually subordinated or junior in right of payment to the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee, as applicable, pursuant to a written agreement to such effect.

“Subordinated Shareholder Loan” means any unsecured Indebtedness for borrowed money Incurred by the Company or any Restricted Subsidiary from but only so long as such Indebtedness is owed to any Permitted Holder which (i) is expressly made subordinate to the prior payment in full of the Notes, by its terms or by the terms of any agreement or instrument pursuant to which such Indebtedness is issued,

created or remains outstanding, with respect to the payment of principal and any other payment obligations in respect of such Indebtedness, (ii) by its terms (and by the terms of any security into which it is convertible or for which it is exchangeable) does not mature and is not required to be repaid, redeemed, repurchased or otherwise retired, pursuant to a sinking fund obligation, event of default or otherwise, in whole or in part, on or prior to the date that is one year after the Stated Maturity of the Notes and (iii) by its terms, does not provide for any cash payment of interest (or premium, if any).

“Subsidiary” means, with respect to any Person, any corporation, association or other business entity of which (i) more than 50% of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person or (ii) of which 50% or less of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person, and in each case of (i) and (ii) above, “controlled” and consolidated by such Person in accordance with GAAP; *provided, however*, the occurrence of any event (other than the issuance or sale of Capital Stock) as a result of which such corporation, association or other business entity ceases to be “controlled” by such Person under the GAAP and to constitute a Subsidiary of such Person shall be deemed to be an Investment by such Person in such corporation, association or other business entity equal to the Fair Market Value of the Capital Stock of such corporation, association or other business entity held by such Person immediately after the occurrence of such event, which shall be made in compliance with the “— Limitation on Restricted Payments” covenant.

“Subsidiary Guarantee” means any Guarantee of the obligations of the Company under the Indenture and the Notes by any Subsidiary Guarantor.

“Subsidiary Guarantor” means any initial Subsidiary Guarantor named herein and any other Restricted Subsidiary which guarantees the payment of the Notes pursuant to the Indenture and the Notes; *provided* that Subsidiary Guarantor will not include (a) any Person whose Subsidiary Guarantee has been released in accordance with the Indenture and the Notes or (b) any JV Subsidiary Guarantor.

“Temporary Cash Investment” means any of the following:

- (1) direct obligations of the United States of America, the United Kingdom, any state of the European Economic Area, the People’s Republic of China and Hong Kong or any agency of any of the foregoing or obligations fully and unconditionally Guaranteed by the United States of America, the United Kingdom, any state of the European Economic Area, the People’s Republic of China, Hong Kong or any agency of any of the foregoing, in each case maturing within one year, which in the case of obligations of, or obligations Guaranteed by, the United Kingdom or any state of the European Economic Area, shall be rated at least “A” by S&P, Moody’s or Fitch;
- (2) demand or time deposit accounts, certificates of deposit and money market deposits maturing within 180 days of the date of acquisition thereof issued by a bank or trust company which is organized under the laws of the United States of America, any state thereof, the United Kingdom, any state of the European Economic Area or Hong Kong, and which bank or trust company has capital, surplus and undivided profits aggregating in excess of US\$100.0 million (or the Dollar Equivalent thereof) and has outstanding debt which is rated “A” (or such similar equivalent rating) or higher by at least one nationally recognized statistical rating organization (as defined in Section 3(a)(62) of the Exchange Act) or any money market fund sponsored by a registered broker dealer or mutual fund distributor;
- (3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) above entered into with a bank or trust company meeting the qualifications described in clause (2) above;

- (4) commercial paper, maturing not more than 180 days after the date of acquisition thereof, issued by a corporation (other than an Affiliate of the Company) organized and in existence under the laws of the United States of America, any state thereof or any foreign country recognized by the United States of America with a rating at the time as of which any investment therein is made of “P-1” (or higher) according to Moody’s or “A-1” (or higher) according to S&P or Fitch;
- (5) securities, maturing within one year of the date of acquisition thereof, issued or fully and unconditionally Guaranteed by any state, commonwealth or territory of the United States of America, or by any political subdivision or taxing authority thereof, and rated at least “A” by S&P, Moody’s or Fitch;
- (6) any money market fund that has at least 95% of its assets continuously invested in investments of the types described in clauses (1) through (5) above;
- (7) demand or time deposit accounts, certificates of deposit, overnight or call deposits and money market deposits with, any bank, trust company or other financial institution organized under the laws of the PRC, Hong Kong or anywhere the Company or any Restricted Subsidiary conducts business operations; and
- (8) structured deposit products that are principal protected with any bank or financial institution organized under the laws of the PRC, Hong Kong or anywhere the Company or any Restricted Subsidiary conducts business operations if held to maturity (which shall not be more than one year) and can be withdrawn at any time with no more than six months’ notice.

“Total Assets” means, as of any date, the total consolidated assets of the Company and its Restricted Subsidiaries measured in accordance with GAAP as of the last day of the most recent fiscal quarter for which consolidated financial statements of the Company (which the Company shall use its reasonable best efforts to compile on a timely manner) are available (which may include internal consolidated financial statements); *provided* that only with respect to clause (2)(h) of “— Certain Covenants — Limitation on Indebtedness and Preferred Stock” and the definition of “Permitted Subsidiary Indebtedness,” Total Assets shall be calculated after giving pro forma effect to include the cumulative value of all of the real or personal property or equipment the acquisition, development, construction or improvement of which requires or required the Incurrence of Indebtedness and calculation of Total Assets thereunder in each case as of such date, as measured by the purchase price or cost therefor or budgeted cost provided in good faith by the Company or any Restricted Subsidiary to the bank or other similar financial institutional lender providing such Indebtedness.

“Trade Payables” means, with respect to any Person, any accounts payable or any other indebtedness or monetary obligation to trade creditors created, assumed or Guaranteed by such Person or any of its Subsidiaries arising in the ordinary course of business in connection with the acquisition of goods or services.

“Transaction Date” means, with respect to the Incurrence of any Indebtedness, the date such Indebtedness is to be Incurred and, with respect to any Restricted Payment, the date such Restricted Payment is to be made.

“Trust Company Investor” means an Independent Third Party that is a financial institution or an insurance company, or an Affiliate thereof, that Invests in any Capital Stock of a Restricted Subsidiary.

“Unrestricted Subsidiary” means (1) any Subsidiary of the Company that at the time of determination shall be designated an Unrestricted Subsidiary by the Board of Directors in the manner provided in the Indenture; and (2) any Subsidiary of an Unrestricted Subsidiary.

“U.S. Government Obligations” means securities that are (1) direct obligations of the United States of America for the payment of which its full faith and credit is pledged or (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally Guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the issuer thereof at any time prior to the Stated Maturity of the Notes, and shall also include a depository receipt issued by a bank or trust company as custodian with respect to any such U.S. Government Obligation or a specific payment of interest on or principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a depository receipt; *provided* that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of interest on or principal of the U.S. Government Obligation evidenced by such depository receipt.

“Voting Stock” means, with respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

“Wholly Owned” means, with respect to any Subsidiary of any Person, the ownership of all of the outstanding Capital Stock of such Subsidiary (other than any director’s qualifying shares or Investments by foreign nationals mandated by applicable law) by such Person or one or more Wholly Owned Subsidiaries of such Person; *provided* that Subsidiaries that are PRC CJVs shall not be considered Wholly Owned Subsidiaries unless such Person or one or more Wholly Owned Subsidiaries of such Person is entitled to 95% or more of the economic benefits distributable by such Subsidiary.

TAXATION

The following summary of certain Cayman Islands, British Virgin Islands, Hong Kong and PRC tax consequences of the purchase, ownership and disposition of Notes is based upon applicable laws, regulations, rulings and decisions in effect as of the date of this offering memorandum, 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 Notes and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Persons considering the purchase of Notes should consult their own tax advisers concerning the tax consequences of the purchase, ownership and disposition of Notes, including such possible consequences under the laws of their country of citizenship, residence or domicile.

CAYMAN ISLANDS

The following is a discussion of certain Cayman Islands tax consequences of an investment in the Notes. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstance, and does not consider tax consequences other than those arising under Cayman Islands law.

Under the laws of the Cayman Islands, payments of interest, principal or premium on the Notes will not be subject to taxation and no withholding will be required on the payment of interest, principal or premium to any holder of the Notes, as the case may be, nor will gains derived from the disposal of the Notes be subject to any capital gains, income or corporation tax in the Cayman Islands. The Cayman Islands currently have no exchange control restrictions and are not party to any double taxation treaties. The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty.

No stamp duty is payable in respect of the issue of the Notes. The holder of any Notes (or a legal personal representative of such holder) whose Notes are brought into Cayman Islands may in certain circumstances be liable to pay stamp duty imposed under the laws of the Cayman Islands in respect of such Bonds. Certificate evidencing registered Notes, to which title is not transferable by delivery, will not attract Cayman Islands stamp duty. However, an instrument of transfer in respect of a Note or certificates representing the Notes, if executed in or brought into the Cayman Islands, would be subject to Cayman Islands stamp duty. Stamp duty will be payable on any documents executed by the Issuer or the Company if any such documents are executed in or brought into the Cayman Islands or produced before the courts of the Cayman Islands.

Pursuant to section 6 of the Tax Concessions Act (2018 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

- (i) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and
- (ii) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from May 29, 2020.

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 Subsidiary Guarantors or JV Subsidiary Guarantors (if any) pursuant to the Subsidiary Guarantees or JV Subsidiary Guarantees (if any).

HONG KONG

Withholding Tax. No withholding tax in Hong Kong is payable on payments of principal (including any premium payable on redemption of the Notes) and interest in respect of the Notes.

Profits Tax. Hong Kong profits tax is charged on every person carrying on a trade, profession or business in Hong Kong in respect of assessable profits arising in or derived from Hong Kong from such trade, profession or business.

Under the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) (the “Inland Revenue Ordinance”) as it is currently applied, Hong Kong profits tax may be charged on revenue profits arising on the sale, disposal or redemption of the Notes where such sale, disposal or redemption is or forms part of a trade, profession or business carried on in Hong Kong.

Interest on the Notes will be subject to Hong Kong profits tax where such interest has a Hong Kong source, and is received by or accrues to:

- a financial institution (as defined in the Inland Revenue Ordinance) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or
- a corporation carrying on a trade, profession or business in Hong Kong; or
- a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and such interest is in respect of the funds of the trade, profession or business.

Although no tax is imposed in Hong Kong in respect of capital gains, Hong Kong profits tax may be chargeable on trading gains arising on the sale, redemption or disposal of the Notes where such transactions are or form part of a trade, profession or business carried on in Hong Kong.

Stamp Duty. No Hong Kong stamp duty will be chargeable upon the issue, redemption or transfer of the Notes as the Notes are not denominated in H.K. dollars and not redeemable in H.K. dollars.

PRC

The following summary of certain PRC tax consequences of the purchase, ownership and disposition of Notes is based upon applicable laws, rules and regulations in effect as of the date of this offering memorandum, 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 Notes and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Persons considering the purchase of Notes should consult their own tax advisers concerning the tax consequences of the purchase, ownership and disposition of Notes, including such possible consequences under the laws of their country of citizenship, residence or domicile.

Taxation on Interest and Capital Gains. Under the PRC EIT Law and implementation regulations issued by the State Council, PRC income tax at the rate of 10% (or lower treaty rate, if any) must be withheld from interest payable to investors that are “non-resident enterprises” and that do not have an establishment or place of business in the PRC, or that have such establishment or place of business but the relevant interest income is not effectively connected with the establishment or place of business, or 20% for “non-resident individuals” investors (or lower treaty rate, if any), if we are deemed to be a PRC “resident enterprise” and the interest is deemed as PRC-source income. Any gain realized on the transfer of the Notes by such “non-resident enterprises” investors would be subject to a 10%, or 20% for “non-resident individuals” investors (or lower treaty rate, if any) PRC income tax if such gain is regarded as income derived from sources within the PRC in the case that we are treated as a PRC “resident enterprise”. As advised by Commerce & Finance Law Offices, PRC legal counsel to the Initial Purchasers,

there is uncertainty as to whether we will be treated as a PRC “resident enterprise” for the purpose of the EIT Law. See “Risk Factors – Risks Relating to the PRC – We may be deemed as a PRC resident enterprise under the EIT Law and be subject to a tax rate of 25% on our global income.” If we are treated as a PRC “resident enterprise,” the interest we pay in respect of the Notes, and the gain any investor may realize from the transfer of the Notes, might be treated as income derived from sources within the PRC and be subject to PRC income tax.

Stamp Duty. No PRC stamp tax will be chargeable upon the issue or transfer (for so long as the register of holders of the Notes is maintained outside the PRC) of a Note.

PLAN OF DISTRIBUTION

Subject to the terms and conditions stated in the purchase agreement dated the date of this offering memorandum between the Company, the Subsidiary Guarantors and Haitong International Securities Company Limited, CCB International Capital Limited, CMB International Capital Limited, Deutsche Bank AG, Hong Kong Branch, Guotai Junan Securities (Hong Kong) Limited, Valuable Capital Limited, BOCOM International Securities Limited, China CITIC Bank International Limited, China International Capital Corporation Hong Kong Securities Limited, CRIC Securities Company Limited, Freeman Securities Limited and HeungKong Securities Limited as the Initial Purchasers, we have agreed to sell to the Initial Purchasers, and the Initial Purchasers have severally and not jointly agreed to purchase the principal amount of the Notes set forth opposite their respective names below.

Initial Purchasers	Principal Amount of the Notes
Haitong International Securities Company Limited	US\$ 29,000,000
Valuable Capital Limited	US\$ 29,000,000
CCB International Capital Limited	US\$ 28,000,000
CMB International Capital Limited	US\$ 28,000,000
Deutsche Bank AG, Hong Kong Branch	US\$ 28,000,000
Guotai Junan Securities (Hong Kong) Limited	US\$ 28,000,000
BOCOM International Securities Limited	US\$ 5,000,000
China CITIC Bank International Limited	US\$ 5,000,000
China International Capital Corporation Hong Kong Securities Limited	US\$ 5,000,000
CRIC Securities Company Limited	US\$ 5,000,000
Freeman Securities Limited	US\$ 5,000,000
HeungKong Securities Limited	US\$ 5,000,000
Total	<u>US\$200,000,000</u>

The purchase agreement provides that the obligations of the Initial Purchasers to purchase the Notes are subject to approval of legal matters by counsel and to other conditions. The purchase agreement may be terminated by the Initial Purchasers in certain circumstances prior to the delivery and payment of the Notes. The Initial Purchasers reserve the right to withdraw, cancel or modify offers to investors and to reject orders in whole or in part.

The Initial Purchasers propose to resell the Notes at the offering price set forth on the cover page of this offering memorandum only outside the United States in offshore transactions in reliance of Regulation S. The price at which the Notes are offered may be changed at any time without notice. The Company will pay the Initial Purchasers customary fees and commissions in connection with the offering and will reimburse the Initial Purchasers for certain expenses incurred in connection with the offering.

The Company has agreed with the Initial Purchasers that it will pay a commission to certain private banks in connection with the distribution of the Notes to their clients. This commission will be based on the principal amount of the Notes so distributed, and may be deducted from the purchase price for the Notes payable by such private banks upon settlement.

The Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) have not been and will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. See “Transfer Restrictions.”

We have agreed that, for a period from the date of this Agreement to (and including) the Closing Date, we will not, without the prior written consent of the Initial Purchasers, offer, sell, contract to sell, pledge, otherwise dispose of, or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by the Company or any Subsidiary Guarantor, directly or indirectly, or announce the offering, of any debt securities issued or guaranteed by the Company (other than the Notes or any debt securities issued in the PRC).

The Notes will constitute a new issue of securities with no established trading market. Application will be made to the Hong Kong Stock Exchange for the listing of the Notes by way of debt issues to Professional Investors only as described in this offering memorandum. However, we cannot assure you that we will ultimately obtain such listing or that we will be able to maintain such listing or that the prices at which the Notes will sell in the market after this offering will not be lower than the initial offering price. Accordingly, we cannot assure you that a liquid trading market will develop for the Notes, that you will be able to sell your Notes at a particular time or that the prices that you receive when you sell will be favorable. The Initial Purchasers have advised us that they currently intend to make a market in the Notes. However, the Initial Purchasers are not obligated to do so and they may discontinue any market-making activities with respect to the Notes at any time without notice. Accordingly, we cannot assure you as to the liquidity of, or the trading market for, the Notes.

We expect to deliver the Notes against payment for the Notes on or about the date specified in the last paragraph of the cover page of this offering memorandum, which will be the third business day following the date of the pricing of the Notes. Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally settle in two business days, purchasers who wish to trade the Notes on the date of pricing or the next two succeeding business days will be required, by virtue of the fact that the Notes initially will settle in T+3, to specify alternative settlement arrangements to prevent a failed settlement. Purchasers of the Notes who wish to trade the Notes on the date of pricing or the next two succeeding business days should consult their own advisor.

The Initial Purchasers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Initial Purchasers or their respective affiliates may, from time to time, engage in transactions with and perform services for us in the ordinary course of business for which they may receive customary fees and reimbursement of expenses. We may enter into hedging or other derivative transactions as part of our risk management strategy with the Initial Purchasers, which may include transactions relating to our obligations under the Notes. Our obligations under these transactions may be secured by cash or other collateral.

In connection with this offering of the Notes, the Initial Purchasers and/or their respective affiliate(s) may act as an investor for its own account and may take up Notes in the offering and in that capacity may retain, purchase or sell for its own account such securities and any of our other securities or related investments and may offer or sell such securities or other investments otherwise than in connection with the offering of the Notes. Accordingly, references herein to the Notes being offered should be read as including any offering of the Notes to the Initial Purchasers and/or their respective 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.

The Company and the Subsidiary Guarantors have agreed to indemnify the Initial Purchasers against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the Initial Purchasers may be required to make because of any of those liabilities.

Certain Initial Purchasers and their affiliates may purchase a significant amount of the Notes offered hereby.

SELLING RESTRICTIONS

General

No action has been taken or will be taken in any jurisdiction by us or the Initial Purchasers that would permit a public offering of the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any), or the possession, circulation or distribution of this offering memorandum or any other material relating to the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) or this offering, in any jurisdiction where action for that purpose is required. Accordingly, the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) may not be offered or sold, directly or indirectly, and neither this offering memorandum nor such other material may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of such country or jurisdiction.

United States

The Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) have not been and will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. See “Transfer Restrictions.”

European Economic Area

This offering memorandum has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area will be made pursuant to an exemption under Regulation (EU) 2017/1129 (the “Prospectus Regulation”) from the obligation to publish a prospectus for offers of Notes. Neither the Company nor the Initial Purchasers have authorized, nor do they authorize, the making of any offer of Notes in circumstances in which an obligation arises for the Company or the Initial Purchasers to publish a prospectus for such offer. Neither the Company nor the Initial Purchasers have authorized, nor do they authorize, the making of any offer of Notes through any financial intermediary, other than offers made by the Initial Purchasers, which constitute the final placement of the Notes contemplated in this offering memorandum.

The Initial Purchasers have not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area. For the purposes of this provision, 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 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.

United Kingdom

This offering memorandum has been prepared on the basis that any offer of securities in the United Kingdom will be made pursuant to an exemption under the FSMA from the requirement to publish a prospectus for offers of securities. The expression FSMA means the Financial Services and Markets Act 2000 (as amended). Neither the Company nor the Initial Purchasers have authorized, nor do they authorize, the making of any offer of Notes in circumstances in which an obligation arises for the Company or the Initial Purchasers to publish a prospectus for such offer. Neither the Company nor the Initial Purchasers have authorized, nor do they authorize, the making of any offer of Notes through any financial intermediary, other than offers made by the Initial Purchasers, which constitute the final placement of the Notes contemplated in this offering memorandum.

The Initial Purchasers have not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the United Kingdom. For the purposes of this provision, the expression “retail investor” means a person who is one (or more) of the following:

- (i) 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 (“EUWA”); or
- (ii) 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.

This offering memorandum is for distribution only to persons who (i) fall within Article 43(2)(b) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the “Financial Promotion Order”), (ii) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Promotion Order, (iii) are persons falling within Article 49(2)(a) to (“high net worth companies, unincorporated associations etc”) of the Financial Promotion Order, (iv) are outside the United Kingdom, or (v) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “relevant persons”). This offering memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this offering memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

Each of the Initial Purchasers has represented, warranted and agreed that:

- it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Company; and
- it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Hong Kong

Each of the Initial Purchasers represented and agreed that:

- (1) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to “professional investors” as defined in 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 (Cap. 32) of Hong Kong (the “C(WUMP)O”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (2) 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 Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes 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 under the SFO.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948) (as amended) (the “FIEL”), and disclosure under the FIEL has not been made with respect to the Notes. Accordingly, the Notes may not be offered or sold, directly or indirectly in Japan or to, or for the account of, any resident 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 any exemption from the registration requirements of the FIEL and otherwise in compliance with the FIEL and other applicable provisions of Japanese laws and regulations. As used in this paragraph, “resident of Japan” means any person residing in Japan, including any corporation or other entity organized under the laws of Japan.

Singapore

This offering memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”). Accordingly, this offering memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor under Section 274 of 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 Notes 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 or securities-based derivatives contracts (each term as defined in 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 Notes pursuant to an offer made under Section 275 of the SFA except:

- (1) 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;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Notification under Section 309B(1)(c) of the SFA — the Company has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) 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).

PRC

Each Initial Purchaser has represented, warranted and undertaken that the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC, and the Notes may not be offered or sold, and will not be offered or sold to any person for re-offering or resale, directly or indirectly, to any resident of the PRC, except as permitted by the applicable laws and regulations of the PRC.

Taiwan

Each Initial Purchaser has represented and warranted that the offer of the Notes has not been and will not be registered with the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and the Notes may not be sold, issued or offered within Taiwan through a public offering or in a circumstance which constitutes an offer within the meaning of the Securities and Exchange Act of Taiwan requiring registration or approval of the Financial Supervisory Commission of Taiwan. Each Initial Purchaser has represented and warranted that no person or entity in Taiwan has been authorized to offer, sell, give advice regarding or otherwise intermediate the offering and sale of the Notes in Taiwan.

Cayman Islands

Each Initial Purchaser has represented, warranted and agreed that it has not made and will not make any invitation, whether directly or indirectly, to the public in the Cayman Islands to offer or sell the Notes.

British Virgin Islands

No invitation will be made directly or indirectly to any person resident in the British Virgin Islands to subscribe for any of the Notes.

TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers are advised to consult their legal counsel prior to making any offer, sale, resale, pledge or other transfer of the Notes.

The Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except in accordance with Regulation S or pursuant to another exemption from the registration requirements of the U.S. Securities Act. Accordingly, the Notes are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act. As used herein, the term “United States” has the meaning given to it in Regulation S.

By its purchase of the Notes, including the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any), each purchaser will be deemed to have:

1. represented that it is purchasing the Notes in an offshore transaction in accordance with Regulation S;
2. represented that it is purchasing the Notes, including the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any), for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is outside the United States;
3. acknowledged that the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) have not been and will not be registered under the U.S. Securities Act and that the Notes may not be offered or sold within the United States except pursuant to registration under the U.S. Securities Act, or in transactions exempted from, or not subject to, the registration requirements of the U.S. Securities Act.;
4. agreed that it will inform each person to whom it transfers the Notes of any restrictions on the transfer of such Notes;
5. acknowledged that neither we nor the Initial Purchasers nor any person representing us or the Initial Purchasers have made any representation to you with respect to us or the offering of the Notes, other than the information contained in this offering memorandum. You represented that you are relying only on this offering memorandum in making your investment decision with respect to the Notes. You agreed that you have had access to such financial and other information concerning us and the Notes as you have deemed necessary in connection with your decision to purchase the Notes including an opportunity to ask questions of and request information from us;
6. represented that you are purchasing the Notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case not with a view to, or for offer or sale in connection with, any distribution of the Notes in violation of the U.S. Securities Act;
7. acknowledged that the Notes will be represented by the Global Note; and
8. acknowledged that each Note will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION.

THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, ONLY (A) TO THE COMPANY, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE U.S. SECURITIES ACT, OR (D) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, SUBJECT TO THE COMPANY'S AND THE PAYING AND TRANSFER AGENT'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (D) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. BY ITS ACQUISITION HEREOF, THE HOLDER HEREOF REPRESENTS THAT IT IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT.

You also acknowledge that the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any), the Paying and Transfer Agent, the Registrar, the Initial Purchasers, the Trustee and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. You agree that if any of the acknowledgements, representations or agreements you are deemed to have made by your purchase of the Notes is no longer accurate, you will promptly notify the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any), the Paying and Transfer Agent, the Registrar, the Trustee and the Initial Purchasers. If you are acquiring any Notes as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each such account and that you have full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

RATINGS

The Notes are expected to be “BB-” by Lianhe Global. The ratings address our ability to perform our obligations under the terms of the Notes and the credit risks in determining the likelihood that payments will be made when due under the Notes. Additionally, we have been assigned a long-term corporate credit rating of B2 with a stable outlook by Moody’s, B with a stable outlook by Standard & Poor’s Ratings Services, B with a positive outlook by Fitch and an issuer rating of BB- with a stable outlook by Lianhe Global. The ratings reflect the rating agencies’ assessment of the likelihood of timely payment of the principal of and interest on the Notes. The ratings do not address the payment of any Additional Amounts and do not constitute recommendations to purchase, hold or sell the Notes inasmuch as such ratings do not comment as to market price or suitability for a particular investor. We cannot assure you that the ratings will remain in effect for any given period or that the ratings will not be revised by such rating agencies in the future if in their judgment circumstances so warrant. Each such rating should be evaluated independently of any other rating on the Notes, on other of our securities, or on us.

LEGAL MATTERS

Certain legal matters with respect to the Notes will be passed upon for us by Sidley Austin as to matters of Hong Kong, United States federal and New York law and Ogier as to matters of Cayman Islands law and BVI law and Commerce & Finance Law Offices as to matters of PRC Law. Certain legal matters will be passed upon for the Initial Purchasers by Shearman & Sterling as to matters of United States federal and New York law and Jingtian & Gongcheng as to matters of PRC law.

INDEPENDENT AUDITOR

The accountants’ report on the financial information as of and for the years ended December 31, 2018, 2019 and 2020 included in this offering memorandum have been issued and audited by Ernst & Young, certified public accountants, as stated in their reports appearing herein.

GENERAL INFORMATION

CONSENTS

We have obtained all necessary consents, approvals and authorizations in the Cayman Islands, the BVI and Hong Kong in connection with the issue and performance of the Notes and the Subsidiary Guarantees. The entering into of the Indenture and the issue of the Notes have been authorized by a resolution of our board of directors dated June 1, 2021.

LITIGATION

Except as disclosed in this offering memorandum, there are no legal or arbitration proceedings against or affecting us, any of our subsidiaries or any of our assets, nor are we aware of any pending or threatened proceedings, which are or might be material in the context of this issue of the Notes or the Subsidiary Guarantees.

NO MATERIAL ADVERSE CHANGE

Except as otherwise disclosed in this offering memorandum, there has been no adverse change, or any development reasonably likely to involve an adverse change, in the condition (financial or otherwise) of our general affairs since December 31, 2020 that is material in the context of the issue of the Notes.

DOCUMENTS AVAILABLE

For so long as any of the Notes is outstanding, copies of the Indenture may be inspected free of charge during normal business hours on any weekday (except public holidays) at the specified offices of the Paying Agent.

For so long as any of the Notes is outstanding, copies of the independent auditor's reports and/or review report and/or our published financial statements, if any, including the independent auditor's reports and/or review report set out in the section entitled "Index to Financial Information" in this offering memorandum, may be obtained during normal business hours on any weekday (except public holidays) at the principal place of business of the Company in Hong Kong.

CLEARING SYSTEMS AND SETTLEMENT

The Notes have been accepted for clearance through the facilities of Euroclear and Clearstream. Certain trading information with respect to the Notes is set forth below:

ISIN	XS 2347497906
Common Code	234749790

LISTING OF THE NOTES

Application will be made to the SEHK for the listing of the Notes by way of debt issues to Professional Investors only as described in this offering memorandum. Hong Kong Exchanges and Clearing Limited and the SEHK take no responsibility for the correctness of any statements made on opinions or reports contained in this offering memorandum, 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 memorandum. Admission of the Notes to the official list of the SEHK is not to be taken as an indication of the merits of the Notes or us.

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Notes:

- (1) The attached independent auditor's report on our consolidated financial statements as of and for the year ended December 31, 2020 have been reproduced from our annual report for the year ended December 31, 2020 and page references are references to pages set forth in such annual report.
- (2) The attached accountant's report on our consolidated financial information as of and for the years ended December 31, 2017, 2018 and 2019 and the four months ended April 30, 2020 is a reproduction of Appendix I to the prospectus for our initial public offering dated November 27, 2020.



Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

安永會計師事務所
香港中環
添美道1號
中信大廈22樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

致祥生控股(集團)有限公司全體股東
(於開曼群島註冊成立的有限公司)

To the shareholders of Shinsun Holdings (Group) Co., Ltd.
(Incorporated in the Cayman Islands with limited liability)

意見

OPINION

吾等已審核第113至310頁所載祥生控股(集團)有限公司(「貴公司」)及其附屬公司(「貴集團」)的綜合財務報表,包括於二零二零年十二月三十一日的綜合財務狀況表、截至該日止年度的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(包括重大會計政策概要)。

We have audited the consolidated financial statements of Shinsun Holdings (Group) Co., Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 113 to 310, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

吾等認為,綜合財務報表根據國際會計準則理事會(「國際會計準則理事會」)頒佈的國際財務報告準則(「國際財務報告準則」)編製,足以真實及公平地顯示貴集團於二零二零年十二月三十一日的綜合財務狀況及貴集團截至該日止年度的綜合財務表現及綜合現金流量,並已按照香港公司條例的披露規定妥為編製。

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 International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

意見基礎

吾等的審核工作按照香港會計師公會（「香港會計師公會」）頒佈的香港審計準則（「香港審計準則」）進行。吾等就該等準則承擔的責任在本報告核數師就審核綜合財務報表須承擔的責任一節中進一步闡述。根據香港會計師公會的職業會計師道德守則（「守則」），吾等獨立於貴集團，並已履行守則中的其他職業道德責任。吾等相信，吾等所取得的審核憑證就提出審核意見而言屬充分恰當。

關鍵審核事項

關鍵審核事項是根據吾等的職業判斷，對本期綜合財務報表的審核最為重要的事項。該等事項是在吾等審核整體綜合財務報表及出具意見時處理，且吾等不會對該等事項提供單獨的意見。有關吾等在審核過程中如何處理下述事項的描述乃以此為背景。

吾等已履行本報告核數師就審核綜合財務報表須承擔的責任一節所闡述的責任，包括與該等關鍵審核事項相關的責任。相應地，吾等的審核工作包括執行為應對綜合財務報表重大錯誤陳述風險的評估而設計的審核程序。吾等執行審核程序的結果，包括應對下述事項所執行的程序，為就相關綜合財務報表發表審核意見提供了基礎。

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) issued by the Hong Kong Institute of Certified Public Accountants (“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.

KEY AUDIT MATTERS

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

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

關鍵審核事項 (續)

關鍵審核事項
Key audit matter

按公平值列賬之投資物業之估值
Valuation of investment properties stated at fair value

貴集團在中國內地擁有按公平值計量的投資物業，該等物業於二零二零年十二月三十一日的賬面總值約為人民幣2,018,554,000元。

The Group owned investment properties in Mainland China which were measured at fair value and their aggregate carrying amount was approximately RMB2,018,554,000 as at 31 December 2020.

貴集團委聘獨立專業合資格估值師仲量聯行企業評估及諮詢有限公司(「仲量聯行」)於二零二零年十二月三十一日對該等物業進行估值。在釐定投資物業的公平值時需要作出重大判斷，該等公平值反映報告期末的市況。採用不同的估值技術及假設可能導致公平值出現重大差異。因此，投資物業的估值被確定為關鍵審核事項。

The Group engaged Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLL"), an independent professionally qualified valuer, to perform the valuations of these properties as at 31 December 2020. Significant judgement is required to determine the fair values of the investment properties, which reflects market conditions as at the end of the reporting period. The use of different valuation techniques and assumptions could produce significantly different estimates of fair values. Accordingly, the valuation of investment properties is identified as a key audit matter.

投資物業的會計政策及披露載於綜合財務報表附註2.4、3及15。

The accounting policies and disclosures of the investment properties were included in notes 2.4, 3 and 15 to the consolidated financial statements.

KEY AUDIT MATTERS (CONTINUED)

吾等在審核過程中如何處理關鍵審核事項
How our audit addressed the key audit matter

吾等已評估外部估值師的能力、獨立性及客觀性。吾等了解外部估值師所使用的估值方法及主要假設。

We have evaluated the competency, independence and objectivity of the external valuer. We obtained an understanding of the valuation approach and key assumptions used by the external valuer.

吾等已評估用作估值輸入數據的物業相關數據的正確性，並委聘內部估值專家協助吾等評估估值方法及相關假設。吾等按抽樣基準將相關數據與相關市場資料進行比對，以評估估值過程中使用的源數據。

We have assessed the validity of the property related data used as inputs for the valuations and involved our internal valuation experts to assist us in evaluating the valuation methodology and the underlying assumptions. We have evaluated the source data used in the valuation by benchmarking them to relevant market information on a sampling basis.

吾等已評估有關綜合財務報表內的土地增值稅撥備的披露。

We have assessed the disclosures related to the valuation of investment properties in the consolidated financial statements.

關鍵審核事項 (續)**關鍵審核事項****Key audit matter****土地增值稅撥備****Provision for land appreciation tax**

貴集團為一家中國內地物業開發商，專注於開發住宅物業。中國內地的土地增值稅（「土地增值稅」）為貴集團稅項支出的主要組成部份之一。物業銷售的土地增值稅乃按照30%至60%的累進稅率對土地增值額徵收。於二零二零年十二月三十一日，貴集團管理層會根據其對相關稅務規則及法規的理解及詮釋對土地增值稅撥備及估計物業銷售總額減可扣減開支總額（包括土地使用權租賃開支、物業開發成本、借款成本及開發支出）作出估計。中國內地土地增值稅撥備對貴集團綜合財務報表而言屬重大，且涉及管理層的重大判斷及對相關稅務條文的詮釋。因此，土地增值稅撥備被確定為關鍵審核事項。

The Group is a property developer in Mainland China focusing on the development of residential properties. Land appreciation tax ("LAT") in Mainland China was one of the main components of the Group's taxation charge. LAT is levied on the sale of properties at progressive rates ranging from 30% to 60% based on the appreciation of land value. As at 31 December 2020, management of the Group estimated the provision for LAT based on their understanding and interpretation of the relevant tax rules and regulations, and the estimated total sales of properties less total deductible expenditure, which includes lease charges for land use rights, property development costs, borrowing costs and development expenditure. Provision for LAT in Mainland China is significant to the consolidated financial statements of the Group and involved significant management's judgement and interpretation of the relevant tax provisions. Accordingly, provision for LAT is identified as a key audit matter.

土地增值稅撥備的披露載於綜合財務報表附註3及10。

The disclosures of the provision for land appreciation tax were included in notes 3 and 10 to the consolidated financial statements.

KEY AUDIT MATTERS (CONTINUED)**吾等在審核過程中如何處理關鍵審核事項****How our audit addressed the key audit matter**

吾等已委聘內部稅務專家協助吾等對土地增值稅狀況進行審查，包括審查貴集團使用的估計及假設，以及根據相關稅務部門發出的通訊資料及應用吾等的知識及經驗評估稅務風險。

We have involved internal tax specialists to assist us to perform a review on the LAT position, including the review of the estimates and assumptions used by the Group and the evaluation of tax exposure based on communications with the relevant tax authorities and applying our knowledge and experience.

吾等亦已重新計算稅項計算結果，並將吾等的計算結果與貴集團錄得的金額進行比較。

We have recalculated the tax computation and compared our calculations with the amounts recorded by the Group.

吾等已評估有關綜合財務報表內的土地增值稅撥備的披露。

We have assessed the disclosures related to the provision for land appreciation tax in the consolidated financial statements.

載於年報的其他資料

貴公司董事須對其他資料承擔責任。其他資料包括載於年報的資料，不包括綜合財務報表及吾等的核數師報告。

吾等對綜合財務報表作出的意見並無涵蓋其他資料，而吾等不會對其他資料發表任何形式的核證結論。

就吾等審核綜合財務報表而言，吾等的責任為閱讀其他資料，從而考慮其他資料是否與綜合財務報表或吾等在審核過程中獲悉的資料存在重大不符，或似乎存在重大錯誤陳述。倘若吾等基於已進行的工作認為其他資料出現重大錯誤陳述，吾等須報告有關事實。就此，吾等毋須作出報告。

董事就綜合財務報表須承擔的責任

貴公司董事須負責根據國際會計準則理事會頒佈的國際財務報告準則及香港公司條例的披露規定，編製真實而公平地反映情況的綜合財務報表，並進行董事釐定對編製綜合財務報表屬必要的有關內部監控，以使該等綜合財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述。

在編製綜合財務報表時，貴公司董事須負責評估貴集團持續經營的能力，並披露與持續經營有關的事項（如適用）。除非貴公司董事擬將貴集團清盤或停止營運，或除此之外並無其他實際可行的辦法，否則須採用以持續經營為基礎的會計法。

審核委員會協助貴公司董事履行彼等監督貴集團財務報告程序的責任。

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

核數師就審核綜合財務報表須承擔的責任

吾等的目標為合理確定綜合財務報表整體而言不會存在由於欺詐或錯誤而導致的重大錯誤陳述，並發出載有吾等意見的核數師報告。本報告僅為全體股東編製，除此以外不可作其他用途。吾等概不就本報告的內容對任何其他人士負責或承擔任何責任。

合理確定屬高層次的核證，惟根據香港審計準則進行的審核工作不能保證總能察覺所存在的重大錯誤陳述。錯誤陳述可因欺詐或錯誤產生，倘個別或整體在合理預期情況下可影響使用者根據綜合財務報表作出的經濟決定時，則被視為重大錯誤陳述。

在根據香港審計準則進行審核的過程中，吾等運用專業判斷，保持專業懷疑態度。吾等亦：

- 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該等風險，以及獲取充足和適當的審核憑證，作為吾等意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述或凌駕內部監控的情況，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監控，以設計適當的審核程序，惟並非旨在對貴集團內部監控的有效性發表意見。

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's 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 HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

核數師就審核綜合財務報表須承擔的責任 (續)

- 評估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。
- 對董事採用持續經營會計基礎的恰當性作出結論，並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。倘吾等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。倘有關披露不足，則修訂吾等的意見。吾等的結論乃基於截至核數師報告日期止所取得的審核憑證而作出。然而，未來事項或情況可能導致 貴集團無法持續經營。
- 評估綜合財務報表的整體呈報方式、結構及內容，包括披露資料，以及綜合財務報表是否中肯反映相關交易和事項。
- 就 貴集團內實體或業務活動的財務資料獲取充足及適當的審核憑證，以便對綜合財務報表發表意見。吾等負責集團審核的方向、監督及執行。吾等就審核意見承擔全部責任。

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

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

核數師就審核綜合財務報表須承擔的責任 (續)

吾等與審核委員會就(其中包括)審核的計劃範圍、時間安排及重大審核發現進行溝通,該等發現包括吾等在審核過程中識別的內部監控的任何重大缺失。

吾等亦向審核委員會作出聲明,指出吾等已符合有關獨立性的相關道德要求,並與彼等溝通可能被合理認為會影響吾等獨立性的所有關係及其他事宜,以及為消除威脅採取的行動及防範措施(如適用)。

從與審核委員會溝通的事項中,吾等確定對本期間綜合財務報表的審核至關重要的事項,因而構成關鍵審核事項。吾等在核數師報告中描述該等事項,除非法律或法規不允許公開披露該等事項,或在極端罕見的情況下,倘合理預期在吾等報告中溝通某事項造成的負面後果超出產生的公眾利益,則吾等決定不應在報告中溝通該事項。

出具本獨立核數師報告的審核項目合夥人為 SIU FUNG TERENCE HO。

安永會計師事務所
執業會計師
香港

二零二一年三月二十六日

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is SIU FUNG TERENCE HO.

Ernst & Young
Certified Public Accountants
Hong Kong

26 March 2021

綜合損益及其他全面收益表

CONSOLIDATED STATEMENT OF PROFIT OR
LOSS AND OTHER COMPREHENSIVE INCOME

截至二零二零年十二月三十一日止年度 Year ended 31 December 2020

		附註	二零二零年 人民幣千元 2020 RMB' 000	二零一九年 人民幣千元 2019 RMB' 000
		Notes	RMB' 000	RMB' 000
收益	REVENUE	5	46,638,413	35,519,538
銷售成本	Cost of sales		(38,203,574)	(27,039,427)
毛利	GROSS PROFIT		8,434,839	8,480,111
財務收入	Finance income		75,773	151,883
其他收入及收益	Other income and gains	5	108,621	95,375
銷售及分銷開支	Selling and distribution expenses		(1,240,318)	(1,073,899)
行政開支	Administrative expenses		(1,132,252)	(1,125,445)
其他開支	Other expenses		(101,221)	(199,371)
投資物業的公平值收益	Fair value gains on investment properties	15	4,624	22,406
財務成本	Finance costs	7	(1,113,405)	(777,570)
應佔下列公司溢利及虧損：	Share of profits and losses of:			
合營企業	Joint ventures		2,026	(54,644)
聯營公司	Associates		(19,770)	11,502
除稅前溢利	PROFIT BEFORE TAX	6	5,018,917	5,530,348
所得稅開支	Income tax expense	10	(1,965,546)	(2,321,393)
年內溢利	PROFIT FOR THE YEAR		3,053,371	3,208,955
以下各項應佔：	Attributable to:			
母公司擁有人	Owners of the parent		2,646,006	2,312,283
非控股權益	Non-controlling interests		407,365	896,672
			3,053,371	3,208,955
母公司普通權益持有人 應佔每股盈利	EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
每股基本及攤薄盈利	Basic and diluted earnings per share	12	人民幣 1.07 RMB 1.07	人民幣0.96 RMB0.96

綜合損益及其他全面收益表

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

截至二零二零年十二月三十一日止年度 Year ended 31 December 2020

	附註 Notes	二零二零年 人民幣千元 2020 RMB' 000	二零一九年 人民幣千元 2019 RMB' 000
年內溢利		3,053,371	3,208,955
其他全面收益		OTHER COMPREHENSIVE INCOME	
於期後期間將重新分類至 損益的其他全面收益：		Other comprehensive income that will be reclassified to profit or loss in subsequent periods:	
自物業、廠房及設備轉撥 至投資物業的重估收益	15	Revaluation gains on transfer from property, plant and equipment to investment properties 161,395	–
所得稅影響		Income tax effect (40,348)	–
於期後期間將重新分類至 損益的其他全面收益淨額		Net other comprehensive income that will be reclassified to profit or loss in subsequent periods 121,047	–
年內其他全面收益 (除稅後)		OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	–
		121,047	–
年內全面收益總額		TOTAL COMPREHENSIVE INCOME FOR THE YEAR	3,208,955
		3,174,418	3,208,955
以下各項應佔：	Attributable to:		
母公司擁有人	Owners of the parent	2,767,053	2,312,283
非控股權益	Non-controlling interests	407,365	896,672
		3,174,418	3,208,955

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

二零二零年十二月三十一日 31 December 2020

		二零二零年 人民幣千元 2020 RMB' 000	二零一九年 人民幣千元 2019 RMB' 000
	附註 Notes		
非流動資產	NON-CURRENT ASSETS		
物業、廠房及設備	Property, plant and equipment	13 127,132	539,236
使用權資產	Right-of-use assets	14 74,064	113,221
投資物業	Investment properties	15 2,018,554	1,492,630
無形資產	Intangible assets	16 10,832	11,672
於合營企業的投資	Investments in joint ventures	17 1,164,904	712,680
於聯營公司的投資	Investments in associates	18 686,226	742,052
遞延稅項資產	Deferred tax assets	19 2,100,518	1,960,579
非流動資產總值	Total non-current assets	6,182,230	5,572,070
流動資產	CURRENT ASSETS		
發展中物業	Properties under development	20 105,840,944	92,688,528
持作出售的已竣工物業	Completed properties held for sale	21 4,272,697	5,393,412
存貨	Inventories	–	8,315
貿易應收款項及應收票據	Trade and bills receivables	22 127,380	195,012
合約資產	Contract assets	23 227,970	278,260
應收關聯方款項	Due from related parties	41 2,700,144	5,560,849
預付款項、按金及 其他應收款項	Prepayments, deposits and other receivables	24 13,265,996	11,388,198
可收回稅項	Tax recoverable	2,191,243	1,968,017
按公平值計入損益的 金融資產	Financial assets at fair value through profit or loss	25 626,231	20,567
現金及銀行結餘	Cash and bank balances	26 24,304,747	6,962,481
		153,557,352	124,463,639
分類為持作出售的 一間附屬公司資產	Assets of a subsidiary classified as held for sale	40 –	591,983
流動資產總值	Total current assets	153,557,352	125,055,622
流動負債	CURRENT LIABILITIES		
貿易應付款項及應付票據	Trade and bills payables	27 6,977,322	5,102,436
其他應付款項及應計費用	Other payables and accruals	28 13,220,334	4,898,470
合約負債	Contract liabilities	29 68,791,434	77,901,721
應付關聯方款項	Due to related parties	41 5,809,050	5,956,321
計息銀行及其他借款	Interest-bearing bank and other borrowings	30 20,754,820	10,288,997
優先票據	Senior notes	31 1,437,058	1,016,301
公司債券	Corporate bonds	32 3,164	–
資產抵押證券	Asset-backed securities	33 –	205,551
應付稅項	Tax payable	10 2,409,194	1,923,178
租賃負債	Lease liabilities	14 34,207	50,744

綜合財務狀況表

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

二零二零年十二月三十一日 31 December 2020

		附註 Notes	二零二零年 人民幣千元 2020 RMB' 000	二零一九年 人民幣千元 2019 RMB' 000
			119,436,583	107,343,719
與分類為持作出售資產 直接相關的負債	Liabilities directly associated with the assets classified as held for sale	40	–	41,638
流動負債總額	Total current liabilities		119,436,583	107,385,357
流動資產淨值	NET CURRENT ASSETS		34,120,769	17,670,265
資產總值減流動負債	TOTAL ASSETS LESS CURRENT LIABILITIES		40,302,999	23,242,335
非流動負債	NON-CURRENT LIABILITIES			
計息銀行及其他借款	Interest-bearing bank and other borrowings	30	21,531,087	17,016,525
優先票據	Senior notes	31	1,952,929	–
公司債券	Corporate bonds	32	497,500	–
租賃負債	Lease liabilities	14	51,910	74,846
遞延稅項負債	Deferred tax liabilities	19	232,537	175,848
非流動負債總額	Total non-current liabilities		24,265,963	17,267,219
資產淨值	NET ASSETS		16,037,036	5,975,116
權益	EQUITY			
母公司擁有人應佔權益	Equity attributable to owners of the parent			
股本	Share capital	34	199,616	–
儲備	Reserves	35	8,231,939	4,617,425
			8,431,555	4,617,425
非控股權益	Non-controlling interests		7,605,481	1,357,691
權益總額	TOTAL EQUITY		16,037,036	5,975,116

陳國祥
Chen Guoxiang
董事
Director

陳弘倪
Chen Hongni
董事
Director

綜合權益變動表

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

截至二零二零年十二月三十一日止年度 Year ended 31 December 2020

		母公司擁有人應佔 Attributable to owners of the parent								
		股本 人民幣千元 附註34	股份溢價 人民幣千元 附註35 (a)	資本儲備 人民幣千元 附註35 (b)	法定盈餘儲備 人民幣千元 附註35 (c)	資產重估儲備 人民幣千元	(累計虧損)/ 保留溢利 人民幣千元	總計 人民幣千元	非控股權益 人民幣千元	權益總額 人民幣千元
		Share capital RMB' 000 Note 34	Share premium RMB' 000 Note 35 (a)	Capital reserve RMB' 000 Note 35 (b)	Statutory surplus reserves RMB' 000 Note 35 (c)	Asset revaluation reserve RMB' 000	(Accumulated losses)/ retained profits RMB' 000	Total RMB' 000	Non- controlling interests RMB' 000	Total equity RMB' 000
於二零一九年一月一日	As at 1 January 2019	-	-	2,866,127	250,442	-	(1,158,773)	1,957,796	923,063	2,880,859
年內溢利及全面收益總額	Profit and total comprehensive income for the year	-	-	-	-	-	2,312,283	2,312,283	896,672	3,208,955
附屬公司非控股股東出資	Capital contribution by the non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	24,875	24,875
收購非控股權益	Acquisition of non-controlling interests	-	-	93,508	-	-	-	93,508	(105,508)	(12,000)
收購附屬公司	Acquisition of subsidiaries	-	-	-	-	-	-	-	6,007	6,007
自附屬公司當時權益持有人收購附屬公司	Acquisition of subsidiaries from the then equity holder of the subsidiaries	-	-	242,175	-	-	-	242,175	-	242,175
已分派予非控股股東的股息	Dividends distributed to non-controlling shareholders	-	-	-	-	-	-	-	(206,637)	(206,637)
出售附屬公司	Disposal of subsidiaries	-	-	-	-	-	-	-	(192,918)	(192,918)
撥至法定盈餘儲備	Appropriations to statutory surplus reserve	-	-	-	256,115	-	(256,115)	-	-	-
附屬公司非控股股東減資	Capital reduction by the non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	(6,000)	(6,000)
出售於附屬公司的部分權益 (未失去控制權)	Disposal of partial interests in subsidiaries without losing control	-	-	11,663	-	-	-	11,663	18,137	29,800
於二零一九年十二月三十一日	As at 31 December 2019	-	-	3,213,473*	506,557*	-*	897,395*	4,617,425	1,357,691	5,975,116

綜合權益變動表

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

截至二零二零年十二月三十一日止年度 Year ended 31 December 2020

		母公司擁有人應佔 Attributable to owners of the parent								
		股本	股份溢價	資本儲備	法定盈餘儲備	資產重估儲備	(累計虧損)/ 保留溢利	總計	非控股權益	權益總額
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
		附註34	附註35 (a)	附註35 (b)	附註35 (c)					
		Share	Share	Capital	Statutory	Asset	(Accumulated losses)/ retained	Total	Non- controlling	Total
		capital	premium	reserve	surplus	revaluation	profits	interests	equity	
		RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000
		Note 34	Note 35 (a)	Note 35 (b)	Note 35 (c)					
於二零二零年一月一日	As at 1 January 2020	-	-	3,213,473	506,557	-	897,395	4,617,425	1,357,691	5,975,116
年內溢利及全面收益總額	Profit and total comprehensive income for the year	-	-	-	-	121,047	2,646,006	2,767,053	407,365	3,174,418
發行新股份	Issuance of new shares	199,616	4,147,720	-	-	-	-	4,347,336	-	4,347,336
附屬公司非控股股東出資	Capital contribution by the non-controlling shareholders of subsidiaries	-	-	160,471	-	-	-	160,471	5,884,245	6,044,716
收購非控股權益	Acquisition of non-controlling interests	-	-	(8,617)	-	-	-	(8,617)	6,117	(2,500)
收購一間附屬公司	Acquisition of a subsidiary	-	-	-	-	-	-	-	28,956	28,956
自附屬公司當時權益持有人收購附屬公司	Acquisition of subsidiaries from the then equity holder of the subsidiaries	-	-	(3,470,373)	-	-	-	(3,470,373)	-	(3,470,373)
派付予附屬公司非控股股東的股息	Dividends paid to a non-controlling shareholder of the subsidiary	-	-	-	-	-	-	-	(83,224)	(83,224)
出售附屬公司	Disposal of subsidiaries	-	-	-	-	-	-	-	1,144	1,144
撥至法定盈餘儲備	Appropriations to statutory surplus reserve	-	-	-	312,280	-	(312,280)	-	-	-
出售於附屬公司的部分權益 (未失去控制權)	Disposal of partial interests in subsidiaries without losing control	-	-	18,260	-	-	-	18,260	3,187	21,447
於二零二零年十二月三十一日	As at 31 December 2020	199,616	4,147,720*	(86,786)*	818,837*	121,047*	3,231,121*	8,431,555	7,605,481	16,037,036

* 該等儲備金額包括綜合財務狀況表的綜合儲備人民幣8,231,939,000元(二零一九年:人民幣4,617,425,000元)。

* These reserve accounts comprise the consolidated reserves of RMB8,231,939,000 (2019: RMB4,617,425,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

截至二零二零年十二月三十一日止年度 Year ended 31 December 2020

	附註	二零二零年 人民幣千元 2020 RMB' 000	二零一九年 人民幣千元 2019 RMB' 000
	Notes	RMB' 000	RMB' 000
經營活動所得現金流量			
除稅前溢利		5,018,917	5,530,348
調整：			
物業、廠房及設備項目折舊			
	Depreciation of items of property, plant and equipment	6,13	57,622
使用權資產折舊	Depreciation of right-of-use assets	6,14	44,767
無形資產攤銷	Amortisation of intangible assets	6,16	3,649
出售附屬公司虧損／(收益)	Loss/(gain) on disposal of subsidiaries	5,38	(4,032)
重新計量先前於合營企業所持 股權的收益	Gain on re-measurement of the previously held equity interests in a joint venture	(26,842)	–
分佔合營企業溢利及虧損	Share of profits and losses of joint ventures	(2,026)	54,644
分佔聯營公司溢利及虧損	Share of profits and losses of associates	19,770	(11,502)
投資物業的公平值變動	Changes in fair value of investment properties	15	(22,406)
出售物業、廠房及設備項目的 虧損／(收益)	Loss/(gain) on disposal of items of property, plant and equipment	236	(157)
出售使用權資產收益	Gain on disposal of right-of-use assets	(3,772)	–
出售一間聯營公司虧損	Loss on disposal of an associate	1,810	–
出售一間合營企業虧損	Loss on disposal of a joint venture	12,439	–
按公平值計入損益的金融資產的 投資收入	Investment income from financial assets at fair value through profit or loss	(31,285)	(1,938)
於一間合營企業的投資減值	Impairment of investments in a joint venture	–	53,000
金融資產減值	Impairment of financial assets	6	13,574
按公平值計入損益的金融資產 公平值收益	Fair value gains on financial assets at fair value through profit or loss	(59)	(72)
融資成本	Finance costs	1,113,405	777,570
利息收入	Interest income	(75,714)	(151,811)
		6,141,476	6,343,256

綜合現金流量表

CONSOLIDATED STATEMENT OF CASH FLOWS

截至二零二零年十二月三十一日止年度 Year ended 31 December 2020

	附註	二零二零年 人民幣千元 2020	二零一九年 人民幣千元 2019
	Notes	RMB' 000	RMB' 000
發展中物業及持作出售的 已竣工物業增加	Increase in properties under development and completed properties held for sale	(5,056,933)	(1,822,213)
存貨減少/(增加)	Decrease/(increase) in inventories	7,585	(307)
待售土地開發增加	Increase in land development for sale	(1,987)	(20,902)
應收關聯方款項減少/(增加)	Decrease/(increase) in amounts due from related parties	303,904	(275,081)
合約資產減少/(增加)	Decrease/(increase) in contract assets	50,290	(880)
受限制現金增加	Increase in restricted cash	(3,091,352)	(112,206)
定期存款增加	Increase in time deposits	(4,142,956)	(21,953)
已抵押存款(增加)/減少	(Increase)/decrease in pledged deposits	(2,970,026)	327,909
貿易應收款項及應收票據減少	Decrease in trade and bills receivables	65,346	17,115
預付款項、按金及其他 應收款項減少	Decrease in prepayments, deposits and other receivables	1,877,018	1,104,621
貿易應付款項及應付票據增加	Increase in trade and bills payables	1,713,442	63,497
其他應付款項及應計費用增加	Increase in other payables and accruals	8,552,209	158,714
合約負債(減少)/增加	(Decrease)/increase in contract liabilities	(11,460,272)	3,604,704
應付關聯方款項(減少)/增加	(Decrease)/increase in amounts due to related parties	(758,033)	309,368
經營活動所得現金流量	CASH FLOWS FROM OPERATING ACTIVITIES		
經營活動(所用)/所得現金	Cash (used in)/generated from operations	(8,770,289)	9,675,642
已收利息	Interest received	75,714	157,339
已付利息	Interest paid	(5,595,242)	(4,707,333)
已付稅項	Tax paid	(1,798,732)	(1,608,878)
經營活動(所用)/所得 現金流量淨額	Net cash flows (used in)/generated from operating activities	(16,088,549)	3,516,770

綜合現金流量表
CONSOLIDATED STATEMENT OF CASH FLOWS

截至二零二零年十二月三十一日止年度 Year ended 31 December 2020

	附註	二零二零年 人民幣千元 2020 RMB' 000	二零一九年 人民幣千元 2019 RMB' 000
	Notes	RMB' 000	RMB' 000
投資活動所得現金流量			
出售附屬公司	38	61,023	(33,096)
出售合營企業		3,300	-
出售一間聯營公司		25,000	-
出售按公平值計入損益的 金融資產		433,140	48,824
出售物業、廠房及設備		3,903	10,879
購買物業、廠房及設備項目		(20,678)	(14,602)
購買無形資產		(1,711)	(5,453)
投資物業增加		-	(367,666)
收購附屬公司	37	562,711	(558,845)
增加合營企業		(452,310)	(484,650)
增加聯營公司		-	(401,888)
向關聯方墊款	41	(25,332,891)	(5,996,142)
向關聯方墊款的還款	41	27,970,286	4,811,583
收購按公平值計入損益的 金融資產		(1,010,460)	(14,950)
本集團自附屬公司當時權益持有人 收購附屬公司		(59,833)	(3,125)
投資活動所得／(所用) 現金流量淨額		2,181,480	(3,009,131)
CASH FLOWS FROM INVESTING ACTIVITIES			
Disposal of subsidiaries	38	61,023	(33,096)
Disposal of joint ventures		3,300	-
Disposal of an associate		25,000	-
Disposal of financial assets at fair value through profit or loss		433,140	48,824
Disposal of property, plant and equipment		3,903	10,879
Purchases of items of property, plant and equipment		(20,678)	(14,602)
Purchase of intangible assets		(1,711)	(5,453)
Increase in investment properties		-	(367,666)
Acquisition of subsidiaries	37	562,711	(558,845)
Addition of joint ventures		(452,310)	(484,650)
Addition of associates		-	(401,888)
Advances to related parties	41	(25,332,891)	(5,996,142)
Repayment of advances to related parties	41	27,970,286	4,811,583
Acquisition of financial assets at fair value through profit or loss		(1,010,460)	(14,950)
Acquisition of subsidiaries by the Group from the then equity holder of the subsidiaries		(59,833)	(3,125)
Net cash flows generated from/(used in) investing activities		2,181,480	(3,009,131)

綜合現金流量表

CONSOLIDATED STATEMENT OF CASH FLOWS

截至二零二零年十二月三十一日止年度 Year ended 31 December 2020

	附註	二零二零年 人民幣千元 2020 RMB' 000	二零一九年 人民幣千元 2019 RMB' 000
	Notes		
融資活動所得現金流量			
視作股東注資		-	245,300
發行股份所得款項		4,431,802	-
股份發行開支		(84,466)	-
附屬公司非控股股東出資		3,115,540	24,875
非控股股東減資		-	(6,000)
已付予非控股股東的股息		(83,224)	(31,727)
收購非控股權益		(2,500)	(5,000)
自附屬公司當時權益持有人 收購股權		(3,410,540)	-
部分出售附屬公司(未失去控制權) 所得款項		21,447	29,800
關聯方墊款	41	1,577,559	8,728,616
償還關聯方墊款	41	(760,454)	(9,610,921)
已抵押存款還款		(46,951)	-
已抵押存款收款		1,474,866	-
發行優先票據所得款項淨額	31	3,480,265	994,918
公司債券所得款項淨額	32	497,500	-
優先票據匯率影響	31	(229,208)	3,754
償還優先票據		(994,918)	(648,360)
計息銀行借款所得款項		28,079,738	17,488,881
償還計息銀行借款		(14,406,853)	(16,186,582)
發行資產抵押證券所得款項		-	1,059,550
償還資產抵押證券		(205,551)	(3,270,925)
租賃負債付款		(44,539)	(21,996)
融資活動所得/(所用) 現金流量淨額		22,409,513	(1,205,817)
CASH FLOWS FROM FINANCING ACTIVITIES			
Deemed capital contribution from shareholders		-	245,300
Proceeds from issue of shares		4,431,802	-
Share issue expenses		(84,466)	-
Capital contribution by the non-controlling shareholders of subsidiaries		3,115,540	24,875
Capital reduction by the non-controlling shareholders		-	(6,000)
Dividends paid to non-controlling shareholders		(83,224)	(31,727)
Acquisition of non-controlling interests		(2,500)	(5,000)
Acquisition of equity interests from the then equity holder of the subsidiaries		(3,410,540)	-
Proceeds from partial disposal of subsidiaries without losing control		21,447	29,800
Advances from related parties	41	1,577,559	8,728,616
Repayment of advances from related parties	41	(760,454)	(9,610,921)
Repayment of pledged deposits		(46,951)	-
Receipt of pledged deposits		1,474,866	-
Net proceeds from the issuance of senior notes	31	3,480,265	994,918
Net proceeds from the corporate bonds	32	497,500	-
Exchange effects on senior notes	31	(229,208)	3,754
Repayment of senior notes		(994,918)	(648,360)
Proceeds from interest-bearing bank borrowings		28,079,738	17,488,881
Repayment of interest-bearing bank borrowings		(14,406,853)	(16,186,582)
Proceeds from the issuance of asset-backed securities		-	1,059,550
Repayment of asset-backed securities		(205,551)	(3,270,925)
Payment of lease liabilities		(44,539)	(21,996)
Net cash flows generated from/(used in) financing activities		22,409,513	(1,205,817)

綜合現金流量表
CONSOLIDATED STATEMENT OF CASH FLOWS

截至二零二零年十二月三十一日止年度 Year ended 31 December 2020

	附註 Notes	二零二零年 人民幣千元 2020 RMB' 000	二零一九年 人民幣千元 2019 RMB' 000
現金及現金等價物增加／(減少)淨額		8,502,444	(698,178)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
年初現金及現金等價物		2,412,297	3,113,634
Cash and cash equivalents at beginning of year			
年末現金及現金等價物		10,914,741	2,415,456
CASH AND CASH EQUIVALENTS AT END OF YEAR			
現金及現金等價物結餘分析			
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
現金及銀行結餘	26	24,304,747	6,962,481
Cash and bank balances			
減：受限制現金	26	7,236,576	4,085,480
Less: Restricted cash			
定期存款	26	4,265,009	122,053
Time deposits			
已抵押存款	26	1,885,262	342,651
Pledged deposits			
財務狀況表所列現金及現金等價物		10,917,900	2,412,297
CASH AND CASH EQUIVALENTS AS STATED IN THE STATEMENT OF FINANCIAL POSITION			
持作出售的附屬公司應佔現金及現金等價物	40	(3,159)	3,159
Cash and cash equivalents attributable to a subsidiary held for sale			
現金流量表所列現金及現金等價物		10,914,741	2,415,456
CASH AND CASH EQUIVALENTS AS STATED IN THE STATEMENT OF CASH FLOWS			

二零二零年十二月三十一日 31 December 2020

1. 公司及集團資料

本公司為一家於二零一九年十二月十三日在開曼群島註冊成立的獲豁免公司。本公司的註冊辦事處地址為Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands。

本公司為投資控股公司。於年內，本集團現時旗下附屬公司參與物業開發、物業租賃、酒店營運及提供物業管理服務。

董事認為，本公司的控股公司及最終控股公司為於英屬處女群島註冊成立的Shinlight Limited。

有關附屬公司資料

本公司主要附屬公司的詳情載列如下：

1. CORPORATE AND GROUP INFORMATION

The Company is an exempted company incorporated in the Cayman Islands on 13 December 2019. The registered office address of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company. During the year, the subsidiaries now comprising the Group were involved in property development, property leasing, hotel operation and the provision of property management services.

In the opinion of the directors, the holding company and the ultimate holding company of the Company is Shinlight Limited, which is incorporated in the British Virgin Islands.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

附屬公司名稱	附註	註冊成立／成立地點及日期以及營業地點 Place and date of incorporation/ establishment and place of operations	註冊／已發行股本 面值 (千元) Nominal value of registered/ issued share capital ('000)	本公司 應佔實際 股權百分比 Effective percentage of equity interest attributable to the Company	主要業務 Principal activities
Name of subsidiaries	Notes				

間接持有：

Directly held:

Silver Rock Group Holdings Limited	英屬處女群島	美元50	100%	投資控股
Silver Rock Group Holdings Limited	British Virgin Islands	US\$50	100%	Investment holding
Shinsun International Holdings Limited	英屬處女群島	美元50	100%	投資控股
Shinsun International Holdings Limited	British Virgin Islands	US\$50	100%	Investment holding

二零二零年十二月三十一日 31 December 2020

1. 公司及集團資料 (續)

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

有關附屬公司資料 (續)

Information about subsidiaries (continued)

本公司主要附屬公司的詳情載列如下：
(續)

Particulars of the Company's principal subsidiaries are as follows:
(continued)

附屬公司名稱	附註	註冊成立／成立地點及 日期以及營業地點 Place and date of incorporation/ establishment and place of operations	註冊／已發行股本 面值 (千元) Nominal value of registered/ issued share capital ('000)	本公司 應佔實際 股權百分比 Effective percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：					
Indirectly held:					
Golden Stone Hong Kong Limited		香港	港元10	100%	投資控股
Golden Stone Hong Kong Limited		Hong Kong	HK\$10	100%	Investment holding
Shinsun Hong Kong Limited		香港	港元10	100%	投資控股
Shinsun Hong Kong Limited		Hong Kong	HK\$10	100%	Investment holding
Xiang Sheng Overseas Limited		英屬處女群島	美元1	100%	投資控股
Xiang Sheng Overseas Limited		British Virgin Islands	US\$1	100%	Investment holding
浙江祥紳商務諮詢有限公司	(6)	中國*／中國內地	人民幣10,000	100%	投資控股
Zhejiang Xiangshen Business Consulting Co., Ltd.		PRC*/Mainland China	RMB10,000	100%	Investment holding
諸暨卓傑企業管理有限公司	(7)	中國*／中國內地	人民幣25,000	100%	投資控股
Zhuji Zhuojie Business Management Co., Ltd.		PRC*/Mainland China	RMB25,000	100%	Investment holding
祥生地產集團有限公司	(8)	中國*／中國內地	人民幣1,580,000	100%	物業開發
Shinsun Property Group Co., Ltd.		PRC*/Mainland China	RMB1,580,000	100%	Property development
香港祥生發展有限公司		香港	港元1,000	100%	投資控股
Xiang Sheng Development Limited		Hong Kong	HK\$1,000	100%	Investment holding
祥生控股有限公司		英屬處女群島	美元200,000	100%	投資控股
Xiang Sheng Holding Limited		British Virgin Islands	US\$200,000	100%	Investment holding

二零二零年十二月三十一日 31 December 2020

1. 公司及集團資料 (續)

有關附屬公司資料 (續)

本公司主要附屬公司的詳情載列如下：
(續)

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows:
(continued)

附屬公司名稱	附註	註冊成立／成立地點及 日期以及營業地點 Place and date of incorporation/ establishment and place of operations	註冊／已發行股本 面值 (千元) Nominal value of registered/ issued share capital ('000)	本公司 應佔實際 股權百分比 Effective percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (continued)					
浙江祥生宜悅企業管理有限公司 Zhejiang Shinsun Yiyue Management Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	100% 100%	投資控股 Investment holding
諸暨祥生祥合置業有限公司 Zhujishi Shinsun Xianghe Real Estate Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣70,000 RMB70,000	51% 51%	物業開發 Property development
諸暨祥生新合置業有限公司 Zhujishi Shinsun Xinhe Real Estate Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣130,000 RMB130,000	100% 100%	物業開發 Property development
諸暨祥生祥安置業有限公司 Zhujishi Shinsun Xiangan Real Estate Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣39,000 RMB39,000	100% 100%	物業開發 Property development
諸暨祥生宜景置業有限公司 Zhujishi Shinsun Yijing Real Estate Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣98,039 RMB98,039	100% 100%	物業開發 Property development
杭州祥生弘景房地產開發有限公司 Hangzhou Shinsun Hongjing Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣100,000 RMB100,000	100% 100%	物業開發 Property development
海寧祥生房地產開發有限公司 Haining Shinsun Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	60% 60%	物業開發 Property development

二零二零年十二月三十一日 31 December 2020

1. 公司及集團資料 (續)

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

有關附屬公司資料 (續)

Information about subsidiaries (continued)

本公司主要附屬公司的詳情載列如下：
(續)

Particulars of the Company's principal subsidiaries are as follows:
(continued)

附屬公司名稱	附註	註冊成立／成立地點及 日期以及營業地點 Place and date of incorporation/ establishment and place of operations	註冊／已發行股本 面值 (千元) Nominal value of registered/ issued share capital ('000)	本公司 應佔實際 股權百分比 Effective percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (continued)					
杭州祥生弘盛房地產開發有限公司 Hangzhou Shinsun Hongsheng Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣100,000 RMB100,000	100% 100%	物業開發 Property development
諸暨祥生祥瑞置業有限公司 Zhujiaji Shinsun Xiangrui Real Estate Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣80,000 RMB80,000	100% 100%	物業開發 Property development
湖州祥生置業有限公司 Huzhou Shinsun Real Estate Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣30,000 RMB30,000	100% 100%	物業開發 Property development
湖州祥生宜越房地產開發有限公司 Huzhou Shinsun Yiyue Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣30,000 RMB30,000	100% 100%	物業開發 Property development
嘉興祥生房地產開發有限公司 Jiaxing Shinsun Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣30,000 RMB30,000	100% 100%	物業開發 Property development
嘉興祥生弘景房地產開發有限公司 Jiaxing Shinsun Hongjing Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣43,000 RMB43,000	100% 100%	物業開發 Property development
紹興祥生弘景房地產開發有限公司 Shaoxing Shinsun Hongjing Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	80% 80%	物業開發 Property development

二零二零年十二月三十一日 31 December 2020

1. 公司及集團資料 (續)

有關附屬公司資料 (續)

本公司主要附屬公司的詳情載列如下：
(續)

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows:
(continued)

附屬公司名稱	附註	註冊成立／成立地點及 日期以及營業地點 Place and date of incorporation/ establishment and place of operations	註冊／已發行股本 面值 (千元) Nominal value of registered/ issued share capital ('000)	本公司 應佔實際 股權百分比 Effective percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (continued)					
紹興祥生弘遠房地產開發有限公司 Shaoxing Shinsun Hongyuan Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	80% 80%	物業開發 Property development
舟山祥生置業有限公司 Zhoushan Shinsun Real Estate Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣30,000 RMB30,000	100% 100%	物業開發 Property development
舟山祥生弘遠房地產開發有限公司 Zhoushan Shinsun Hongyuan Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣100,000 RMB100,000	100% 100%	物業開發 Property development
上海聚博房地產開發有限公司 Shanghai Jubo Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣7,200,000 RMB7,200,000	82.5% 82.5%	物業開發 Property development
泰興市祥瑞置業有限公司 Taixing Xiangrui Real Estate Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣200,000 RMB200,000	70% 70%	物業開發 Property development
連雲港祥生連報房地產開發有限公司 Lianyungang Shinsun Lianbao Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	90% 90%	物業開發 Property development
滁州長城祥生置業有限公司 Chuzhou Great Wall Shinsun Real Estate Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	100% 100%	物業開發 Property development

二零二零年十二月三十一日 31 December 2020

1. 公司及集團資料 (續)

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

有關附屬公司資料 (續)

Information about subsidiaries (continued)

本公司主要附屬公司的詳情載列如下：
(續)

Particulars of the Company's principal subsidiaries are as follows:
(continued)

附屬公司名稱	附註	註冊成立／成立地點及 日期以及營業地點 Place and date of incorporation/ establishment and place of operations	註冊／已發行股本 面值 (千元) Nominal value of registered/ issued share capital ('000)	本公司 應佔實際 股權百分比 Effective percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (continued)					
滁州祥生房地產開發有限公司 Chuzhou Shinsun Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	100% 100%	物業開發 Property development
明光祥生置業有限公司 Mingguang Shinsun Real Estate Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	100% 100%	物業開發 Property development
定遠縣祥生置業有限公司 Dingyuan Shinsun Real Estate Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣30,000 RMB30,000	100% 100%	物業開發 Property development
宣城民生新城鎮發展有限公司 Xuancheng Minsheng New Town Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣100,000 RMB100,000	100% 100%	物業開發 Property development
諸暨祥生祥潤置業有限公司 Zhuji Shinsun Xiangrun Real Estate Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣56,000 RMB56,000	100% 100%	物業開發 Property development
南平祥生房地產開發有限公司 Nanping Shinsun Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣100,000 RMB100,000	100% 100%	物業開發 Property development
紹興祥生暨越置業有限公司 Shaoxing Shinsun Jiyue Real Estate Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣20,000 RMB20,000	70% 70%	物業開發 Property development
舟山祥生投資發展有限公司 Zhoushan Shinsun Investment Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣20,000 RMB20,000	100% 100%	物業開發 Property development

二零二零年十二月三十一日 31 December 2020

1. 公司及集團資料 (續)

有關附屬公司資料 (續)

本公司主要附屬公司的詳情載列如下：
(續)

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows:
(continued)

附屬公司名稱	附註	註冊成立／成立地點及 日期以及營業地點 Place and date of incorporation/ establishment and place of operations	註冊／已發行股本 面值 (千元) Nominal value of registered/ issued share capital ('000)	本公司 應佔實際 股權百分比 Effective percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (continued)					
上海元宇置業有限公司 Shanghai Yuanyu Real Estate Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣20,000 RMB20,000	67.8% 67.8%	物業開發 Property development
上海祥丹置業有限公司 Shanghai Xiangdan Real Estate Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣10,000 RMB10,000	67.8% 67.8%	物業開發 Property development
泰興祥雲置業有限公司 Taixing Xiangyun Real Estate Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	55% 55%	物業開發 Property development
泰州祥生置業有限公司 Taizhou Shinsun Real Estate Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	100% 100%	物業開發 Property development
武漢祥生房地產開發有限公司 Wuhan Shinsun Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣100,000 RMB100,000	100% 100%	物業開發 Property development
仙桃祥榮房地產開發有限公司 Xiantao Xiangrong Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	100% 100%	物業開發 Property development
洪湖市祥生置業有限公司 Honghu Shinsun Real Estate Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣30,000 RMB30,000	100% 100%	物業開發 Property development

二零二零年十二月三十一日 31 December 2020

1. 公司及集團資料 (續)

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

有關附屬公司資料 (續)

Information about subsidiaries (continued)

本公司主要附屬公司的詳情載列如下：
(續)

Particulars of the Company's principal subsidiaries are as follows:
(continued)

附屬公司名稱	附註	註冊成立／成立地點及 日期以及營業地點 Place and date of incorporation/ establishment and place of operations	註冊／已發行股本 面值 (千元) Nominal value of registered/ issued share capital ('000)	本公司 應佔實際 股權百分比 Effective percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (continued)					
濟南祥順置業有限公司 Jinan Xiangshun Real Estate Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣100,000 RMB100,000	60% 60%	物業開發 Property development
遼寧祥生越都置業有限公司 Liaoning Shinsun Yuedu Real Estate Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣20,000 RMB20,000	51% 51%	物業開發 Property development
岫岩祥越房地產開發有限公司 Xiuyan Xiangyue Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣20,000 RMB20,000	51% 51%	物業開發 Property development
浙江祥偉旅遊開發有限公司 Zhejiang Xiangwei Tourism Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	65% 65%	物業開發及文化旅遊 Property development and cultural tourism
諸暨市祥生弘源置業有限公司 Zhuji Shinsun Hongyuan Real Estate Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣104,000 RMB104,000	51% 51%	物業開發 Property development
諸暨市祥生百越置業有限公司 Zhuji Shinsun Baiyue Real Estate Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣20,000 RMB20,000	70% 70%	物業開發 Property development
杭州祥迪投資管理有限公司 Hangzhou Xiangdi Investment Management Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣1,100 RMB1,100	100% 100%	投資控股 Investment holding

二零二零年十二月三十一日 31 December 2020

1. 公司及集團資料 (續)

有關附屬公司資料 (續)

本公司主要附屬公司的詳情載列如下：
(續)

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows:
(continued)

附屬公司名稱	附註	註冊成立／成立地點及 日期以及營業地點 Place and date of incorporation/ establishment and place of operations	註冊／已發行股本 面值 (千元) Nominal value of registered/ issued share capital ('000)	本公司 應佔實際 股權百分比 Effective percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (continued)					
寧波祥生房地產開發有限公司 Ningbo Shinsun Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	100% 100%	物業開發 Property development
連雲港祥生連報弘景房地產開發有限公司 Lianyungang Shinsun Lianbao Hongjing Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	100% 100%	物業開發 Property development
宣城祥生房地產開發有限公司 Xuancheng Shinsun Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	100% 100%	物業開發 Property development
海鹽祥生弘景房地產開發有限公司 Haiyan Shinsun Hongjing Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣20,000 RMB20,000	100% 100%	物業開發 Property development
滁州祥生弘順置業有限公司 Chuzhou Shinsun Real Estate Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	100% 100%	物業開發 Property development
衢州祥生房地產開發有限公司 Quzhou Shinsun Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	80% 80%	物業開發 Property development
浙江祥生廣場商貿有限公司 Zhejiang Shinsun Plaza Trading Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	100% 100%	酒店管理 Hotel management

二零二零年十二月三十一日 31 December 2020

1. 公司及集團資料 (續)

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

有關附屬公司資料 (續)

Information about subsidiaries (continued)

本公司主要附屬公司的詳情載列如下：
(續)

Particulars of the Company's principal subsidiaries are as follows:
(continued)

附屬公司名稱	附註	註冊成立／成立地點及 日期以及營業地點 Place and date of incorporation/ establishment and place of operations	註冊／已發行股本 面值 (千元) Nominal value of registered/ issued share capital ('000)	本公司 應佔實際 股權百分比 Effective percentage of equity interest attributable to the Company	主要業務 Principal activities
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間接持有：(續)

Indirectly held: (continued)

諸暨祥生祥躍置業有限公司 Zhujì Shinsun Xiangqi Real Estate Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣75,000 RMB75,000	53% 53%	物業開發 Property development
諸暨祥生祥躍置業有限公司 Zhujì Shinsun Xiangyue Real Estate Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	100% 100%	物業開發 Property development
溫嶺祥生房地產開發有限公司 Taizhou Wenling Shinsun Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣56,000 RMB56,000	100% 100%	物業開發 Property development
浙江祥景旅遊產業發展有限公司 Zhejiang Xiangjing Tourism Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣56,500 RMB56,500	100% 100%	物業管理及文化旅遊 Property management and cultural tourism
蕪湖祥生房地產開發有限公司 Wuhu Shinsun Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	51% 51%	物業開發 Property development
衢州祥生弘景房地產開發有限公司 Quzhou Shinsun Hongjing Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	80% 80%	物業開發 Property development

二零二零年十二月三十一日 31 December 2020

1. 公司及集團資料 (續)

有關附屬公司資料 (續)

本公司主要附屬公司的詳情載列如下：
(續)

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows:
(continued)

附屬公司名稱	附註	註冊成立／成立地點及 日期以及營業地點 Place and date of incorporation/ establishment and place of operations	註冊／已發行股本 面值 (千元) Nominal value of registered/ issued share capital ('000)	本公司 應佔實際 股權百分比 Effective percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (continued)					
諸暨祥生祥鵬置業有限公司 Zhujia Shinsun Xiangpeng Real Estate Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	100% 100%	物業開發 Property development
杭州春園健康養老服務有限公司 Hangzhou Chunyuan Health Care Service Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣60,000 RMB60,000	55% 55%	投資控股 Investment holding
安吉祥生置業有限公司 Anji Shinsun Real Estate Co., Ltd.	(2, 8)	中國*／中國內地 PRC*/Mainland China	人民幣125,000 RMB125,000	100% 100%	物業開發 Property development
浙江台州祥生房地產開發有限公司 Zhejiang Taizhou Shinsun Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	100% 100%	物業開發 Property development
湖州祥生弘景房地產開發有限公司 Huzhou Shinsun Hongjing Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	100% 100%	物業開發 Property development

二零二零年十二月三十一日 31 December 2020

1. 公司及集團資料 (續)

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

有關附屬公司資料 (續)

Information about subsidiaries (continued)

本公司主要附屬公司的詳情載列如下：
(續)

Particulars of the Company's principal subsidiaries are as follows:
(continued)

附屬公司名稱	附註	註冊成立／成立地點及 日期以及營業地點 Place and date of incorporation/ establishment and place of operations	註冊／已發行股本 面值 (千元) Nominal value of registered/ issued share capital ('000)	本公司 應佔實際 股權百分比 Effective percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (continued)					
南通祥生弘景房地產開發有限公司 Nantong Shinsun Hongjing Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	100% 100%	物業開發 Property development
衢州祥生弘遠房地產開發有限公司 Quzhou Shinsun Hongyuan Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	80% 80%	物業開發 Property development
宣城祥生弘景房地產開發有限公司 Xuancheng Shinsun Hongjing Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	100% 100%	物業開發 Property development
鄞城市祥生房地產開發有限公司 Zoucheng Shinsun Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣30,000 RMB30,000	100% 100%	物業開發 Property development
鄞城市祥弘房地產開發有限公司 Zoucheng Xianghong Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣20,000 RMB20,000	100% 100%	物業開發 Property development

二零二零年十二月三十一日 31 December 2020

1. 公司及集團資料 (續)

有關附屬公司資料 (續)

本公司主要附屬公司的詳情載列如下：
(續)

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows:
(continued)

附屬公司名稱	附註	註冊成立／成立地點及 日期以及營業地點 Place and date of incorporation/ establishment and place of operations	註冊／已發行股本 面值 (千元) Nominal value of registered/ issued share capital ('000)	本公司 應佔實際 股權百分比 Effective percentage of equity interest attributable to the Company	主要業務 Principal activities
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間接持有：(續)

Indirectly held: (continued)

南通祥生弘遠房地產開發有限公司 Nantong Shinsun Hongyuan Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	100% 100%	物業開發 Property development
龍游祥生弘盛房地產開發有限公司 Longyou Shinsun Hongsheng Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	100% 100%	物業開發 Property development
杭州暨元企業管理有限公司 Hangzhou Jiyuan Management Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣1,000 RMB1,000	100% 100%	投資控股 Investment holding
諸暨市祥雲企業管理諮詢有限公司 Zhuzhi Xiangyun Management Consulting Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣30,000 RMB30,000	100% 100%	投資控股 Investment holding
諸暨市祥生企業管理諮詢有限公司 Zhuzhi Shinsun Management Consulting Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣70,000 RMB70,000	100% 100%	投資控股 Investment holding
諸暨市祥鵬企業管理有限公司 Zhuzhi Xiangpeng Management Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣5,000 RMB5,000	100% 100%	投資控股 Investment holding

二零二零年十二月三十一日 31 December 2020

1. 公司及集團資料 (續)

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

有關附屬公司資料 (續)

Information about subsidiaries (continued)

本公司主要附屬公司的詳情載列如下：
(續)

Particulars of the Company's principal subsidiaries are as follows:
(continued)

附屬公司名稱	附註	註冊成立／成立地點及 日期以及營業地點 Place and date of incorporation/ establishment and place of operations	註冊／已發行股本 面值 (千元) Nominal value of registered/ issued share capital ('000)	本公司 應佔實際 股權百分比 Effective percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (continued)					
諸暨市祥潤企業管理有限公司 Zhujijiang Management Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣5,000 RMB5,000	100% 100%	投資控股 Investment holding
溫州祥生地產集團有限公司 Wenzhou Shinsun Real Estate Group Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	100% 100%	物業開發 Property development
宿遷祥生連報房地產開發有限公司 Suqian Shinsun Lianbao Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	100% 100%	物業開發 Property development
廣德祥遠房地產開發有限公司 Guangde Xiangyuan Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣98,039 RMB98,039	51% 51%	物業開發 Property development
天台祥生房地產開發有限公司 Tiantai Shinsun Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	100% 100%	物業開發 Property development

二零二零年十二月三十一日 31 December 2020

1. 公司及集團資料 (續)

有關附屬公司資料 (續)

本公司主要附屬公司的詳情載列如下：
(續)

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows:
(continued)

附屬公司名稱	附註	註冊成立／成立地點及 日期以及營業地點 Place and date of incorporation/ establishment and place of operations	註冊／已發行股本 面值 (千元) Nominal value of registered/ issued share capital ('000)	本公司 應佔實際 股權百分比 Effective percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (continued)					
杭州奕翔企業管理諮詢有限公司 Hangzhou Yixiang Management Consulting Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣5,000 RMB5,000	100% 100%	投資控股 Investment holding
諸暨祥生祥泰置業有限公司 Zhujì Shinsun Xiangtai Real Estate Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣30,000 RMB30,000	100% 100%	物業開發 Property development
杭州元博企業管理有限公司 Hangzhou Yuanbo Management Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣17,500 RMB17,500	100% 100%	投資控股 Investment holding
杭州暨成企業管理有限公司 Hangzhou Jicheng Management Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣1,000 RMB1,000	100% 100%	投資控股 Investment holding
杭州暨東企業管理有限公司 Hangzhou Jidong Management Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣10,000 RMB10,000	100% 100%	投資控股 Investment holding
杭州暨聯企業管理有限公司 Hangzhou Jilian Management Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣1,000 RMB1,000	100% 100%	投資控股 Investment holding

二零二零年十二月三十一日 31 December 2020

1. 公司及集團資料 (續)

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

有關附屬公司資料 (續)

Information about subsidiaries (continued)

本公司主要附屬公司的詳情載列如下：
(續)

Particulars of the Company's principal subsidiaries are as follows:
(continued)

附屬公司名稱	附註	註冊成立／成立地點及 日期以及營業地點 Place and date of incorporation/ establishment and place of operations	註冊／已發行股本 面值 (千元) Nominal value of registered/ issued share capital ('000)	本公司 應佔實際 股權百分比 Effective percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (continued)					
慈溪祥生弘景房地產開發有限公司 Cixi Shinsun Hongjing Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	100% 100%	物業開發 Property development
紹興祥生弘盛房地產開發有限公司 Shaoxing Shinsun Hongsheng Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	100% 100%	物業開發 Property development
安吉三特田野牧歌旅遊開發有限公司 Anji Sante Tianye Muge Tourism Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	100% 100%	物業開發和文化旅遊 Property development and cultural tourism
台州市路橋祥生房地產開發有限公司 Taizhou Luqiao Shinsun Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	100% 100%	物業開發 Property development
宿州祥生房地產開發有限公司 Suzhou Shinsun Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	100% 100%	物業開發 Property development
紹興祥生弘瑞房地產開發有限公司 Shaoxing Shinsun Hongrui Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	80% 80%	物業開發 Property development

二零二零年十二月三十一日 31 December 2020

1. 公司及集團資料 (續)

有關附屬公司資料 (續)

本公司主要附屬公司的詳情載列如下：
(續)

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows:
(continued)

附屬公司名稱	附註	註冊成立／成立地點及 日期以及營業地點 Place and date of incorporation/ establishment and place of operations	註冊／已發行股本 面值 (千元) Nominal value of registered/ issued share capital ('000)	本公司 應佔實際 股權百分比 Effective percentage of equity interest attributable to the Company	主要業務 Principal activities
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間接持有：(續)

Indirectly held: (continued)

安吉祥生弘景房地產開發有限公司 Anji Shinsun Hongjing Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	100% 100%	物業開發 Property development
岳陽雄城置業有限公司 Yueyang Xiongcheng Real Estate Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣48,235 RMB48,235	100% 100%	物業開發 Property development
臨海祥生房地產開發有限公司 Linhai Shinsun Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	100% 100%	物業開發 Property development
常德祥生曙光房地產開發有限公司 Changde Shinsun Shuguang Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣30,000 RMB30,000	100% 100%	物業開發 Property development
宣城祥生弘盛房地產開發有限公司 Xuancheng Shinsun Hongsheng Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	100% 100%	物業開發 Property development

二零二零年十二月三十一日 31 December 2020

1. 公司及集團資料 (續)

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

有關附屬公司資料 (續)

Information about subsidiaries (continued)

本公司主要附屬公司的詳情載列如下：
(續)

Particulars of the Company's principal subsidiaries are as follows:
(continued)

附屬公司名稱	附註	註冊成立／成立地點及 日期以及營業地點 Place and date of incorporation/ establishment and place of operations	註冊／已發行股本 面值 (千元) Nominal value of registered/ issued share capital ('000)	本公司 應佔實際 股權百分比 Effective percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (continued)					
杭州暨山企業管理有限公司 Hangzhou Jishan Management Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣1,961 RMB1,961	100% 100%	投資控股 Investment holding
杭州吉景企業管理有限公司 Hangzhou Jijing Management Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣1,000 RMB1,000	100% 100%	投資控股 Investment holding
張家港祥生弘遠房地產開發有限公司 Zhangjiagang Shinsun Hongyuan Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣20,000 RMB20,000	100% 100%	物業開發 Property development
溫州多弗祥生置業有限公司 Wenzhou Duofu Shinsun Real Estate Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	100% 100%	物業開發 Property development
龍遊祥生弘瑞房地產開發有限公司 Longyou Shinsun Hongrui Real Estate Development Co., Ltd.	(5, 8)	中國*／中國內地 PRC*/Mainland China	人民幣828,000 RMB828,000	51% 51%	物業開發 Property development
桐鄉祥生房地產開發有限公司 Tongxiang Shinsun Real Estate Development Co., Ltd.	(5, 8)	中國*／中國內地 PRC*/Mainland China	人民幣1,240,000 RMB1,240,000	51% 51%	物業開發 Property development

二零二零年十二月三十一日 31 December 2020

1. 公司及集團資料 (續)

有關附屬公司資料 (續)

本公司主要附屬公司的詳情載列如下：
(續)

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows:
(continued)

附屬公司名稱	附註	註冊成立／成立地點及 日期以及營業地點 Place and date of incorporation/ establishment and place of operations	註冊／已發行股本 面值 (千元) Nominal value of registered/ issued share capital ('000)	本公司 應佔實際 股權百分比 Effective percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (continued)					
杭州祥生弘達房地產開發有限公司 Hangzhou Shinsun Hongda Real Estate Development Co., Ltd.	(5, 8)	中國*／中國內地 PRC*/Mainland China	人民幣2,200,000 RMB2,200,000	51% 51%	物業開發 Property development
定遠縣祥生弘景房地產開發有限公司 Dingyuan Shinsun Hongjing Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣20,000 RMB20,000	51% 51%	物業開發 Property development
包頭祥生房地產開發有限公司 Baotou Shinsun Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣30,000 RMB30,000	100% 100%	物業開發 Property development
杭州暨發企業管理有限公司 Hangzhou Jifa Management Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣1,000 RMB1,000	100% 100%	投資控股 Investment holding
杭州勢通企業管理有限公司 Hangzhou Shitong Management Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣1,000 RMB1,000	100% 100%	投資控股 Investment holding
杭州朗仕企業管理有限公司 Hangzhou Langshi Management Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣1,000 RMB1,000	100% 100%	投資控股 Investment holding

二零二零年十二月三十一日 31 December 2020

1. 公司及集團資料 (續)

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

有關附屬公司資料 (續)

Information about subsidiaries (continued)

本公司主要附屬公司的詳情載列如下：
(續)

Particulars of the Company's principal subsidiaries are as follows:
(continued)

附屬公司名稱	附註	註冊成立／成立地點及 日期以及營業地點 Place and date of incorporation/ establishment and place of operations	註冊／已發行股本 面值 (千元) Nominal value of registered/ issued share capital ('000)	本公司 應佔實際 股權百分比 Effective percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (continued)					
杭州宇坤企業管理有限公司 Hangzhou Yukun Management Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣35,000 RMB35,000	100% 100%	投資控股 Investment holding
江西中城祥生地產開發有限公司 Jiangxi Zhongcheng Shinsun Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	60% 60%	物業開發 Property development
杭州祥生弘程房地產開發有限公司 Hangzhou Shinsun Hongcheng Real Estate Development Co., Ltd.	(2, 8)	中國*／中國內地 PRC*/Mainland China	人民幣1,076,923 RMB1,076,923	100% 100%	物業開發 Property development
泰興市泰瑞置業有限公司 Taixing Tairui Real Estate Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣592,875 RMB592,875	100% 100%	物業開發 Property development
撫州祥生房地產開發有限公司 Fuzhou Shinsun Real Estate Development Co., Ltd.	(5, 8)	中國*／中國內地 PRC*/Mainland China	人民幣530,000 RMB530,000	51% 51%	物業開發 Property development

二零二零年十二月三十一日 31 December 2020

1. 公司及集團資料 (續)

有關附屬公司資料 (續)

本公司主要附屬公司的詳情載列如下：
(續)

附屬公司名稱	附註	註冊成立／成立地點及 日期以及營業地點 Place and date of incorporation/ establishment and place of operations	註冊／已發行股本 面值 (千元) Nominal value of registered/ issued share capital ('000)	本公司 應佔實際 股權百分比 Effective percentage of equity interest attributable to the Company	主要業務 Principal activities
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間接持有：(續)

Indirectly held: (continued)

揚州祥生弘景房地產開發有限公司 Yangzhou Shinsun Hongjing Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	100% 100%	物業開發 Property development
杭州奧朗企業管理有限公司 Hangzhou Aolang Management Co., Ltd.	(2, 8)	中國*／中國內地 PRC*/Mainland China	人民幣2,000 RMB2,000	100% 100%	投資控股 Investment holding
杭州朗亞企業管理有限公司 Hangzhou Langya Management Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣2,000 RMB2,000	100% 100%	投資控股 Investment holding
諸暨祥生祥韻置業有限公司 Zhujia Shinsun Xiangyun Real Estate Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,505 RMB50,505	100% 100%	物業開發 Property development
諸暨祥生祥坤置業有限公司 Zhujia Shinsun Xiangkun Real Estate Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	100% 100%	物業開發 Property development
杭州暨達企業管理有限公司 Hangzhou Jida Management Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣1,000 RMB1,000	100% 100%	投資控股 Investment holding

二零二零年十二月三十一日 31 December 2020

1. 公司及集團資料 (續)

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

有關附屬公司資料 (續)

Information about subsidiaries (continued)

本公司主要附屬公司的詳情載列如下：
(續)

Particulars of the Company's principal subsidiaries are as follows:
(continued)

附屬公司名稱	附註	註冊成立／成立地點及 日期以及營業地點 Place and date of incorporation/ establishment and place of operations	註冊／已發行股本 面值 (千元) Nominal value of registered/ issued share capital ('000)	本公司 應佔實際 股權百分比 Effective percentage of equity interest attributable to the Company	主要業務 Principal activities
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間接持有：(續)

Indirectly held: (continued)

諸暨祥生景輝置業有限公司 Zhujishi Shinsun Jinghui Real Estate Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	70% 70%	物業開發 Property development
諸暨祥生未來城置業有限公司 Zhujishi Shinsun Future City Real Estate Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	100% 100%	物業開發 Property development
東台市祥生弘景房地產開發有限公司 Dongtai Shinsun Hongjing Real Estate Development Co., Ltd.	(2, 8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	100% 100%	物業開發 Property development
天台祥生弘景房地產開發有限公司 Tiantai Shinsun Hongjing Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣153,061 RMB153,061	100% 100%	物業開發 Property development
天長市祥生房地產開發有限公司 Tianchang Shinsun Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	100% 100%	物業開發 Property development

二零二零年十二月三十一日 31 December 2020

1. 公司及集團資料 (續)

有關附屬公司資料 (續)

本公司主要附屬公司的詳情載列如下：
(續)

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows:
(continued)

附屬公司名稱	附註	註冊成立／成立地點及 日期以及營業地點 Place and date of incorporation/ establishment and place of operations	註冊／已發行股本 面值 (千元) Nominal value of registered/ issued share capital ('000)	本公司 應佔實際 股權百分比 Effective percentage of equity interest attributable to the Company	主要業務 Principal activities
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間接持有：(續)

Indirectly held: (continued)

蘇州祥生弘景房地產開發有限公司 Suzhou Shinsun Hongjing Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	100% 100%	物業開發 Property development
聊城市祥生房地產開發有限公司 Liaocheng Shinsun Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	100% 100%	物業開發 Property development
紹興祥生弘越房地產開發有限公司 Shaoxing Shinsun Hongyue Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	100% 100%	物業開發 Property development
濟南祥弘房地產開發有限公司 Jinan Xianghong Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	100% 100%	物業開發 Property development
廣德祥盛房地產開發有限公司 Guangde Xiangsheng Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	100% 100%	物業開發 Property development

二零二零年十二月三十一日 31 December 2020

1. 公司及集團資料 (續)

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

有關附屬公司資料 (續)

Information about subsidiaries (continued)

本公司主要附屬公司的詳情載列如下：
(續)

Particulars of the Company's principal subsidiaries are as follows:
(continued)

附屬公司名稱	附註	註冊成立／成立地點及 日期以及營業地點 Place and date of incorporation/ establishment and place of operations	註冊／已發行股本 面值 (千元) Nominal value of registered/ issued share capital ('000)	本公司 應佔實際 股權百分比 Effective percentage of equity interest attributable to the Company	主要業務 Principal activities
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間接持有：(續)

Indirectly held: (continued)

衢州祥生弘瑞房地產開發有限公司 Quzhou Shinsun Hongrui Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	100% 100%	物業開發 Property development
杭州伊磊企業管理有限公司 Hangzhou Yilei Management Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣1,000 RMB1,000	100% 100%	投資控股 Investment holding
杭州正全企業管理有限公司 Hangzhou Zhengquan Management Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣1,000 RMB1,000	100% 100%	投資控股 Investment holding
杭州正然企業管理有限公司 Hangzhou Zhengran Management Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣10,000 RMB10,000	100% 100%	投資控股 Investment holding
杭州祥生弘越房地產開發有限公司 Hangzhou Shinsun Hongyue Real Estate Development Co., Ltd.	(2, 8)	中國*／中國內地 PRC*/Mainland China	人民幣1,180,000 RMB1,180,000	100% 100%	物業開發 Property development

二零二零年十二月三十一日 31 December 2020

1. 公司及集團資料 (續)

有關附屬公司資料 (續)

本公司主要附屬公司的詳情載列如下：
(續)

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows:
(continued)

附屬公司名稱	附註	註冊成立／成立地點及 日期以及營業地點 Place and date of incorporation/ establishment and place of operations	註冊／已發行股本 面值 (千元) Nominal value of registered/ issued share capital ('000)	本公司 應佔實際 股權百分比 Effective percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (continued)					
天長市祥瑞房地產開發有限公司 Tianchang Xiangrui Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	51% 51%	物業開發 Property development
郎溪祥盛房地產開發有限公司 Langxi Xiangsheng Real Estate Development Co., Ltd.	(5, 8)	中國*／中國內地 PRC*/Mainland China	人民幣283,000 RMB283,000	51% 51%	物業開發 Property development
安吉祥生弘遠房地產開發有限公司 Anji Shinsun Hongyuan Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	100% 100%	物業開發 Property development
諸暨祥生弘坤置業有限公司 Zhujij Shinsun Hongkun Real Estate Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣20,000 RMB20,000	100% 100%	物業開發 Property development
麗水祥生房地產開發有限公司 Lishui Shinsun Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	100% 100%	物業開發 Property development
麗水祥生弘景房地產開發有限公司 Lishui Shinsun Hongjing Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	100% 100%	物業開發 Property development

二零二零年十二月三十一日 31 December 2020

1. 公司及集團資料 (續)

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

有關附屬公司資料 (續)

Information about subsidiaries (continued)

本公司主要附屬公司的詳情載列如下：
(續)

Particulars of the Company's principal subsidiaries are as follows:
(continued)

附屬公司名稱	附註	註冊成立／成立地點及 日期以及營業地點 Place and date of incorporation/ establishment and place of operations	註冊／已發行股本 面值 (千元) Nominal value of registered/ issued share capital ('000)	本公司 應佔實際 股權百分比 Effective percentage of equity interest attributable to the Company	主要業務 Principal activities
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間接持有：(續)

Indirectly held: (continued)

麗水祥生弘遠房地產開發有限公司 Lishui Shinsun Hongyuan Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	100% 100%	物業開發 Property development
呼和浩特祥生房地產開發有限公司 Huhehaote Shinsun Real Estate Development Co., Ltd.	(5, 8)	中國*／中國內地 PRC*/Mainland China	人民幣615,000 RMB615,000	51% 51%	物業開發 Property development
諸暨祥生弘達置業有限公司 Zhujiaji Shinsun Hongda Real Estate Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣20,000 RMB20,000	100% 100%	物業開發 Property development
舟山祥生弘盛房地產開發有限公司 Zhoushan Shinsun Hongsheng Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣58,824 RMB58,824	100% 100%	物業開發 Property development
南京祥生世紀房地產開發有限公司 Nanjing Shinsun Century Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣92,000 RMB92,000	100% 100%	物業開發 Property development

二零二零年十二月三十一日 31 December 2020

1. 公司及集團資料 (續)

有關附屬公司資料 (續)

本公司主要附屬公司的詳情載列如下：
(續)

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows:
(continued)

附屬公司名稱	附註	註冊成立／成立地點及 日期以及營業地點 Place and date of incorporation/ establishment and place of operations	註冊／已發行股本 面值 (千元) Nominal value of registered/ issued share capital ('000)	本公司 應佔實際 股權百分比 Effective percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (continued)					
上海立黎達企業管理有限公司 Shanghai Lilida Management Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣2,000 RMB2,000	100% 100%	投資控股 Investment holding
蕪湖祥駿房地產開發有限公司 Wuhu Xiangjun Real Estate Development Co., Ltd.	(2, 8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	100% 100%	物業開發 Property development
南京暨越企業管理有限公司 Nanjing Jiyue Management Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	100% 100%	投資控股 Investment holding
杭州暨杭企業管理有限公司 Hangzhou Jihang Management Co., Ltd.	(2, 8)	中國*／中國內地 PRC*/Mainland China	人民幣1,000 RMB1,000	100% 100%	投資控股 Investment holding
杭州暨濱企業管理有限公司 Hangzhou Jibin Management Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣30,000 RMB30,000	100% 100%	投資控股 Investment holding
杭州暨富企業管理有限公司 Hangzhou Jifu Management Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣1,000 RMB1,000	100% 100%	投資控股 Investment holding
杭州暨潤企業管理有限公司 Hangzhou Jirun Management Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣1,000 RMB1,000	100% 100%	投資控股 Investment holding

二零二零年十二月三十一日 31 December 2020

1. 公司及集團資料 (續)

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

有關附屬公司資料 (續)

Information about subsidiaries (continued)

本公司主要附屬公司的詳情載列如下：
(續)

Particulars of the Company's principal subsidiaries are as follows:
(continued)

附屬公司名稱	附註	註冊成立／成立地點及 日期以及營業地點 Place and date of incorporation/ establishment and place of operations	註冊／已發行股本 面值 (千元) Nominal value of registered/ issued share capital ('000)	本公司 應佔實際 股權百分比 Effective percentage of equity interest attributable to the Company	主要業務 Principal activities
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間接持有：(續)

Indirectly held: (continued)

浙江諸暨祥生旅遊文化發展有限公司 Zhejiang Zhujì Shinsun Tourism Cultural Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣112,500 RMB112,500	100% 100%	物業管理及文化旅遊 Property management and cultural tourism
浙江諸暨祥生智慧農業有限公司 Zhejiang Zhujì Shinsun Intelligence Agriculture Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣5,000 RMB5,000	100% 100%	投資控股 Investment holding
臨海祥生弘景房地產開發有限公司 Linhai Shinsun Hongjing Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣35,000 RMB35,000	73.01% 73.01%	物業開發 Property development
馬鞍山祥生房地產開發有限公司 Ma'anshan Shinsun Real Estate Development Co., Ltd.	(1, 8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	26.01% 26.01%	物業開發 Property development
杭州暨通企業管理有限公司 Hangzhou Jitong Management Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣10,000 RMB10,000	100% 100%	投資控股 Investment holding

二零二零年十二月三十一日 31 December 2020

1. 公司及集團資料 (續)

有關附屬公司資料 (續)

本公司主要附屬公司的詳情載列如下：
(續)

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows:
(continued)

附屬公司名稱	附註	註冊成立／成立地點及 日期以及營業地點 Place and date of incorporation/ establishment and place of operations	註冊／已發行股本 面值 (千元) Nominal value of registered/ issued share capital ('000)	本公司 應佔實際 股權百分比 Effective percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (continued)					
天台祥生商業管理有限公司 Tiantai Shinsun Commercial Management Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣1,000 RMB1,000	100% 100%	物業業務管理 Property business management
杭州勝安企業管理有限公司 Hangzhou Shengan Management Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣1,000 RMB1,000	100% 100%	投資控股 Investment holding
諸暨市萬裕房地產開發有限公司 Zhujishi Wanyu Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣35,000 RMB35,000	70% 70%	物業開發 Property development
杭州騫翔企業管理諮詢有限公司 Hangzhou Qianxiang Management Consulting Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣5,000 RMB5,000	100% 100%	投資控股 Investment holding
諸暨祥生弘潤置業有限公司 Zhujishi Shinsun Hongrun Real Estate Co., Ltd.	(2, 8)	中國*／中國內地 PRC*/Mainland China	人民幣422,000 RMB422,000	100% 100%	物業開發 Property development
德清祥生置業有限公司 Deqing Shinsun Real Estate Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣70,000 RMB70,000	60% 60%	物業開發 Property development
上海祥生聚朗企業管理有限公司 Shanghai Shinsun Julang Management Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣20,000 RMB20,000	100% 100%	投資控股 Investment holding

二零二零年十二月三十一日 31 December 2020

1. 公司及集團資料 (續)

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

有關附屬公司資料 (續)

Information about subsidiaries (continued)

本公司主要附屬公司的詳情載列如下：
(續)

Particulars of the Company's principal subsidiaries are as follows:
(continued)

附屬公司名稱	附註	註冊成立／成立地點及 日期以及營業地點 Place and date of incorporation/ establishment and place of operations	註冊／已發行股本 面值 (千元) Nominal value of registered/ issued share capital ('000)	本公司 應佔實際 股權百分比 Effective percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (continued)					
杭州暨涵企業管理有限公司 Hangzhou Jihan Enterprise Management Co., Ltd.	(2, 8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	100% 100%	投資控股 Investment holding
諸暨祥生宜瑞置業有限公司 Zhuzhi Shinsun Yirui Real Estate Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣20,000 RMB20,000	100% 100%	物業開發 Property development
衢州市柯城區九龍谷房地產開發有限公司 Quzhou Kecheng Jiulonggu Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣5,000 RMB5,000	100% 100%	物業開發 Property development
北京聯祥科技發展有限公司 Beijing Lianxiang Technology Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣10,000 RMB10,000	100% 100%	投資控股 Investment holding
杭州博盟企業管理諮詢有限公司 Hangzhou Bomeng Management Consulting Co., Ltd.	(2, 8)	中國*／中國內地 PRC*/Mainland China	人民幣5,000 RMB5,000	100% 100%	投資控股 Investment holding
杭州暨傑企業管理有限公司 Hangzhou Jijie Management Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣1,000 RMB1,000	100% 100%	投資控股 Investment holding

二零二零年十二月三十一日 31 December 2020

1. 公司及集團資料 (續)

有關附屬公司資料 (續)

本公司主要附屬公司的詳情載列如下：
(續)

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows:
(continued)

附屬公司名稱	附註	註冊成立／成立地點及 日期以及營業地點 Place and date of incorporation/ establishment and place of operations	註冊／已發行股本 面值 (千元) Nominal value of registered/ issued share capital ('000)	本公司 應佔實際 股權百分比 Effective percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (continued)					
杭州網軒企業管理諮詢有限公司 Hangzhou Wangxuan Management Consulting Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣1,000 RMB1,000	100% 100%	投資控股 Investment holding
杭州至煊企業管理諮詢有限公司 Hangzhou Zhixuan Management Consulting Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣1,000 RMB1,000	100% 100%	投資控股 Investment holding
杭州翰仕企業管理諮詢有限公司 Hangzhou Hanshi Management Consulting Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣1,000 RMB1,000	100% 100%	投資控股 Investment holding
廣德祥弘房地產開發有限公司 Guangde Xianghong Real Estate Development Co., Ltd.	(2, 8)	中國*／中國內地 PRC*/Mainland China	人民幣70,000 RMB70,000	100% 100%	物業開發 Property development
濟南祥越置業有限公司 Jinan Xiangyue Real Estate Co., Ltd.	(2, 8)	中國*／中國內地 PRC*/Mainland China	人民幣20,000 RMB20,000	51% 51%	物業開發 Property development

二零二零年十二月三十一日 31 December 2020

1. 公司及集團資料 (續)

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

有關附屬公司資料 (續)

Information about subsidiaries (continued)

本公司主要附屬公司的詳情載列如下：
(續)

Particulars of the Company's principal subsidiaries are as follows:
(continued)

附屬公司名稱	附註	註冊成立／成立地點及 日期以及營業地點 Place and date of incorporation/ establishment and place of operations	註冊／已發行股本 面值 (千元) Nominal value of registered/ issued share capital ('000)	本公司 應佔實際 股權百分比 Effective percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (continued)					
宣城祥生雲境房地產開發有限公司 Xuancheng Shinsun Yunjing Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	100% 100%	物業開發 Property development
諸暨祥生弘澤置業有限公司 Zhujia Shinsun Hongze Real Estate Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣30,000 RMB30,000	100% 100%	物業開發 Property development
杭州尚盛實業有限公司 Hangzhou Shangsheng Industrial Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣2,000 RMB2,000	100% 100%	批發及零售 Wholesale and retail
廣德祥越房地產開發有限公司 Guangde Xiangyue Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	100% 100%	物業開發 Property development
杭州祥生宜信房地產開發有限公司 Hangzhou Shinsun Yixin Real Estate Development Co., Ltd.	(5, 8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	80% 80%	物業開發 Property development
湖北凱祥房地產開發有限公司 Hubei Kaixiang Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣30,000 RMB30,000	80% 80%	物業開發 Property development

二零二零年十二月三十一日 31 December 2020

1. 公司及集團資料 (續)

有關附屬公司資料 (續)

本公司主要附屬公司的詳情載列如下：
(續)

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows:
(continued)

附屬公司名稱	附註	註冊成立／成立地點及 日期以及營業地點 Place and date of incorporation/ establishment and place of operations	註冊／已發行股本 面值 (千元) Nominal value of registered/ issued share capital ('000)	本公司 應佔實際 股權百分比 Effective percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (continued)					
杭州祥生弘遠房地產開發有限公司 Hangzhou Shinsun Hongyuan Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣30,000 RMB30,000	100% 100%	物業開發 Property development
杭州濱旺企業管理諮詢有限公司 Hangzhou Binwang Management Consulting Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣1,000 RMB1,000	100% 100%	投資控股 Investment holding
撫州祥生建設發展有限公司 Fuzhou Shinsun Construction Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	62.5% 62.5%	物業開發及文化旅遊 Property development and cultural tourism
仙居祥生房地產開發有限公司 Xianju Shinsun Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣20,000 RMB20,000	100% 100%	物業開發 Property development
紹興祥生弘豐房地產開發有限公司 Shaoxing Shinsun Hongfeng Real Estate Development Co., Ltd.	(5, 8)	中國*／中國內地 PRC*/Mainland China	人民幣1,600,000 RMB1,600,000	80% 80%	物業開發 Property development

二零二零年十二月三十一日 31 December 2020

1. 公司及集團資料 (續)

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

有關附屬公司資料 (續)

Information about subsidiaries (continued)

本公司主要附屬公司的詳情載列如下：
(續)

Particulars of the Company's principal subsidiaries are as follows:
(continued)

附屬公司名稱	附註	註冊成立／成立地點及 日期以及營業地點 Place and date of incorporation/ establishment and place of operations	註冊／已發行股本 面值 (千元) Nominal value of registered/ issued share capital ('000)	本公司 應佔實際 股權百分比 Effective percentage of equity interest attributable to the Company	主要業務 Principal activities
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間接持有：(續)

Indirectly held: (continued)

合肥市祥生置業有限公司 Hefei Shinsun Real Estate Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣20,000 RMB20,000	100% 100%	物業開發 Property development
杭州祥生弘騰房地產開發有限公司 Hangzhou Shinsun Hongteng Real Estate Development Co., Ltd.	(2, 8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	100% 100%	物業開發 Property development
寧波聯祥科技發展有限公司 Ningbo Lianxiang Technology Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣100,000 RMB100,000	100% 100%	投資控股 Investment holding
杭州濱宏企業管理有限公司 Hangzhou Binhong Management Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣1,000 RMB1,000	100% 100%	投資控股 Investment holding
鄞城市祥宜房地產開發有限公司 Zoucheng Xiangyi Real Estate Development Co., Ltd.	(2, 8)	中國*／中國內地 PRC*/Mainland China	人民幣887,000 RMB887,000	100% 100%	物業開發 Property development

二零二零年十二月三十一日 31 December 2020

1. 公司及集團資料 (續)

有關附屬公司資料 (續)

本公司主要附屬公司的詳情載列如下：
(續)

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows:
(continued)

附屬公司名稱	附註	註冊成立／成立地點及 日期以及營業地點 Place and date of incorporation/ establishment and place of operations	註冊／已發行股本 面值 (千元) Nominal value of registered/ issued share capital ('000)	本公司 應佔實際 股權百分比 Effective percentage of equity interest attributable to the Company	主要業務 Principal activities
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間接持有：(續)

Indirectly held: (continued)

溫州祥生廣和置業有限公司 Wenzhou Shinsun Guanghe Real Estate Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	51% 51%	物業開發 Property development
遂昌祥生房地產開發有限公司 Suichang Shinsun Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	100% 100%	物業開發 Property development
衡陽杉杉奧特萊斯置業有限公司 Hengyang Shanshan Outlets Real Estate Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣60,000 RMB60,000	100% 100%	物業開發 Property development
諸暨市東和旅遊管理有限公司 Zhuji Donghe Tourism Management Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣5,000 RMB5,000	60% 60%	物業開發及文化旅遊 Property development and cultural tourism
呼和浩特祥遠房地產開發有限公司 Huhehaote Xiangyuan Real Estate Development Co., Ltd.	(2, 8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	100% 100%	物業開發 Property development
呼和浩特祥信房地產開發有限公司 Huhehaote Xiangxin Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	100% 100%	物業開發 Property development

二零二零年十二月三十一日 31 December 2020

1. 公司及集團資料 (續)

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

有關附屬公司資料 (續)

Information about subsidiaries (continued)

本公司主要附屬公司的詳情載列如下：
(續)

Particulars of the Company's principal subsidiaries are as follows:
(continued)

附屬公司名稱	附註	註冊成立／成立地點及 日期以及營業地點 Place and date of incorporation/ establishment and place of operations	註冊／已發行股本 面值 (千元) Nominal value of registered/ issued share capital ('000)	本公司 應佔實際 股權百分比 Effective percentage of equity interest attributable to the Company	主要業務 Principal activities
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間接持有：(續)

Indirectly held: (continued)

呼和浩特祥安房地產開發有限公司 Hohhot Xiang'an Real Estate Development Co., Ltd.	(2, 8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	100% 100%	物業開發 Property development
呼和浩特祥博房地產開發有限公司 Huhehaote Xiangbo Real Estate Development Co., Ltd.	(2, 8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	100% 100%	物業開發 Property development
杭州恒朔企業管理有限公司 Hangzhou Hengshuo Management Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣1,000 RMB1,000	100% 100%	投資控股 Investment holding
杭州祥生弘圖房地產開發有限公司 Hangzhou Shinsun Hongtu Real Estate Development Co., Ltd.	(5, 8)	中國*／中國內地 PRC*/Mainland China	人民幣2,095,880 RMB2,095,880	80% 80%	物業開發 Property development
杭州祥生弘治房地產開發有限公司 Hangzhou Shinsun Hongzhi Real Estate Development Co., Ltd.	(5, 8)	中國*／中國內地 PRC*/Mainland China	人民幣1,200,000 RMB1,200,000	80% 80%	物業開發 Property development

二零二零年十二月三十一日 31 December 2020

1. 公司及集團資料 (續)

有關附屬公司資料 (續)

本公司主要附屬公司的詳情載列如下：
(續)

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows:
(continued)

附屬公司名稱	附註	註冊成立／成立地點及 日期以及營業地點 Place and date of incorporation/ establishment and place of operations	註冊／已發行股本 面值 (千元) Nominal value of registered/ issued share capital ('000)	本公司 應佔實際 股權百分比 Effective percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (continued)					
天長市祥昌房地產開發有限公司 Tianchang Xiangchang Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣20,000 RMB20,000	60% 60%	物業開發 Property development
浙江祥生弘創建築科技有限公司 Zhejiang Shinsun Hongchuang Construction Technology Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣100,000 RMB100,000	100% 100%	投資控股 Investment holding
杭州祥義公寓管理有限公司 Hangzhou Xiangyi Apartment Management Co., Ltd.	(2, 8)	中國*／中國內地 PRC*/Mainland China	人民幣20,000 RMB20,000	100% 100%	物業租賃 Property leasing
南通市祥琪房地產開發有限公司 Nantong Xiangqi Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	100% 100%	物業開發 Property development
寧波祥生弘輝房地產開發有限公司 Ningbo Shinsun Honghui Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣100,000 RMB100,000	100% 100%	物業開發 Property development

二零二零年十二月三十一日 31 December 2020

1. 公司及集團資料 (續)

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

有關附屬公司資料 (續)

Information about subsidiaries (continued)

本公司主要附屬公司的詳情載列如下：
(續)

Particulars of the Company's principal subsidiaries are as follows:
(continued)

附屬公司名稱	附註	註冊成立／成立地點及 日期以及營業地點 Place and date of incorporation/ establishment and place of operations	註冊／已發行股本 面值 (千元) Nominal value of registered/ issued share capital ('000)	本公司 應佔實際 股權百分比 Effective percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (continued)					
南昌祥合房地產開發有限公司 Nanchang Xianghe Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	100% 100%	物業開發 Property development
定遠祥駿房地產開發有限公司 Dingyuan Xiangjun Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣20,000 RMB20,000	100% 100%	物業開發 Property development
寧波祥生弘盛房地產開發有限公司 Ningbo Shinsun Hongsheng Real Estate Development Co., Ltd.	(4, 8)	中國*／中國內地 PRC*/Mainland China	人民幣100,000 RMB100,000	50% 50%	物業開發 Property development
杭州濱順企業管理諮詢有限公司 Hangzhou Binshun Management Consulting Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣1,000 RMB1,000	100% 100%	投資控股 Investment holding
溫州祥生廣甌置業有限公司 Wenzhou Shinsun Guangou Real Estate Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣200,000 RMB200,000	70% 70%	物業開發 Property development

二零二零年十二月三十一日 31 December 2020

1. 公司及集團資料 (續)

有關附屬公司資料 (續)

本公司主要附屬公司的詳情載列如下：
(續)

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows:
(continued)

附屬公司名稱	附註	註冊成立／成立地點及 日期以及營業地點 Place and date of incorporation/ establishment and place of operations	註冊／已發行股本 面值 (千元) Nominal value of registered/ issued share capital ('000)	本公司 應佔實際 股權百分比 Effective percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (continued)					
南昌濱洪企業管理有限公司 Nanchang Binhong Management Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣1,000 RMB1,000	100% 100%	投資控股 Investment holding
南昌濱泰企業管理有限公司 Nanchang Bintai Management Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣1,000 RMB1,000	100% 100%	投資控股 Investment holding
諸暨祥生弘韻置業有限公司 Zhujia Shinsun Hongyun Real Estate Co., Ltd.	(2, 8)	中國*／中國內地 PRC*/Mainland China	人民幣1,000 RMB1,000	100% 100%	物業開發 Property development
杭州祥生宜遠房地產開發有限公司 Hangzhou Shinsun Yiyuan Real Estate Development Co., Ltd.	(2, 5, 8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	80% 80%	物業開發 Property development
諸暨祥生弘輝置業有限公司 Zhujia Shinsun Honghui Real Estate Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣1,000 RMB1,000	100% 100%	物業開發 Property development
合肥祥皖置業有限公司 Hefei Xiangwan Real Estate Co., Ltd.	(2, 8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	100% 100%	物業開發 Property development

二零二零年十二月三十一日 31 December 2020

1. 公司及集團資料 (續)

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

有關附屬公司資料 (續)

Information about subsidiaries (continued)

本公司主要附屬公司的詳情載列如下：
(續)

Particulars of the Company's principal subsidiaries are as follows:
(continued)

附屬公司名稱	附註	註冊成立／成立地點及 日期以及營業地點 Place and date of incorporation/ establishment and place of operations	註冊／已發行股本 面值 (千元) Nominal value of registered/ issued share capital ('000)	本公司 應佔實際 股權百分比 Effective percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (continued)					
合肥祥展企業管理諮詢有限公司 Hefei Xiangzhan Management Consulting Co., Ltd.	(2, 8)	中國*／中國內地 PRC*/Mainland China	人民幣24,500 RMB24,500	100% 100%	投資控股 Investment holding
濟南祥生置業有限公司 Jinan Shinsun Real Estate Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣20,000 RMB20,000	60% 60%	物業開發 Property development
南昌祥合房地產開發有限公司 Nanchang Xianghe Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	100% 100%	物業開發 Property development
定遠祥駿房地產開發有限公司 Dingyuan Xiangjun Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣20,000 RMB20,000	100% 100%	物業開發 Property development
定遠暨恒企業管理有限公司 Dingyuan Jiheng Management Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣10,000 RMB10,000	100% 100%	投資控股 Investment holding

二零二零年十二月三十一日 31 December 2020

1. 公司及集團資料 (續)

有關附屬公司資料 (續)

本公司主要附屬公司的詳情載列如下：
(續)

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows:
(continued)

附屬公司名稱	附註	註冊成立／成立地點及 日期以及營業地點 Place and date of incorporation/ establishment and place of operations	註冊／已發行股本 面值 (千元) Nominal value of registered/ issued share capital ('000)	本公司 應佔實際 股權百分比 Effective percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (continued)					
杭州祥生弘勵房地產開發有限公司 Hangzhou Shinshun Hongli Real Estate Development Co., Ltd.	(2, 8)	中國*／中國內地 PRC*/Mainland China	人民幣872,100 RMB872,100	100% 100%	物業開發 Property development
上海祥瞻企業管理(集團)有限公司 Shanghai Xiangzhan Management (Group) Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣30,000 RMB30,000	100% 100%	投資控股 Investment holding
合肥祥紹企業管理諮詢有限公司 Hefei Xiangshao Management Consulting Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣100,000 RMB100,000	100% 100%	投資控股 Investment holding
合肥紹祥企業管理諮詢有限公司 Hefei Shaoxiang Management Consulting Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣100,000 RMB100,000	100% 100%	投資控股 Investment holding
宿遷祥越房地產開發有限公司 Suqian Xiangyue Real Estate Development Co., Ltd.	(2, 8)	中國*／中國內地 PRC*/Mainland China	人民幣300,000 RMB300,000	100% 100%	物業開發 Property development
杭州騰揚企業管理有限公司 Hangzhou Tengyang Management Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣400,000 RMB400,000	51% 51%	投資控股 Investment holding

二零二零年十二月三十一日 31 December 2020

1. 公司及集團資料 (續)

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

有關附屬公司資料 (續)

Information about subsidiaries (continued)

本公司主要附屬公司的詳情載列如下：
(續)

Particulars of the Company's principal subsidiaries are as follows:
(continued)

附屬公司名稱	附註	註冊成立／成立地點及 日期以及營業地點 Place and date of incorporation/ establishment and place of operations	註冊／已發行股本 面值 (千元) Nominal value of registered/ issued share capital ('000)	本公司 應佔實際 股權百分比 Effective percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (continued)					
杭州耀揚企業管理有限公司 Hangzhou Yaoyang Management Co., Ltd.	(2, 8)	中國*／中國內地 PRC*/Mainland China	人民幣100,000 RMB100,000	100% 100%	投資控股 Investment holding
杭州慶揚企業管理有限公司 Hangzhou Qingyang Management Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣200,000 RMB200,000	100% 100%	投資控股 Investment holding
杭州尚捷企業管理有限公司 Hangzhou Shangjie Management Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣5,000 RMB5,000	100% 100%	投資控股 Investment holding
杭州捷聯企業管理有限公司 Hangzhou Jielian Management Co., Ltd.	(2, 8)	中國*／中國內地 PRC*/Mainland China	人民幣5,000 RMB5,000	100% 100%	投資控股 Investment holding
合肥祥創置業有限公司 Hefei Xiangchuang Real Estate Co., Ltd.	(2, 8)	中國*／中國內地 PRC*/Mainland China	人民幣80,000 RMB80,000	100% 100%	物業開發 Property development

二零二零年十二月三十一日 31 December 2020

1. 公司及集團資料 (續)

有關附屬公司資料 (續)

本公司主要附屬公司的詳情載列如下：
(續)

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows:
(continued)

附屬公司名稱	附註	註冊成立／成立地點及 日期以及營業地點 Place and date of incorporation/ establishment and place of operations	註冊／已發行股本 面值 (千元) Nominal value of registered/ issued share capital ('000)	本公司 應佔實際 股權百分比 Effective percentage of equity interest attributable to the Company	主要業務 Principal activities
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間接持有：(續)

Indirectly held: (continued)

紹興祥生弘興房地產開發有限公司 Shaoxing Shinsun Hongxing Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣500,000 RMB500,000	100% 100%	物業開發 Property development
台州弘搏企業管理有限公司 Taizhou Hongbo Management Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣5,000 RMB5,000	100% 100%	投資控股 Investment holding
溫州祥輝企業管理有限公司 Wenzhou Xianghui Management Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣5,000 RMB5,000	100% 100%	投資控股 Investment holding
浙江台州翰興企業管理有限公司 Zhejiang Taizhou Hanxing Management Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣3,000 RMB3,000	100% 100%	投資控股 Investment holding
臨海祥弘房地產開發有限公司 Lin Hai Xianghong Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣30,000 RMB30,000	100% 100%	物業開發 Property development

二零二零年十二月三十一日 31 December 2020

1. 公司及集團資料 (續)

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

有關附屬公司資料 (續)

Information about subsidiaries (continued)

本公司主要附屬公司的詳情載列如下：
(續)

Particulars of the Company's principal subsidiaries are as follows:
(continued)

附屬公司名稱	附註	註冊成立／成立地點及 日期以及營業地點 Place and date of incorporation/ establishment and place of operations	註冊／已發行股本 面值 (千元) Nominal value of registered/ issued share capital ('000)	本公司 應佔實際 股權百分比 Effective percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (continued)					
宿遷暨寧企業管理諮詢有限公司 Suqian Jining Management Consulting Co., Ltd.	(2, 8)	中國*／中國內地 PRC*/Mainland China	人民幣260,000 RMB260,000	100% 100%	投資控股 Investment holding
宿遷暨祥企業管理諮詢有限公司 Suqian Jixiang Management Consulting Co., Ltd.	(2, 8)	中國*／中國內地 PRC*/Mainland China	人民幣260,000 RMB260,000	100% 100%	投資控股 Investment holding
杭州東笙企業管理有限公司 Hangzhou Dongsheng Management Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣1,000 RMB1,000	100% 100%	投資控股 Investment holding
舟山祥生弘潤房地產開發有限公司 Zhoushan Shinsun Hongrun Real Estate Development Co., Ltd.	(2, 8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	100% 100%	物業開發 Property development
南昌濱岳企業管理有限公司 Nanchang Binyue Management Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣5,000 RMB5,000	100% 100%	投資控股 Investment holding
諸暨祥生弘宜置業有限公司 Zhuji Shinsun Hongyi Real Estate Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	51% 51%	物業開發 Property development

二零二零年十二月三十一日 31 December 2020

1. 公司及集團資料 (續)

有關附屬公司資料 (續)

本公司主要附屬公司的詳情載列如下：
(續)

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows:
(continued)

附屬公司名稱	附註	註冊成立／成立地點及 日期以及營業地點 Place and date of incorporation/ establishment and place of operations	註冊／已發行股本 面值 (千元) Nominal value of registered/ issued share capital ('000)	本公司 應佔實際 股權百分比 Effective percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (continued)					
南通市祥瑞房地產開發有限公司 Nantongshi Xiangrui Real Estate Development Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣50,000 RMB50,000	100% 100%	物業開發 Property development
杭州朗潤企業管理諮詢有限公司 Hangzhou Langrun Management Consulting Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣1,000 RMB1,000	100% 100%	投資控股 Investment holding
杭州朗宇企業管理諮詢有限公司 Hangzhou Langyu Management Consulting Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣1,000 RMB1,000	100% 100%	投資控股 Investment holding
杭州宏奧企業管理諮詢有限公司 Hangzhou Hongao Management Consulting Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣1,000 RMB1,000	100% 100%	投資控股 Investment holding

二零二零年十二月三十一日 31 December 2020

1. 公司及集團資料 (續)

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

有關附屬公司資料 (續)

Information about subsidiaries (continued)

本公司主要附屬公司的詳情載列如下：
(續)

Particulars of the Company's principal subsidiaries are as follows:
(continued)

附屬公司名稱	附註	註冊成立／成立地點及 日期以及營業地點 Place and date of incorporation/ establishment and place of operations	註冊／已發行股本 面值 (千元) Nominal value of registered/ issued share capital ('000)	本公司 應佔實際 股權百分比 Effective percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (continued)					
杭州喜揚企業管理有限公司 Hangzhou Xiyang Management Co., Ltd.	(3, 8)	中國*／中國內地 PRC*/Mainland China	人民幣100,000 RMB100,000	51% 51%	投資控股 Investment holding
海南海菱投資有限公司 Hainan Hailing Investment Co., Ltd.	(6)	中國*／中國內地 PRC*/Mainland China	美元500,000 USD500,000	100% 100%	投資控股 Investment holding
海南辰晟投資有限公司 Hainan Chensheng Investment Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣3,275,600 RMB3,275,600	100% 100%	投資控股 Investment holding
合肥祥滿企業管理諮詢有限公司 Hefei Xiangman Management Consulting Co., Ltd.	(2, 8)	中國*／中國內地 PRC*/Mainland China	人民幣39,200 RMB39,200	100% 100%	投資控股 Investment holding
溫州祥景企業管理有限公司 Wenzhou Xiangjing Management Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣5,000 RMB5,000	100% 100%	投資控股 Investment holding
溫州祥泰企業管理有限公司 Wenzhou Xiangtai Management Co., Ltd.	(8)	中國*／中國內地 PRC*/Mainland China	人民幣5,000 RMB5,000	100% 100%	投資控股 Investment holding

二零二零年十二月三十一日 31 December 2020

1. 公司及集團資料 (續)

有關附屬公司資料 (續)

本公司主要附屬公司的詳情載列如下：
(續)

附註：

* 中華人民共和國(「中國」)。

- (1) 該實體為本公司非全資附屬公司的附屬公司，因此，該實體因本公司對其擁有控制權入賬列為附屬公司。
- (2) 本集團合法持有的該等實體的股權少於與第三方融資機構進行的信託融資安排所佔的實益權益。本集團於本報告日期將該等附屬公司的部分股權合法轉讓予信託融資機構作為抵押品。根據有關信託融資安排，本集團有義務於償還信託融資實體的借款後於未來某一日期按固定金額購買股權。

同時，本集團保留其在日常業務過程中運營及管理該等實體的權力。就此而言，考慮到該等安排的實質是為項目開發借款提供該等實體的部分股權作為抵押物及本集團保留實際能力管理該等項目實體的財務及經營政策以自該等項目實體的經營活動獲取利益，本公司董事認為該等實體的財務狀況及經營業績應併入本集團財務報表，不論從法律角度而言是否為股權轉讓。

- (3) 根據組織章程細則，本集團獲授其他股權持有人的21.2%投票權，因此持有72.2%的投票權，杭州喜揚入賬列為本集團的附屬公司。
- (4) 根據組織章程細則，本集團獲授其他股權持有人的1%投票權，因此持有51%的投票權，寧波祥生弘盛入賬列為本集團的附屬公司。
- (5) 於本年度內，本集團由該等附屬公司的非控股股東注資及出售部分其於該等實體的股權，而未失去控制權。
- (6) 該附屬公司為在中國成立及營運的的外商獨資企業。
- (7) 該附屬公司為在中國成立及營運的中外合資經營企業。
- (8) 該附屬公司為在中國成立及營運的內資企業。

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows:
(continued)

Notes:

* The People's Republic of China ("PRC")

- (1) This entity is a subsidiary of a non-wholly-owned subsidiary of the Company and, accordingly, is accounted for as a subsidiary by virtue of the Company's control over it.
- (2) The equity interests in these entities legally held by the Group are less than the beneficiary interests which are attributable to the trust financing arrangements with the third party financing institutes. The Group legally transferred partial equity interests of these subsidiaries as collateral as at the date of this report to the trust financing institutes. Under such trust financing arrangements, the Group was obliged to purchase the equity interests at a fixed amount on a future date upon repayment of the borrowings from the trust financing entities.

Meanwhile, the Group retains the power to operate and manage these entities in the ordinary course of business. In this regard, considering the facts that the substance of the arrangements is to collateralise some equity interests in these entities for the borrowings for project development and the Group retains the practical ability to govern the financial and operating policies of these project entities so as to obtain benefits from the operating activities of these project entities, the directors of the Company are of the view that the financial position and operating results of these entities should be combined into the Group's financial statements, irrespective of the equity transfers from the legal perspective.

- (3) Pursuant to the articles of association, the Group has been delegated 21.2% of the voting rights from the other equity holder, and thus, by holding 72.2% voting rights, Hangzhou Xiyang is accounted for as a subsidiary of the Group.
- (4) Pursuant to the articles of association, the Group has been delegated 1% of the voting rights from the other equity holder, and thus, by holding 51% voting rights, Ningbo Shinsun Hongsheng is accounted for as a subsidiary of the Group.
- (5) During the year, the Group had capital contribution by the non-controlling shareholders of these subsidiaries and partially disposed of its equity interests in these entities without losing control.
- (6) The subsidiary is a wholly-foreign-owned enterprise established and operating in the PRC.
- (7) The subsidiary is a sino-foreign equity joint venture established and operating in the PRC.
- (8) The subsidiary is a domestic enterprise established and operating in the PRC.

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1. 公司及集團資料 (續)

有關附屬公司的資料 (續)

董事認為，上表所列之本公司附屬公司為影響本年度業績或組成本集團資產總額之主要部分。董事認為提供其他附屬公司之詳情將令篇幅過於冗長。

由於未註冊或並無英文名稱，本附註上文所述於中國註冊的該等公司之英文名稱乃管理層盡力翻譯該等公司中文名稱之結果。

2.1 呈列基準

該等財務報表乃根據國際會計準則理事會(「國際會計準則理事會」)批准的國際財務報告準則(「國際財務報告準則」)(包括所有準則及詮釋、國際會計準則(「國際會計準則」)及常務詮釋委員會的詮釋)及香港公司條例的披露規定編製。除投資物業及按公平值計入損益之金融資產按公平值計量外，該等財務報表乃按歷史成本價例編製。該等財務報表以人民幣(「人民幣」)呈列，除另有註明外，所有價值均四捨五入至最接近的千位。

綜合基準

綜合財務報表包括本公司及其附屬公司(統稱「本集團」)截至二零二零年十二月三十一日止年度的財務報表。附屬公司是指由本公司直接或間接控制的實體(包括結構化實體)。當本集團因參與被投資方面面或擁有可變回報的權利，並有能力通過其對投資對象的權力(即賦予本集團當前指示投資對象相關活動的現有權利)影響該等回報時，即取得控制。

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (continued)

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

The English names of the companies registered in the PRC referred to above in this note represent management's best efforts in translating the Chinese names of those companies as no English names have been registered or are available.

2.1 BASIS OF PRESENTATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all standards and interpretations, International Accounting Standards ("IASs") and Standing Interpretations Committee interpretations) approved by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2020. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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2.1 呈列基準 (續)

綜合基準 (續)

倘本公司直接或間接擁有投資對象半數以下的投票權或類似權利，則本集團於評估其是否可對投資對象行使權力時會考慮一切相關事實及情況，包括：

- (a) 與投資對象其他投票持有人訂立的合同安排；
- (b) 其他合同安排產生的權利；及
- (c) 本集團的投票權及潛在投票權。

附屬公司的財務報表與本公司採用一致的會計政策，於同一報告期間編製。附屬公司的業績自本集團取得控制權之日起綜合入賬，並持續綜合入賬，直至該等控制權終止之日為止。

溢利或虧損及其他全面收益的各個組成部分均歸屬於本集團母公司的擁有人及非控股權益，即使此舉導致非控股權益出現虧絀結餘。與本集團成員公司之間交易有關的所有集團內資產及負債、權益、收入、開支及現金流量均於綜合賬目時全數對銷。

如事實及情況表明上述三個控制要素中的一個或多個發生變化，本集團將重新評估其是否控制投資對象。附屬公司擁有權益的變動，在不失去控制權的情況下，作為一項股本交易入賬。

倘本集團失去對附屬公司的控制權，則會取消確認(i)附屬公司的資產(包括商譽)及負債，(ii)任何非控股權益的賬面值及(iii)於權益中記錄的累計匯兌差額；並確認(i)所收代價的公平值，(ii)任何保留投資的公平值及(iii)損益中任何由此產生的盈餘或虧損。本集團應佔先前在其他全面收益中確認的組成部分，乃按與本集團直接出售相關資產或負債所需的相同基準重新分類至損益或保留溢利(如適用)。

2.1 BASIS OF PRESENTATION (CONTINUED)

Basis of consolidation (continued)

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. 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.

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

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

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2.2 會計政策變動及披露

本集團已就比較年度的財務報表提前採用國際財務報告準則第9號、國際會計準則第39號及國際財務報告準則第7號(修訂本)利率基準改革、國際財務報告準則第3號(修訂本)業務之定義以及國際會計準則第1號及國際會計準則第8號(修訂本)重大之定義。

本集團已就本年度財務報表首次採用二零一八年財務報告概念框架及以下經修訂國際財務報告準則。

國際財務報告準則 Covid-19相關租金
第16號(修訂本) 優惠(提前採納)

二零一八年財務報告概念框架及經修訂國際財務報告準則之性質及影響載述如下：

- (a) 二零一八年財務報告概念框架(「概念框架」)為財務報告及準則制定提供了一套全面的概念，並為財務報表編製者制定一致的會計政策提供指引，並協助各方了解及解釋準則。概念框架包括關於衡量及報告財務業績的新章節，關於資產及負債終止確認的新指引，以及資產及負債的最新定義與確認標準。其亦澄清財務報告中管理、審慎及計量不確定性的作用。概念框架並非準則，其中所包含的任何概念均不凌駕於任何準則的概念或要求。概念框架並無對本集團的財務狀況及表現造成任何重大影響。

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has early adopted the amendments to IFRS 9, IAS 39 and IFRS 7 *Interest Rate Benchmark Reform*, amendments to IFRS 3 *Definition of a Business* and amendments to IAS 1 and IAS 8 *Definition of Material* for the comparative year's financial statements.

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised IFRS for the first time for the current year's financial statements.

Amendment to Covid-19-Related Rent Concessions
IFRS 16 (early adopted)

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised IFRS are described below:

- (a) *Conceptual Framework for Financial Reporting 2018* (the "Conceptual Framework") sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

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2.2 會計政策變動及披露 (續)

(b) 國際財務報告準則第16號(修訂本)為承租人提供一個可行的權宜之計，使其可選擇不對作為covid-19疫情直接後果的租金優惠運用租賃修改會計處理。該可行權宜措施僅適用於因covid-19疫情而直接產生的租金優惠，且僅在以下情況下適用：(i)租賃付款的變動導致經修訂的租賃代價與緊接變動前的租賃代價大致相同或更少；(ii)租賃付款的任何減少僅影響於二零二一年六月三十日或之前原應支付的款項；及(iii)租賃的其他條款及條件並無實質變動。該修訂本於二零二零年六月一日或之後開始的年度期間生效，允許提前運用並應追溯運用。

截至二零二零年十二月三十一日止年度，本集團辦公樓租賃的若干每月租賃付款已因疫情而由出租人減少或豁免，而租賃條款並無其他變化。本集團已於二零二零年一月一日提前採用修訂本，並選擇於截至二零二零年十二月三十一日止年度，不對出租人因covid-19疫情而給予的所有租金優惠採用租賃修訂會計處理。透過取消確認部分租賃負債並計入截至二零二零年十二月三十一日止年度的損益，將租金優惠作為可變租賃付款入賬所產生的租賃付款減少並不重大。

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

(b) Amendment to IFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the covid-19 pandemic and only if (i) 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; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively.

During the year ended 31 December 2020, certain monthly lease payments for the leases of the Group's office buildings have been reduced or waived by the lessors as a result of the pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment on 1 January 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the covid-19 pandemic during the year ended 31 December 2020. The reduction in the lease payments arising from the rent concessions accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the year ended 31 December 2020 was insignificant.

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2.3 已頒佈但尚未生效之國際財務報告準則

本集團尚未於該等財務報表中採用以下已頒佈但尚未生效的新訂及經修訂國際財務報告準則。

國際財務報告準則第3號(修訂本)
Amendments to IFRS 3
國際財務報告準則第9號、國際會計準則第39號、
國際財務報告準則第7號、國際財務報告準則第4號及
國際財務報告準則第16號(修訂本)
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
國際財務報告準則第10號及國際會計準則第28號(修訂本)
Amendments to IFRS 10 and IAS 28

國際財務報告準則第17號
IFRS 17
國際財務報告準則第17號(修訂本)
Amendments to IFRS 17
國際會計準則第1號(修訂本)
Amendments to IAS 1
國際會計準則第1號(修訂本)
Amendments to IAS 1
國際會計準則第8號(修訂本)
Amendments to IAS 8
國際會計準則第16號(修訂本)
Amendments to IAS 16

國際會計準則第37號(修訂本)
Amendments to IAS 37
二零一八年至二零二零年國際財務報告準則之年度改進

Annual Improvements to IFRS Standards 2018-2020

- 1 於二零二一年一月一日或之後開始之年度期間生效
- 2 於二零二二年一月一日或之後開始之年度期間生效
- 3 於二零二三年一月一日或之後開始之年度期間生效
- 4 尚未釐定強制生效日期，惟可供採納
- 5 因應於二零二零年六月頒佈的國際財務報告準則第17號之修訂本，國際財務報告準則第4號已作出修訂，以擴大暫時豁免，允許保險公司於二零二三年一月一日之前開始的年度期間應用國際會計準則第39號而非國際財務報告準則第9號

預期將適用於本集團之該等國際財務報告準則之進一步資料於下文載述。

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

概念框架之提述²
*Reference to the Conceptual Framework*²
利率基準改革 – 第2階段¹
*Interest Rate Benchmark Reform – Phase 2*¹
投資者與其聯營公司或合營企業間資產出售或注資⁴
*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*⁴
保險合約³
*Insurance Contracts*³
保險合約^{3, 5}
Insurance Contracts^{3, 5}
負債分類為流動或非流動³
*Classification of Liabilities as Current or Non-current*³
會計政策之披露³
*Disclosure of Accounting Policies*³
會計估計之定義³
*Definition of Accounting Estimates*³
物業、廠房及設備：擬定用途前的所得款項²
*Property, Plant and Equipment: Proceeds before Intended Use*²
虧損性合約 – 履約成本²
*Onerous Contracts – Cost of Fulfilling a Contract*²
對國際財務報告準則第1號、國際財務報告準則第9號(修訂本)、國際財務報告準則第16號及國際會計準則第41號隨附的範例²
Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41²

- 1 Effective for annual periods beginning on or after 1 January 2021
- 2 Effective for annual periods beginning on or after 1 January 2022
- 3 Effective for annual periods beginning on or after 1 January 2023
- 4 No mandatory effective date yet determined but available for adoption
- 5 As a consequence of the amendments to IFRS 17 issued in June 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023

Further information about those IFRSs that are expected to be applicable to the Group is described below.

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2.3 已頒佈但尚未生效之國際財務報告準則 (續)

國際財務報告準則第3號(修訂本)旨在以二零一八年三月發佈的財務報告概念框架的提述取代編製及呈列財務報表的框架的先前提述，而毋須大幅改變其要求。該等修訂本亦為國際財務報告準則第3號增加確認原則的例外，實體可參考概念框架釐定資產或負債的構成要素。該例外情況規定，對於單獨而非於業務合併中承擔且屬於國際會計準則第37號或國際財務報告詮釋委員會－第21號的負債及或然負債，採用國際財務報告準則第3號的實體應分別提述國際會計準則第37號或國際財務報告詮釋委員會－第21號，而非概念框架。此外，該等修訂本澄清或然資產於收購日期不符合確認資格。本集團預期自二零二二年一月一日起前瞻採用有關修訂本。由於該等修訂本可能對收購日期為首次採納日期或之後的業務合併前瞻性採納，本集團於過渡日期將不會受到該等修訂本的影響。

國際財務報告準則第9號、國際會計準則第39號、國際財務報告準則第7號、國際財務報告準則第4號及國際財務報告準則第16號(修訂本)於當現有利率基準以其他無風險利率(「無風險利率」)替代時會影響財務報告時解決先前修訂本中未涉及的問題。第2階段修訂本提供實際權宜方法，於入賬釐定金融資產及負債合約現金流的基準變動時，倘變動因利率基準改革直接引致，且釐定合約現金流量的新基準經濟上相當於緊接變動前的先前基準，在不調整賬面值的情況下更新實際利率。此外，該等修訂本允許利率基準改革要求就對沖名稱及對沖文件作出的變動，而不中斷對沖關係。過渡期間可能產生的任何損益均透過國際財務報告準則第9號的正常要求進行處理，以衡量及確認對沖無效性。當無風險利率被指定為風險組成部分時，該等修訂本亦暫時寬免實體須符合可單獨識別的規定。

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSS (CONTINUED)

Amendments to IFRS 3 are intended to replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group expects to adopt the amendments prospectively from 1 January 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The Phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component.

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2.3 已頒佈但尚未生效之國際財務報告準則 (續)

寬免允許實體於指定對沖時假設符合可單獨識別的規定，前提是實體合理預期無風險利率風險成分於未來24個月內將可單獨識別。此外，該等修訂本亦要求實體披露其他資料，以使財務報表的使用者能夠了解利率基準改革對實體金融工具及風險管理策略的影響。該等修訂本自二零二一年一月一日或之後開始的年度期間生效，並應追溯應用，惟實體毋須重列比較資料。

本集團於二零二零年十二月三十一日持有根據中國人民銀行所報匯率以人民幣及外幣計值的若干計息銀行及其他借款。倘該等借款的利率於未來期間由無風險利率代替，本集團將於滿足「經濟上相當」標準修改有關借款時採用此實際權宜方法，並預計不會因採用該等變動修訂而產生重大修改損益。

國際財務報告準則第10號及國際會計準則第28號(修訂本)解決國際財務報告準則第10號及國際會計準則第28號之間有關處理投資者與其聯營公司或合營企業之間資產出售或注資兩者規定之不一致情況。該等修訂規定，當投資者與其聯營公司或合營企業之間的資產出售或注資構成一項業務時，須確認全數收益或虧損。當交易涉及不構成一項業務之資產時，由該交易產生之收益或虧損於該投資者之損益內確認，惟僅以不相關投資者於該聯營公司或合營企業之權益為限。該等修訂已前瞻性應用。國際會計準則理事會已於二零一五年十二月剔除國際財務報告準則第10號及國際會計準則第28號(修訂本)的以往強制生效日期，而新的強制生效日期將於對聯營公司及合營企業的會計處理完成更廣泛的檢討後釐定。然而，該等修訂現時可供採納。

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSS (CONTINUED)

The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments are effective for annual periods beginning on or after 1 January 2021 and shall be applied retrospectively, but entities are not required to restate the comparative information.

The Group had certain interest-bearing bank and other borrowings denominated in RMB and foreign currencies based on the exchange rates quoted by the People's Bank of China as at 31 December 2020. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings when the "economically equivalent" criterion is met and expects that no significant modification gain or loss will arise as a result of applying the amendments to these changes.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB in December 2015 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

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2.3 已頒佈但尚未生效之國際財務報告準則 (續)

國際會計準則第1號(修訂本)澄清劃分負債為流動或非流動的規定。該等修訂本載明，倘實體推遲清償負債的權利受限於該實體須符合特定條件，則倘該實體符合當日的條件，其有權於報告期末推遲清償負債。負債的分類不受實體行使其權利延遲清償負債的可能性的影響。該等修訂本亦澄清被認為清償負債的情況。該等修訂本自二零二三年一月一日或之後開始的年度期間生效，並將追溯應用。允許提早採納。預期該等修訂本不會對本集團的財務報表產生任何重大影響。

國際會計準則第16號(修訂本)禁止實體從物業、廠房及設備成本中扣除資產運送至管理層擬定的地點及達致可使用的狀態過程中產生的全部出售所得。相反，實體須將出售任何有關項目的所得款項及成本計入損益。該等修訂自二零二二年一月一日或之後開始的年度期間生效，並僅對實體首次應用有關修訂的財務報表呈列的最早期間開始時或之後可供使用的物業、廠房及設備項目追溯應用。允許提早採納。預期該等修訂不會對本集團的財務報表產生任何重大影響。

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSS (CONTINUED)

Amendments to IAS 1 clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

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2.3 已頒佈但尚未生效之國際財務報告準則 (續)

國際會計準則第37號(修訂本)澄清，就根據國際會計準則第37號評估合約是否屬虧損性而言，履行合約的成本包括與合約直接相關的成本。與合約直接相關的成本包括履行該合約的增量成本(例如直接勞工及材料)及與履行合約直接相關的其他成本分配(例如分配履行合約所用物業、廠房及設備項目的折舊開支以及合約管理與監督成本)。一般及行政費用與合約並無直接關係，除非合約明確向合約對手方收費，否則將其排除在外。該等修訂自二零二二年一月一日或之後開始的年度期間生效，並適用於實體首次應用有關修訂的年度報告期間開始時實體尚未履行其全部責任的合約。允許提早採納。初步應用修訂本的任何累積影響應於初始應用日期確認為期初權益的調整，且毋須重列比較資料。預期該等修訂本不會對本集團的財務報表產生任何重大影響。

二零一八年至二零二零年國際財務報告準則之年度改進載列國際財務報告準則第1號、國際財務報告準則第9號、國際財務報告準則第16號隨附的範例及國際會計準則第41號(修訂本)。預計適用於本集團的該等修訂詳情如下：

- 國際財務報告準則第9號金融工具：澄清於實體評估是否新訂或經修改金融負債的條款與原金融負債的條款存在實質差異時所包含的費用。該等費用僅包括借款人與貸款人之間已支付或收取的費用，包括借款人或貸款人代表其他方支付或收取的費用。實體將有關修訂應用於實體首次應用有關修訂的年度報告期間開始或之後修改或交換的金融負債。該等修訂自二零二二年一月一日或之後開始的年度期間生效。允許提早採納。預期該等修訂不會對本集團的財務報表產生任何重大影響。
- 國際財務報告準則第16號租賃：刪除國際財務報告準則第16號隨附的範例13中有關租賃物業裝修的出租人付款說明。此舉消除於採用國際財務報告準則第16號有關租賃激勵措施處理方面的潛在困惑。

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSS (CONTINUED)

Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. Earlier application is permitted. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening equity at the date of initial application without restating the comparative information. The amendments are not expected to have any significant impact on the Group's financial statements.

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

- IFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted. The amendment is not expected to have a significant impact on the Group's financial statements.
- IFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

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2.4 重大會計政策概要

於聯營公司及合營企業的投資

聯營公司為本集團於其一般不少於20%股本投票權中擁有長期權益的實體，且可對其發揮重大影響力。重大影響力指參與投資對象的財務和經營決策的權力，但不是控制或共同控制該等政策的權力。

合營企業指一種合營安排，對安排擁有共同控制權的訂約方據此對合營企業的資產淨值擁有權利。共同控制指按照合約協定對一項安排所共有的控制，共同控制僅在有關於活動要求享有控制權的訂約方作出一致同意的決定時存在。

本集團於聯營公司及合營企業的投資乃按本集團根據權益會計法應佔資產淨值減任何減值虧損於綜合財務狀況表列賬。倘出現任何不相符的會計政策，即會作出調整加以修正。本集團應佔聯營公司及合營企業收購後業績及其他全面收益分別計入綜合損益及綜合其他全面收益表。此外，倘分別於聯營公司或合營企業的權益直接確認變動，則本集團會於綜合權益變動表確認其應佔任何變動（倘適用）。本集團與其聯營公司或合營企業間交易的未變現收益及虧損將以本集團於聯營公司及合營企業的投資為限對銷，惟倘未變現虧損證明所轉讓資產減值則除外。收購聯營公司或合營企業所產生之商譽計入本集團於聯營公司或合營企業之投資。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates and joint ventures

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

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

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, respectively, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associate or joint ventures is included as part of the Group's investments in associate or joint ventures.

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2.4 重大會計政策概要 (續)**於聯營公司及合營企業的投資 (續)**

倘於聯營公司的投資變成於合營企業的投資或出現相反情況，則不會重新計量保留權益。反之，該投資繼續根據權益法入賬。在所有其他情況下，失去對聯營公司的重大影響力或對合營企業的共同控制權後，本集團按其公平值計量及確認任何保留投資。聯營公司或合營企業於失去重大影響力或共同控制權時的賬面值與保留投資及出售所得款項的公平值之間的任何差額乃於損益賬內確認。

當聯營公司或合營企業的投資歸類為持作出售時，則按國際財務報告準則第5號持作出售非流動資產及已終止經營業務入賬。

業務合併及商譽

共同控制合併以外的業務合併乃以收購法入賬。轉讓的代價乃以收購日期的公平值計算，該公平值為本集團轉讓的資產於收購日期的公平值、本集團自被收購方的前任擁有人承擔的負債，及本集團發行以換取被收購方控制權的股本權益的總和。於每個業務合併中，本集團選擇是否以公平值或被收購方可識別資產淨值的應佔比例，計量於被收購方屬現時擁有人權益並賦予擁有人權利於清盤時按比例分佔資產淨值的非控股權益。非控股權益的所有其他部分乃按公平值計量。收購相關成本於產生時列為開支。

當所收購的一組活動及資產包括一項資源投入及一項實質過程，而兩者對創造產出的能力有重大貢獻，本集團認為其已收購一項業務。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Investments in associates and joint ventures (continued)**

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Business combinations and goodwill

Business combinations other than those under common control are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed 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. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

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2.4 重大會計政策概要 (續)**業務合併及商譽 (續)**

當本集團收購一項業務時，其會根據合約條款及於收購日期的經濟環境及相關條件，評估將承擔的金融資產及負債，以作出適合的分類及指定。這包括將被收購方主合約中的嵌入式衍生工具進行分離。

倘業務合併分階段進行，先前持有的股權按於收購日期的公平值重新計量，而任何相應收益或虧損則於損益確認。

收購方將予轉讓的任何或然代價將於收購日期按公平值確認。分類為一項資產或負債的或然代價按公平值計量，公平值的任何變動於損益確認。或然代價若分類為權益，則無須重新計量，其後結算於權益中入賬。

商譽初步按成本計量，即已轉讓代價、已確認非控股權益及本集團先前持有的被收購方股權的公平值總額，超逾所收購可識別資產淨值及所承擔負債的差額。如代價及其他項目的總和低於所收購資產淨值的公平值，於重新評估後其差額將於損益內確認為議價收購收入。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***Business combinations and goodwill (continued)***

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

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2.4 重大會計政策概要 (續)

業務合併及商譽 (續)

於初步確認後，商譽按成本減任何累計減值虧損計量。商譽須每年作減值測試，若有事件發生或情況改變顯示賬面值有可能減值時，則會更頻密地進行減值測試。本集團於十二月三十一日進行商譽的年度減值測試。為進行減值測試，因業務合併而購入的商譽自收購日期起被分配至預期可從合併產生的協同效益中獲益的本集團各個現金產生單位或現金產生單位組別，而無論本集團其他資產或負債是否已分配予該等單位或單位組別。

減值乃通過評估與商譽有關的現金產生單位(或現金產生單位組別)的可收回金額釐定。當現金產生單位(或現金產生單位組別)的可收回金額低於賬面值時，減值虧損便予以確認。已就商譽確認的減值虧損不得於其後期間撥回。

倘商譽已被分配至現金產生單位(或現金產生單位組別)而該單位的部分業務已出售，則在釐定出售收益或虧損時，與所出售業務相關的商譽會計入該業務的賬面值。在該等情況下出售的商譽，乃根據所出售業務的相對價值及現金產生單位的保留份額進行計量。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations and goodwill (continued)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

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2.4 重大會計政策概要 (續)**公平值計量**

本集團於各報告期末按公平值計量其投資物業及按公平值計入損益的金融資產。公平值乃在市場參與者於計量日期進行的有序交易中出售資產所收取或轉移負債所支付的價格。公平值計量乃基於假設出售資產或轉移負債的交易於資產或負債的主要市場或於未有主要市場的情況下，則於資產或負債的最有利市場進行。主要或最有利市場須為本集團可進入的市場。資產或負債的公平值乃基於市場參與者為資產或負債定價所用的假設計量（假設市場參與者依照彼等的最佳經濟利益行事）。

非金融資產公平值的計量則參考市場參與者可從使用該資產得到的最高及最佳效用，或把該資產售予另一可從使用該資產得到最高及最佳效用的市場參與者所產生的經濟效益。

本集團使用適用於不同情況的估值方法，而其有足夠資料計量公平值，以盡量利用相關可觀察輸入數據及盡量減少使用不可觀察輸入數據。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Fair value measurement**

The Group measures its investment properties and financial assets at FVTPL at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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2.4 重大會計政策概要 (續)**公平值計量 (續)**

於財務報表中計量或披露公平值的所有資產及負債，均根據對公平值計量整體而言屬重大的最低級別輸入數據在下述公平值層級內進行分類：

- 第一層級 — 基於相同資產或負債於活躍市場的所報價格(未經調整)
- 第二層級 — 基於對公平值計量而言屬重大的可觀察(直接或間接)最低級別輸入數據的估值方法
- 第三層級 — 基於對公平值計量而言屬重大的不可觀察最低級別輸入數據的估值方法

就按經常基準於財務報表中確認的資產及負債而言，本集團於各報告期末會重新評估分類方法(根據對整體公平值計量而言屬重大的最低層級輸入數據)，以釐定轉撥是否已於各層級之間發生。

非金融資產減值

倘存在減值跡象，或當須每年就資產進行減值檢測(金融資產、合約資產、遞延稅項資產、開發中物業、持作出售的完工物業、投資物業及分類為持作出售的一家附屬公司除外)，則會估計資產的可收回數額。資產的可收回數額乃按資產或現金產生單位的使用價值或公平值減出售成本兩者的較高者計算，而個別資產須分開計算，除非資產並不產生明顯獨立於其他資產或資產組別的現金流入，於此情況下，則可收回數額按資產所屬現金產生單位的可收回數額計算。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Fair value measurement (continued)**

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

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets, contract assets, deferred tax assets, properties under development, completed properties held for sale, investment properties and a subsidiary classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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2.4 重大會計政策概要 (續)**非金融資產減值 (續)**

僅在資產賬面值高於其可收回數額的情況下，方會確認減值虧損。評估使用價值時，估計日後現金流量按可反映幣值時間值及資產特定風險的現時市場評估的稅前貼現率貼現至現值。減值虧損按與該減值資產功能相符的開支類別於產生期間自損益中扣除。

本集團會在各報告期末評估是否有任何跡象顯示以前所確認的減值虧損已不存在或可能減少。倘出現此等跡象，則會估計可收回金額。僅當用以確定資產可收回金額的估計有變時，方會撥回先前確認的資產減值虧損（商譽除外），但不得超逾假設於過往年度並無就該項資產確認減值虧損而應釐定的賬面值（扣除任何折舊／攤銷）。減值虧損撥回會計入產生期間的損益，除非資產以重估金額入賬，在此情況下，減值虧損撥回根據重估資產的有關會計政策列賬。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***Impairment of non-financial assets (continued)***

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

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2.4 重大會計政策概要 (續)**關聯方**

以下人士被視為本集團的關聯方，倘：

- (a) 有關方為一名人士或該人士家庭的密切家庭成員，而該人士
- (i) 擁有本集團的控制權或共同控制權；
- (ii) 對本集團產生重大的影響力；或
- (iii) 為本集團或本集團母公司的主要管理人員的其中一名成員；

或

- (b) 有關方為實體且符合下列任何一項條件：
- (i) 該實體與本集團屬同一集團的成員公司；
- (ii) 一實體為另一實體（或另一實體的母公司、附屬公司或同系附屬公司）的聯營公司或合營企業；
- (iii) 該實體與本集團為同一第三方的合營企業；
- (iv) 一實體為一名第三方的合營企業，而另一實體為同一第三方的聯營公司；
- (v) 該實體提供一個僱用後福利計劃予本集團或本集團相關實體的僱員作為福利；
- (vi) 該實體為(a)所述人士控制或共同控制；
- (vii) 於(a)(i)所識別人對實體有重大影響或屬該實體（或該實體母公司）主要管理人員的其中一名成員；及
- (viii) 該實體或由其構成一部分的任何集團的成員公司向本集團或本集團的母公司提供主要管理人員服務。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Related parties**

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

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2.4 重大會計政策概要 (續)

物業、廠房及設備與折舊

物業、廠房及設備(在建工程除外)乃按成本減累計折舊及任何減值虧損列賬。如會計政策「持作出售之非流動資產及出售組別」進一步闡釋,當物業、廠房及設備項目被分類為持作出售或當其屬於分類為持作出售的出售組別的一部分時,該項目不會計提折舊並根據國際財務報告準則第5號進行會計處理。物業、廠房及設備項目的成本包括其購買價及任何令資產投入運作及將資產運往擬定用途地點的直接應佔成本。

所有於物業、廠房及設備項目投入運作後所引致的支出,如維修及保養費等,通常於該等支出產生期間自損益扣除。而大修支出在符合確認條件時,計入資產的賬面值作為更換成本。當物業、廠房及設備的重要部件須定期更換,本集團將該等部件確認為具有特定使用壽命的獨立的資產,並對其相應地計提折舊。

折舊乃以直線法按其估計可使用年期撇銷各項物業、廠房及設備的成本至其剩餘價值的方式計量。作該用途的主要年利率如下:

樓宇	3.33-5.00%
汽車	25.00-33.33%
辦公設備 及電子裝置	20.00-33.33%
租賃裝修	租期及 可使用年期的較短者

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5, as further explained in the accounting policy for "Non-current assets and disposal groups held for sale". The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	3.33-5.00%
Motor vehicles	25.00-33.33%
Office equipment and electronic devices	20.00-33.33%
Leasehold improvements	Over the shorter of the lease terms and useful lives

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2.4 重大會計政策概要 (續)**物業、廠房及設備與折舊 (續)**

當一項物業、廠房及設備的各部分有不同可使用年期時，該項目的成本乃按合理基準在各部分之間分配，而各部分乃個別地折舊。剩餘價值、可使用年期及折舊方法至少於各財政年度末檢討，並作出調整(如適用)。

包括最初經確認的任何重大部分在內，物業、廠房及設備的項目於出售或預期其使用或出售不會帶來任何未來經濟利益時終止確認。於終止確認資產的年度內，在損益內確認的任何出售或廢棄損益，為銷售所得款項淨額與相關資產賬面值的差額。

在建工程主要指按成本減任何減值虧損列賬且並無折舊的安裝中設備及建設中汽車損耗。成本包括直接建築及安裝成本。在建工程於竣工及可供使用時重新分類至物業、廠房及設備的適當類別。

投資物業

投資物業為持有作賺取租金收入及／或資本增值，而非作生產或供應貨品或服務或作行政用途，亦非在日常業務過程中作出售的土地及樓宇權益(包括就持有作為使用權資產的租賃物業權益，而此項物業另行符合投資物業的定義)。該等物業初始按成本(包括交易成本)計量。於初始確認後，投資物業按反映各報告期末市況的公平值入賬。

投資物業公平值變動所產生的損益於產生年度歸入損益賬。

報廢或出售投資物業的任何損益於報廢或出售年度在損益賬確認。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Property, plant and equipment and depreciation (continued)**

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress mainly represents equipment under installation and car campaign under construction, which are stated at cost less any impairment losses, and are not depreciated. Cost comprises the direct costs of construction and installation. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings (including leasehold property interests held as right-of-use assets which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of each reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of the retirement or disposal.

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2.4 重大會計政策概要 (續)**投資物業 (續)**

由投資物業轉為自用物業或存貨時，該物業其後會計之認定成本為改變用途當日之公平值。如本集團之自用物業轉為投資物業，本集團直至改變用途當日前會根據「物業、廠房及設備與折舊」所述有關自有物業之政策將該物業入賬及／或根據「使用權資產」所述有關持作使用權資產物業的政策將該物業入賬，而物業於當日的賬面值與公平值之任何差額則根據上述「物業、廠房及設備與折舊」所述之政策列作重估。由存貨轉為投資物業時，該物業於當日的公平值與先前的賬面值之任何差額於損益中確認。

持作出售之非流動資產及出售組別

倘非流動資產及出售組別的賬面值將主要通過銷售交易而非持續使用收回，則其將分類為持作出售。要達致此情況，該資產或出售組別須可於現況下即時出售而僅受出售有關資產或出售組別的常規性及習慣性條款制約，且其很可能售出。分類為出售組別的附屬公司所有資產及負債均被重新分類為持作出售，不論本集團於出售後是否保留其於前附屬公司的非控股權益。

分類為持作出售的非流動資產及出售組別（投資物業及金融資產除外）按其賬面值及公平值減出售成本兩者間的較低者計量。分類為持作出售的物業、廠房及設備及無形資產不計提折舊或攤銷。

存貨

存貨乃按成本及可變現淨值兩者中之較低者列賬。成本使用先進先出法釐定。製成品之成本包括所有採購成本、轉換成本及將存貨運送至其當前地點及達致目前狀況所引致之其他成本。可變現淨值為在正常業務過程中的估計銷售價，減適用的銷售費用和相關稅費。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Investment properties (continued)**

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" for owned property and/or accounts for such property in accordance with the policy stated under "Right-of-use assets" for property held as a right-of-use asset up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with the policy stated under "Property, plant and equipment and depreciation" above. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in profit or loss.

Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups (other than investment properties and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. The cost of finished goods comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable selling expenses and related tax.

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2.4 重大會計政策概要 (續)**開發中物業**

開發中物業擬於竣工後持作出售。

開發中物業按成本與可變現淨值的較低者列賬，成本包括土地成本、建築成本、借款成本、專業費用及於開發期內有關物業直接應佔的其他成本。

除非開發中物業不能於正常營運週期內變現，否則相關開發中物業分類為流動資產。物業於竣工時轉至持作出售的竣工物業。

持作出售的已竣工物業

持作出售的已竣工物業按成本與可變現淨值兩者的較低者於財務狀況表列賬。成本按未售物業應佔土地及樓宇成本總額的分攤比例釐定。可變現淨值按預期最終將變現的價格減出售物業產生的估計成本計算。

物業開發成本之分配

土地成本根據各單位的可售建築面積（「建築面積」）佔可售總建築面積的比例分配至各單位。單位相關建築成本按個別情況識別及分配。一般建築成本按與土地成本相若的方式根據可售建築面積分配。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Properties under development**

Properties under development are intended to be held for sale after completion.

Properties under development are stated at the lower of cost comprising land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period and net realisable value.

Properties under development are classified as current assets unless those will not be realised in the normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

Completed properties held for sale

Completed properties held for sale are stated in the statement of financial position at the lower of cost and net realisable value. Cost is determined by an apportionment of the total costs of land and buildings attributable to the unsold properties. Net realisable value takes into account the price ultimately expected to be realised, less estimated costs to be incurred in selling the properties.

Allocation of property development costs

Land costs are allocated to each unit according to their respective saleable gross floor areas ("GFA") to the total saleable GFA. Construction costs relating to units were identified and allocated specifically. Common construction costs have been allocated according to the saleable GFA similar to land costs.

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2.4 重大會計政策概要 (續)**待售土地開發**

待售土地開發的開發成本包括開發、物料及供應物的成本總額、就建築期間有關借貸資金的資本化借貸成本及有關待售土地開發直接應佔的其他成本。

待售土地開發乃按成本及可變現淨值的較低者列賬。可變現淨值計及按當前市場狀況估計本集團應佔源自政府部門出售待售土地開發的所得款項，減去完工成本及變現源自出售待售土地開發產生的收入產生的成本。

個別待售土地開發項目的成本超出可變現淨值的任何餘額乃於損益內確認為撥備。

無形資產 (商譽除外)

單獨取得的無形資產於初始確認時按成本計量。通過業務合併取得的無形資產的成本為收購日期的公平值。無形資產的可使用年期分為有限期或無限期。有限期的無形資產隨後按可使用經濟年期攤銷，並於有跡象顯示無形資產可能出現減值時評估減值。有限可使用年期的無形資產的攤銷期及攤銷方法至少於每個財政年度末檢討一次。

軟件按成本減任何減值虧損列賬，並於2至10年的估計可使用年期內按直線法攤銷，乃根據有關軟件的預期使用期限及帶來經濟利益計算。

終止確認無形資產而產生的收益或虧損按出售所得款項淨額與資產賬面值之間的差額計量並於終止確認資產的期間在損益內確認。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Land development for sale**

Development cost of land development for sale comprises the aggregate cost of development, materials and supplies, capitalised borrowing costs on related borrowing funds during the period of construction and other costs directly attributable to such land development for sale.

Land development for sale is stated at the lower of cost and net realisable value. Net realisable value takes into account the Group's share of proceeds derived from the sale of land development for sale by government authorities, less costs to completion and the costs to be incurred in realising the revenue derived from the sale of land development for sale based on prevailing market conditions.

Any excess of cost over the net realisable value of individual items of land development for sale is recognised in profit or loss as an allowance.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software is stated at cost less any impairment loss and is amortised on the straight-line basis over its estimated useful life of 2 to 10 years, which is based on the expected period of usage and economic benefits brought by the software.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

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2.4 重大會計政策概要 (續)**租賃**

本集團於合約開始日期評估合約是否為或包含租賃。倘合約賦予權利在一段時間內控制使用可識別資產以換取代價，則合約為或包含一項租賃。

本集團作為承租人

本集團就所有租賃採用單一確認及計量方法，惟短期租賃及低價值資產租賃除外。本集團確認用於作出租賃付款的租賃負債及代表使用相關資產權利的使用權資產。

(a) 使用權資產

使用權資產於租賃開始日期（即相關資產可供使用之日）確認。使用權資產按成本減任何累計折舊及減值虧損計量，並就租賃負債的任何重新計量作出調整。使用權資產的成本包括已確認的租賃負債金額、已發生的初始直接成本，以及在開始日期或之前作出的租賃付款減去收到的任何租賃優惠。使用權資產在資產的租賃期及估計可使用年期（以較短者為準）按直線法計提折舊如下：

辦公室樓宇	2至6年
汽車	5年

倘租賃資產的所有權於租賃期末轉移至本集團或成本反映購買期權獲行使，則使用資產的估計可使用年期計算折舊。

當使用權資產與作為存貨持有的租賃土地的權益相關時，該等資產其後根據本集團的「開發中物業」或「持作出售的已竣工物業」政策按成本與可變現淨值兩者中較低者計量。倘使用權資產符合投資物業的定義，則計入投資物業。相應使用權資產初始按成本計量，其後根據本集團「投資物業」政策按公平值計量。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Leases**

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Office buildings	2 to 6 years
Motor vehicles	5 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

When the right-of-use assets relate to interests in leasehold land held as inventories, they are subsequently measured at the lower of cost and net realisable value in accordance with the Group's policy for "properties under development" or "completed properties held for sale". When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for "investment properties".

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2.4 重大會計政策概要 (續)**租賃 (續)**

本集團作為承租人 (續)

(b) 租賃負債

於租賃開始日期，本集團確認以租賃期內所作租賃付款的現值計量的租賃負債。租賃付款包括固定付款(包括實物固定付款)減去任何應收租賃優惠、取決於指數或利率的可變租賃付款，以及預期在剩餘價值擔保下支付的金額。租賃付款亦包括本集團合理地肯定行使的購買選擇權的行使價，及如果租賃期限反映了本集團行使終止租賃的選擇權，則終止租賃須支付的罰款。於觸發付款的事件或條件發生時，不依賴於指數或利率的可變租賃付款將於該期間確認為支出。

在計算租賃付款的現值時，如果租賃中所隱含的利率不易確定，則本集團在租賃開始日期使用累計的借款利率。在開始日期之後，租賃負債的金額將會增加，以反映利息的增加及減少租賃付款。此外，如有修改、租賃期限發生變化、固定租賃付款的實質變化或購買相關資產的評估的變更，租賃負債的賬面值將重新計量。

(c) 短期租賃及低價值資產租賃

本集團將短期租賃確認豁免適用於其辦公室設備的短期租賃，即自開始日期起計之租期為十二個月或以下並且不包括購買選擇權的租賃。低價值資產的租賃確認豁免亦適用於被認為低價值的辦公設備的租賃。短期租賃的租賃付款及低價值資產租賃在租賃期內按直線法確認為支出。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Leases (continued)**

Group as a lessee (continued)

(b) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of office equipment (i.e., those 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 leases of low-value assets to leases of office equipment that is considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

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2.4 重大會計政策概要 (續)**租賃 (續)**

本集團作為出租人

當本集團作為出租人，其於租賃開始(或租賃發生變動)時將其各租賃分類為經營租賃或融資租賃。

本集團未轉移資產所有權附帶的絕大部分風險及回報的租賃分類為經營租賃。倘合約包含租賃及非租賃部分，本集團按相關單獨售價基準將合約代價分配至各部分。租金收入於租期內以直線法入賬並因其經營性質而於損益內計入收益。磋商及安排經營租賃產生的初步直接成本加於租賃資產的賬面值上，並在租期內按相同基準確認為租金收入。或然租金於賺取期間確認為收益。

已轉移相關資產所有權附帶的絕大部分風險及回報的租賃入賬為融資租賃。

於開始日期，租賃資產的成本資本化為租賃付款及有關付款(包括初步直接成本)的現值並呈列為應收款項，金額等於租賃中的淨投資。租賃中的淨投資之融資收入於損益確認，以於租期內維持定期穩定的回報率。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Leases (continued)**

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

At the commencement date, the cost of the leased assets is capitalised at the present value of the lease payments and related payments (including the initial direct costs) and presented as a receivable at an amount equal to the net investment in the lease. The finance income on the net investment in the lease is recognised in profit or loss so as to provide a constant periodic rate of return over the lease terms.

二零二零年十二月三十一日 31 December 2020

2.4 重大會計政策概要 (續)**投資及其他金融資產***初始確認及計量*

金融資產於初始確認時分類為其後按攤銷成本、按公平值計入其他全面收益，以及按公平值計入損益計量。

於初始確認時，金融資產分類取決於金融資產的合約現金流量特點及本集團管理該等金融資產的業務模式。除並無重大融資成分或本集團已應用可行權宜方法（即不調整重大融資成分的影響）的貿易應收款項及應收票據外，本集團初步按公平值（倘金融資產並非按公平值計入損益）另加交易成本計量金融資產。並無重大融資成分或本集團已應用可行權宜方法的貿易應收款項及應收票據根據下文「收入確認」所載的政策按國際財務報告準則第15號釐定的交易價格計量。

為使金融資產按攤銷成本或按公平值計入其他全面收益進行分類及計量，需產生純粹為支付本金及未償還本金利息（「純粹為支付本金及利息」）的現金流量。涉及現金流量且並非純粹為支付本金及利息之金融資產乃透過損益按公平值分類及計量（不論其業務模式）。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***Investments and other financial assets****Initial recognition and measurement*

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

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

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

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2.4 重大會計政策概要 (續)**投資及其他金融資產 (續)**

本集團管理金融資產的業務模式指其如何管理其金融資產以產生現金流量。業務模式確定現金流量是否來自收取合約現金流量、出售金融資產，或兩者兼有。按攤銷成本分類及計量的金融資產於旨在持有金融資產以收取合約現金流量的業務模式中持有，而按公平值計入其他全面收益的金融資產於旨在持有金融資產以收取合約現金流量及出售的業務模式中持有。並非於上述業務模式中持有的金融資產以按公平值計入損益分類及計量。

所有一般買賣之金融資產於交易日期（即本集團承諾購買或出售資產之日期）予以確認。一般買賣指按照市場規例或慣例須於一般指定之時限內交付資產的金融資產買賣。

後續計量

金融資產隨後視乎其分類按以下方式計量：

按攤銷成本計量的金融資產 (債務工具)

按攤銷成本列賬的金融資產其後使用實際利率法計量，並可能出現減值。當資產被終止確認、修訂或出現減值時，收益及虧損於損益確認。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Investments and other financial assets (continued)**

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

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

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

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

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2.4 重大會計政策概要 (續)

投資及其他金融資產 (續)

按公平值計入損益的金融資產

按公平值計入損益的金融資產按公平值於財務狀況表列賬，而公平值變動淨額則於損益確認。

該類別包括本集團並無不可撤回地選擇分類為按公平值計入其他全面收益的股權投資。股權投資的股息分類為按公平值計入損益的金融資產，在支付權確立，與股息相關的經濟利益很可能流入本集團且股息能夠被可靠計量時，亦於損益中確認為其他收入。

終止確認金融資產

金融資產(或(如適用)金融資產的部分或同類金融資產組別的部分)主要在下列情況下終止確認(即自本集團的綜合財務狀況表中剔除)：

- 自該資產收取現金流量的權利已屆滿；或
- 本集團已轉讓自該資產收取現金流量的權利，或須根據「轉移」安排向第三方在無嚴重延遲的情況下全數支付所獲得的現金流量；及(a)本集團已轉讓該資產的絕大部分風險及回報，或(b)本集團概無轉讓或保留該資產絕大部分風險及回報但已轉讓資產的控制權。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets (continued)

Financial assets at FVTPL

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

This category includes equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Derecognition of financial assets

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

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

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2.4 重大會計政策概要 (續)**終止確認金融資產 (續)**

倘若本集團已轉讓自一項資產收取現金流量的權利或訂立轉移安排，則會評估是否保留該資產擁有權的風險及回報以及保留的程度。倘若概無轉讓或保留該資產絕大部分風險及回報，亦無轉讓資產的控制權，則本集團按本集團持續參與資產的程度繼續確認有關已轉讓資產。在此情況下，本集團亦確認相關負債。已轉讓的資產及相關負債按可反映本集團保留的權利及責任的基準計量。

本集團以擔保形式持續參與已轉讓資產，該已轉讓資產乃以該項資產的原賬面值與本集團可能需要支付的最高代價兩者之較低者計量。

金融資產減值

本集團就並非按公平值計入損益持有的所有債務工具確認預期信貸虧損（「預期信貸虧損」）撥備。預期信貸虧損乃基於根據合約應付的合約現金流量與本集團預期收取的所有現金流量之間的差額釐定，並按接近原有實際利率的比率貼現。預期現金流量將包括出售所持抵押品或構成合約條款的其他信貸提升措施所得的現金流量。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***Derecognition of financial assets (continued)***

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for the expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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2.4 重大會計政策概要 (續)**金融資產減值 (續)***一般方法*

預期信貸虧損分兩個階段確認。就自初始確認以來信貸風險並無大幅增加的信貸風險而言，會就未來12個月可能發生的違約事件所產生的信貸虧損計提預期信貸虧損撥備(12個月預期信貸虧損)。就自初始確認以來信貸風險大幅增加的信貸風險而言，須就預期於風險餘下存續期內產生的信貸虧損計提虧損撥備，不論違約的時間(整個存續期預期信貸虧損)。

於各報告日期，本集團評估金融工具的信貸風險自初始確認以來是否顯著增加。作此評估時，本集團比較金融工具於報告日期出現違約的風險與該金融工具於初始確認日期出現違約的風險，並考慮無須花費不必要成本或精力即可獲得的合理及有理據的資料，包括過往及前瞻性資料。

於若干情況下，倘若內部或外部資料顯示，在計及本集團持有的任何信貸提升措施前，本集團不大可能悉數收取未償還合約款項，則本集團亦可認為金融資產違約。倘若無法合理預期收回收約現金流量，則撇銷金融資產。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***Impairment of financial assets (continued)****General approach*

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

In certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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2.4 重大會計政策概要 (續)**金融資產減值 (續)****一般方法 (續)**

按攤銷成本列賬的金融資產根據一般方法減值，並分類至以下階段以計量預期信貸虧損，惟下文所述應用簡化方法的貿易應收款項及應收票據除外。

- 第一階段 – 自初始確認以來信貸風險未顯著增加，且其虧損撥備等於12個月預期信貸虧損的金融工具
- 第二階段 – 自初始確認以來信貸風險顯著增加但並非信貸減值，且其虧損撥備等於整個存續期預期信貸虧損的金融工具
- 第三階段 – 於報告日期出現信貸減值（但並非購入或原已出現信貸減值），且其虧損撥備等於整個存續期預期信貸虧損的金融資產

簡化方法

並無重大融資成分或本集團應用可行權宜方法（即不調整重大融資成分的影響）的貿易應收款項及應收票據及合約資產，本集團應用簡化方法計算預期信貸虧損。簡化方法下，本集團並無追蹤信貸風險的變化，但於各報告日期根據整個存續期預期信貸虧損確認虧損撥備。本集團已根據其以往信貸虧損經驗，建立撥備矩陣，並就債務人及經濟環境的特定前瞻性因素作出調整。

就包含重大融資成分的貿易應收款項及應收票據及合約資產以及租賃應收款項而言，本集團於計算預期信貸虧損時，根據上文所述政策採納簡化方法作為其會計政策。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Impairment of financial assets (continued)****General approach (continued)**

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade and bills receivables which apply the simplified approach as detailed below.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade and bills receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade and bills receivables and contract assets that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

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2.4 重大會計政策概要 (續)

金融負債

初始確認及計量

金融負債於初始確認時分類為按公平值計入損益的金融負債、貸款及借款或應付款項(如適用)。

所有金融負債均按公平值進行初始確認，對於貸款及借款以及應付款項，則扣除直接應佔交易成本。

本集團的金融負債包括租賃負債、計息銀行及其他借款、優先票據、公司債券、資產抵押證券、貿易應付款項及應付票據、其他應付款項及應付關聯方款項。

後續計量

金融負債隨後視乎其分類按以下方式計量：

按攤銷成本計量的金融負債(貸款及借款)

於初始確認後，貸款及借款其後使用實際利率法按攤銷成本計量，但於貼現影響不大的情況下則按成本列賬。收益及虧損在終止確認負債時及於攤銷過程中以實際利率法在損益確認。

計算攤銷成本時，計及購買時的任何折讓或溢價，以及視為實際利率一部分的費用或成本。按實際利率法計算的攤銷計入損益的財務成本。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include lease liabilities, interest-bearing bank and other borrowings, senior notes, corporate bonds, asset-backed securities, trade and bills payables, other payables, and amounts due to related parties.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

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2.4 重大會計政策概要 (續)**金融負債 (續)***財務擔保合約*

本集團發出的財務擔保合約為由於指定債務人未按照債務工具的條款在到期時付款而要求付款以補償持有人所蒙受損失的合約。財務擔保合約最初按其公平值確認為負債，並就發出擔保直接應佔的交易成本作出調整。於初始確認後，本集團以下列較高者計量財務擔保合約：(i)根據「金融資產減值」所載政策釐定的預期信貸虧損撥備；及(ii)初始確認的金額減去(如適用)已確認收入的累計金額。

貸款及借款

於初始確認後，計息銀行及其他借款其後使用實際利率法按攤銷成本計量，但於貼現影響不大的情況下則按成本列賬。收益及虧損在終止確認負債時及於攤銷過程中以實際利率法在損益確認。計算攤銷成本時，計及購買時的任何折讓或溢價，以及視為實際利率一部分的費用或成本。按實際利率法計算的攤銷計入損益的財務成本。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***Financial liabilities (continued)****Financial guarantee contracts*

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Loans and borrowings

After initial recognition, interest-bearing bank and other borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

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2.4 重大會計政策概要 (續)**終止確認金融負債**

金融負債於負債責任獲解除、取消或到期時終止確認。

倘若現有金融負債由同一貸款方授予條款差異重大的其他債項取代，或現有負債的條款經重大修訂，則此類變更或修訂視作終止確認原有負債及確認新負債，各自賬面值的差額於損益確認。

抵銷金融工具

僅當現時存在法律上可強制執行的權利，可抵銷已確認金額，且有意以淨額結算或同時變現資產及償還負債，則金融資產及金融負債可互相抵銷，並於財務狀況表呈報淨額。

現金及現金等價物

編製綜合現金流量表時，現金及現金等價物包括手頭現金及活期存款，以及可隨時轉換為已知金額現金及所涉價值變動風險不高，且一般自取得起計三個月內到期的短期高流動性投資，但須扣減應要求即時償還及構成本集團現金管理組成部分的銀行透支。

編製綜合財務狀況表時，現金及現金等價物包括手頭及銀行現金（包括定期存款），以及與現金性質類似的用途不受限制的資產。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***Derecognition of financial liabilities***

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

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2.4 重大會計政策概要 (續)**撥備**

倘若本集團因過往事件須承擔現時責任(法定或推定)，而履行該責任可能導致未來資源流出，且該責任涉及金額能夠可靠估計，則確認撥備。

倘若貼現影響重大，則確認為撥備的金額將為報告期末預期須用作履行責任的未來開支的現值。因時間流逝而產生的貼現現值增額計入損益。

所得稅

所得稅包括即期及遞延稅項。與並非於損益確認的項目有關的所得稅於損益之外確認，即於其他全面收益或直接於權益確認。

即期稅項資產及負債按預期將自稅務機關收回或向稅務機關支付的金額計量，乃按報告期末已實施或實質已實施的稅率(及稅法)計算，並已考慮到本集團營運所在國家的現行詮釋及慣例。

按負債法就報告期末資產和負債的稅基與其財務申報賬面值之間的所有暫時性差異計提遞延稅項撥備。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Provisions**

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in profit or loss.

Income tax

Income tax comprises current and deferred taxes. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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2.4 重大會計政策概要 (續)

所得稅 (續)

所有應課稅暫時性差異均會確認遞延稅項負債，惟下述情況除外：

- 倘遞延稅項負債是由於在一項非業務合併交易中初步確認商譽或資產或負債而產生，且於交易時對會計溢利及應課稅溢利或虧損均無影響；及
- 對於有關附屬公司、聯營公司及合營企業投資的應課稅暫時性差異而言，倘可控制撥回暫時性差異的時間且暫時性差異不大可能於可預見將來撥回。

所有可扣減暫時性差異、結轉的未動用稅項抵免及任何未動用稅項虧損均確認為遞延稅項資產。遞延稅項資產的確認以可能會產生應課稅溢利並可用於抵銷可扣減暫時性差異以及結轉的未動用稅項抵免及未動用稅項虧損為限，惟下述情況除外：

- 倘有關可扣減暫時性差異的遞延稅項資產是由於在一項非業務合併交易中初步確認資產或負債而產生，且於交易時對會計溢利及應課稅溢利或虧損均無影響；及
- 對於有關附屬公司、聯營公司及合營企業投資的可扣減暫時性差異而言，只有在暫時性差異有可能在可見將來撥回，且應課稅溢利可用以抵扣該等暫時性差異時，方會確認遞延稅項資產。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income tax (continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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2.4 重大會計政策概要 (續)

所得稅 (續)

遞延稅項資產的賬面值於各報告期末予以審閱；若不再可能有足夠應課稅溢利用以抵扣全部或部分遞延稅項資產，遞延稅項資產賬面值將予扣減。未確認遞延稅項資產於各報告期末予以重估，並於可能有足夠應課稅溢利令全部或部分遞延稅項資產可被收回時確認。

遞延稅項資產及負債按資產變現或負債清償期間預期適用的稅率計量，並以各報告期末已實施或實際已實施的稅率（及稅法）為基準。

僅當本集團擁有可依法執行的權利可將即期稅項資產與即期稅項負債抵銷，且遞延稅項資產與遞延稅項負債與同一稅務機關對同一應課稅實體或不同應課稅實體（於各未來期間預期有大額遞延稅項負債或資產需要結算或清償時，擬按淨額基準結算即期稅務負債及資產或同時變現資產並結算負債）徵收的所得稅有關時，遞延稅項資產與遞延稅項負債方可予抵銷。

政府補助

政府補助於可合理保證實體將會收到補助及將遵守所有附帶條件時按公平值確認。倘補助與開支項目有關，則會於擬補貼的成本支銷期間按系統基準確認為收入。

倘補助與資產有關，公平值將計入遞延收入賬戶，並於有關資產的預期可使用年期內，以等額年金調撥至損益或從資產賬面值中扣減並以經扣減折舊開支調撥至損益。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income tax (continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

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2.4 重大會計政策概要 (續)**收入確認***來自客戶合約的收入*

來自客戶合約的收入於貨品或服務的控制權轉移予客戶時確認，金額為反映本集團預期可自該等貨品或服務交換的代價。

當合約中之代價包括可變金額，則會按本集團將貨品或服務轉讓予客戶而有權換取之代價金額進行估計。可變代價於合約開始時進行估計，並受限制直至隨後解決與可變代價相關的不確定性時，所確認的累計收益金額中高度可能不會出現重大收益撥回。

倘合約中包含一項融資部分，其為客戶提供超過一年為轉讓貨品或服務予客戶提供融資的重大利益，則收益按應收金額的現值計量，並使用合約開始時本集團及客戶之間的單獨融資交易中反映的貼現率貼現。倘合約中包含一項融資部分，其為本集團提供超過一年的重大融資利益，則根據該合約確認的收入包括按實際利率法計算的合約負債所產生的利息開支。就客戶付款與轉讓已承諾貨品或服務之間相隔一年或以下的合約，交易價格並無為重大融資部分的影響運用國際財務報告準則第15號的實際權宜方法作出調整。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Revenue recognition***Revenue from contracts with customers*

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

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2.4 重大會計政策概要 (續)**收入確認 (續)**

來自客戶合約的收入 (續)

a. 物業銷售

收入於資產控制權轉讓予客戶時確認。

於確定交易價格時，如交易屬重大，本集團會就融資部分的影響調整已承諾的對價金額。

就物業的控制權於某一時間點轉移的物業開發及銷售合約而言，收入於客戶取得已竣工物業的實物擁有權或法定業權，且本集團獲得現時收款權且很可能收取代價時確認。

b. 物業管理服務

來自提供物業保養及管理服務的物業管理服務收入於相關服務獲提供及客戶於本集團履約時同時接受及消耗本集團履約所提供的利益時確認。

c. 管理諮詢服務

就開發物業項目提供支援服務產生的諮詢服務收入於相關服務獲提供及客戶於實體履約時同時接受及消耗實體履約所提供的利益時確認。

d. 酒店服務

酒店收入於服務獲提供時確認。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Revenue recognition (continued)**

Revenue from contracts with customers (continued)

a. Sale of properties

Revenue is recognised when or as the control of the asset is transferred to the customer.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant.

For a property development and sales contract for which the control of the property is transferred at a point in time, revenue is recognised when the customer obtains the physical possession, or the legal title of the completed property and the Group has the present right to payment and the collection of the consideration is probable.

b. Property management services

Property management service income derived from the provision of property maintenance and management services is recognised when the relevant services are rendered, and the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

c. Management consulting services

Consulting service income derived from the provision of support services in connection with the development of property projects is recognised when the relevant services are rendered, and the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

d. Hotel services

Hotel revenue is recognised when the services have been rendered.

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2.4 重大會計政策概要 (續)

收入確認 (續)

來自其他來源的收入

租金收入

租金收入以時間比例基準按租期確認。無需視乎指數或利率的可變租賃付款於產生的會計期間確認為收入。

其他收入

利息收入按應計基準採用實際利息法確認，所採用的利率為將金融工具於預期年內收取之估計未來現金折現至金融資產賬面淨額之利率。

股息收入於確定股東收取款項之權利時確認，屆時與該股息有關的經濟利益可能流入本集團，且股息金額能夠可靠地計量。

合約負債

合約負債於本集團轉讓有關貨品或服務前，收到客戶付款或付款到期時(以較早者為準)確認。合約負債於本集團履行合約(即轉讓相關貨品或服務的控制權予客戶)時確認為收入。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

Revenue from other sources

Rental income

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts over the expected life of the financial instrument of the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to Group and the amount of the dividend can be measured reliably.

Contract liabilities

A contract liability is recognised when a payment is received, or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

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2.4 重大會計政策概要 (續)**合約資產**

除資本化為存貨、物業、廠房及設備以及無形資產外，當符合以下所有條件時，為向客戶履行合約而產生的成本將會資本化：

- (a) 成本與合約或實體可具體識別的預期合約直接相關。
- (b) 成本產生或增加實體將用於日後滿足（或持續滿足）履約責任的資源。
- (c) 預期成本可以收回。

資本化的合約成本按符合就相關資產確認收入的模式有系統地攤銷及自損益扣除。其他合約成本於產生時支銷。

僱員退休福利*退休金計劃*

本公司及其於中國內地運營附屬公司的僱員須參加由地方市政府運營的中央退休金計劃。該等附屬公司須按工資成本的一定比例向中央退休金計劃供款。中央退休金計劃下並無被沒收的供款可用於減少未來數年的繳款。供款於根據中央退休金計劃規則應付時自損益扣除。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Contract assets**

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

- (a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.
- (b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.
- (c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to profit or loss on a systematic basis that is consistent with the pattern of the revenue to which the asset related is recognised. Other contract costs are expensed as incurred.

Employee retirement benefits*Pension scheme*

The employees of the Company and its subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain proportion of these payroll costs to the central pension scheme. No forfeited contribution under the central pension scheme is available to reduce the contribution payable in future years. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

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2.4 重大會計政策概要 (續)**借貸成本**

收購、建築或生產未完成資產(即需要經過相當長的一段時間方可作擬定用途或出售的資產)直接應佔的借貸成本乃撥作資產成本的一部分。當資產基本可作擬定用途或出售時,該等借貸成本終止資本化。尚未用於未完成資產開支的特定借貸的短期投資收入乃自資本化借貸成本中扣除。所有其他借貸成本均於產生期間支銷。借貸成本包括實體因借入資金而產生的利息及其他成本。

倘合資格資產建設期超過一個會計期間,合資格撥充資本的匯兌差額按年釐定,以功能貨幣借款的假設利息與外幣借款實際利息之間的差額為限。過往年度不符合資本化標準的匯兌差額不得於隨後年度予以資本化。

股息

末期股息於股東在股東大會上批准時確認為負債。建議末期股息披露於財務報表附註中。

中期股息於提出建議及宣派時即時確認為負債。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

When the construction of the qualifying assets takes more than one accounting period, the amount of foreign exchange differences eligible for capitalisation is determined for each annual period and is limited to the difference between the hypothetical interest amount for the functional currency borrowings and the actual interest incurred for foreign currency borrowings. Foreign exchange differences that did not meet the criteria for capitalisation in previous years should not be capitalised in subsequent years.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are recognised immediately as a liability when they are proposed and declared.

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2.4 重大會計政策概要 (續)

外幣

本集團旗下各實體的財務資料所列項目均以該實體營運所在的主要經濟環境的貨幣(「功能貨幣」)計量。綜合財務報表以本公司的功能貨幣人民幣呈列，因為本集團的主要營運在中國進行。本集團實體入賬的外幣交易初始使用其各自功能貨幣於交易日期的適用匯率入賬。

以外幣計值的貨幣資產及負債按各報告期間末適用的功能貨幣匯率換算。貨幣項目的結算或換算產生的差額於損益確認。

按外幣歷史成本計量的非貨幣項目使用初始交易日期的匯率換算。以外幣計值按公平值計量的非貨幣項目按釐定公平值當日的匯率換算。按公平值計量的非貨幣項目換算產生的收益或虧損按與確認該項目的公平值變動收益或虧損一致的方式處理(即公平值收益或虧損於其他全面收益或損益確認的項目的換算差額亦分別於其他全面收益或損益確認)。

在釐定有關預付代價的非貨幣資產或非貨幣負債終止確認時初始確認相關資產、開支或收入使用的匯率時，初始交易日期即本集團初始確認預付代價產生的非貨幣資產或非貨幣負債的日期。若支付或收取多筆預付款，則本集團對支付或收取的每一筆預付代價釐定交易日期。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies

Items included in the financial information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements is presented in RMB, which is the Company's functional currency, because the Group's principal operations are carried out in the PRC. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

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3. 重大會計判斷及估計

編製本集團的財務報表時，管理層須作出影響收益、開支、資產與負債呈報金額及相關披露以及或然負債披露的判斷、估計及假設。有關該等假設及估計的不明朗因素可能引致日後須對受影響的資產或負債的賬面值作出重大調整。

判斷

管理層在應用本集團會計政策的過程中，除有關估計外，亦作出下列對財務報表中確認的數額有最重大影響的判斷：

投資物業與持作出售的已竣工物業的分類

本集團釐定一項物業是否符合資格列作投資物業，並於作出判斷時制定標準。投資物業指持有以賺取租金或資本增值或兩者兼備的物業。

重大融資成分

於釐定物業銷售的交易價格時，倘訂約方所商定的付款時間為本集團提供重大融資利益，則本集團會根據貨幣時間價值影響調整承諾的代價金額。

自客戶收取的若干預付款項為本集團提供重大融資利益。雖然政府規定本集團須將預售所得所有按金及分期付款存放在利益相關者賬戶中，但本集團能自該等預付款項中獲益，此乃由於其能自該賬戶中提取款項用於支付該項目的建築成本。實際收取的預付款項可減少本集團對其他融資來源的倚賴。

融資成分金額於訂立合約時進行估計。合約訂立後，不會就利率變動或其他情況（如信貸風險變動）更新貼現率。融資期間自收取付款之時起計直至向客戶轉移貨品時結束。

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

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

Classification between investment properties and completed properties held for sale

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both.

Significant financing component

In determining the transaction price of property sales, the Group adjusts the promised amount of consideration for the effects of the timing value of money if the timing of payments agreed by the parties to the contract provides the Group with a significant benefit of financing.

Certain advance payments received from customers provide a significant financing benefit to the Group. Although the Group is required by the government to place all deposits and periodic payments received from the pre-completion sales in a stakeholder's account, the Group is able to benefit from those advance payments as it can withdraw money from that account to pay for construction costs on the project. The advance payments received in effect reduce the Group's need to rely on other sources of financing.

The amount of the financing component is estimated at the inception of the contract. After contract inception, the discount rate is not updated for changes in interest rates or other circumstances, such as a change in credit risk. The period of financing is from the time that the payment is received until the transfer of goods to the customers is completed.

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3. 重大會計判斷及估計 (續)

判斷 (續)

附屬公司、合營企業及聯營公司的分類

將投資分類為附屬公司、合營企業或聯營公司乃以本集團是否於被投資公司擁有控制權、共同控制權或重大影響為依據，當中涉及通過分析各種因素(包括本集團對被投資公司主要決策權的陳述)，如董事會會議及股東大會以及其他事實及情況作出的判斷。本集團與若干實體的權益持有人訂立投票權信託協議或章程細則。據此，權益持有人同意將其於該等實體的若干股權附帶的投票權委託予本集團。因此，儘管本集團其並無持有該等實體過半數的權益，本集團認為其對該等實體擁有控制權。故該等實體於本年度作為附屬公司入賬。誠如財務報表附註1(2)所披露，本集團根據融資安排向獨立信託融資機構合法轉讓若干實體的部分權益作為抵押品，據此，本集團於償還借款後有義務按固定金額購回信託公司所持有的股權。本集團於一般業務過程中可獲得來自其參與該等實體的可變回報，且有能力透過其於該等實體相關業務的權力影響該等回報。信託融資機構從彼等的投資賺取固定回報且彼等於該等實體的權利在性質上受保護。就此而言，來自信託融資機構的投資被視為本集團的負債且該等投資對象被視為附屬公司。

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Judgements (continued)

Classification of subsidiaries, joint ventures and associates

The classification of an investment as a subsidiary, a joint venture or an associate is based on whether the Group is determined to have control, joint control or significant influence over the investee, which involves judgements through the analysis of various factors, including the Group's representation on the chief decision-making authorities of an investee, such as board of directors' meetings and shareholders' meetings, as well as other facts and circumstances. The Group has entered into voting right entrustment agreements or articles of associations with the equity holders of some entities, pursuant to which the equity holders have agreed to entrust their voting rights attached to certain equity interests in these entities to the Group. Consequently, the Group considers that it controls these entities, notwithstanding the fact that it does not hold majority equity interest. Accordingly, these entities have been accounted for as subsidiaries during the year. As disclosed in note 1 (2) to the financial statements, the Group legally transferred partial interests of some entities as collateral to independent trust financing institutes under financing arrangements, pursuant to which, the Group was obliged to repurchase the equity interests held by trust companies at a fixed amount upon repayment of the borrowings. The Group is exposed to variable returns from its involvement and has the ability to affect those returns through its power over the relevant activities of these entities in the ordinary course of business. The trust financing institutes earn fixed returns from their investments and their rights in these entities are considered protective in nature. In this regard, the investments from trust financing institutes are treated as liabilities of the Group and these investees are considered as subsidiaries.

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3. 重大會計判斷及估計 (續)**估計不明朗因素**

有關於各報告期間末估計不明朗因素的未來及其他主要來源的主要假設，存在會導致下一個財政年度內資產及負債賬面值出現重大調整的重大風險，載列如下：

發展中物業及持作出售的已竣工物業撥備

本集團發展中物業及持作出售的已竣工物業按成本與可變現淨值之間的較低者列賬。本集團根據其過往經驗及有關物業的性質，基於現行市況估計售價、發展中物業竣工成本及銷售物業產生的成本。

倘若竣工成本增加，或售價淨額減少，則可變現淨值會減少，並可能因而導致須就發展中物業及持作出售的已竣工物業計提撥備。該撥備須運用判斷及估計。在預期與原有估計有差異時，將於該估計發生變動的期間對物業的賬面值及撥備作出相應調整。

中國企業所得稅 (「企業所得稅」)

本集團須繳納中國企業所得稅。由於有關所得稅的若干事宜尚未被地方稅務局確認，於釐定所作出的所得稅撥備時須以目前有效的稅法、法規及其他有關政策作為客觀估計及判斷依據。倘該等事宜的最終稅款數額有別於原本記錄的數額，差額會在所發生的期間對所得稅及稅項撥備產生影響。

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)**Estimation uncertainty**

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

Provision for properties under development and completed properties held for sale

The Group's properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. Based on the Group's historical experience and the nature of the subject properties, the Group makes estimates of the selling prices, the costs of completion of properties under development, and the costs to be incurred in selling the properties based on prevailing market conditions.

If there is an increase in costs to completion or a decrease in net sales value, the net realisable value will decrease and this may result in a provision for properties under development and completed properties held for sale. Such provision requires the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the periods in which such estimate is changed will be adjusted accordingly.

PRC corporate income tax ("CIT")

The Group is subject to corporate income taxes in the PRC. As a result of the fact that certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimates and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realise.

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3. 重大會計判斷及估計 (續)**估計不明朗因素 (續)****中國土地增值稅 (「土地增值稅」)**

本集團須繳納中國土地增值稅。土地增值稅撥備乃根據管理層按照中國相關稅法及法規所載規定的理解，從而作出的最佳估計。實際的土地增值稅負債，須待物業開發項目完成後由稅務當局釐定。本集團尚未就其若干物業開發項目與稅務當局最終確定土地增值稅的計算及付款。最終結果可能與初步入賬的金額有所不同，而任何差額會在所發生的期間對土地增值稅開支及相關撥備產生影響。

投資物業的公平值估計

按公平值列賬的投資物業於各報告日期根據獨立專業估值師提供的評估市值重新估值。該等估值乃基於若干假設作出，存在不確定性，可能與實際結果存在重大差異。進行估計時，本集團考慮活躍市場上類似物業的近期價格資訊，並使用主要基於各報告期間末的市況作出的假設。

遞延稅項資產

所有可扣減暫時性差異，以及結轉的未動用稅項抵免及未動用稅項虧損均確認為遞延稅項資產，以可能會產生應課稅溢利並可用於抵銷可扣減暫時性差異，以及結轉的未動用稅項抵免及未動用稅項虧損為限。管理層釐定可確認的遞延稅項資產金額時，須根據未來應課稅溢利的可能時間及水準，以及未來稅務規劃策略，作出重大判斷。進一步詳情載於財務報表附註19。

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)**Estimation uncertainty (continued)****PRC land appreciation tax ("LAT")**

The Group is subject to LAT in the PRC. The provision for LAT is based on management's best estimates according to the understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not finalised its LAT calculation and payments with the tax authorities for certain of its property development projects. The final outcome could be different from the amounts that were initially recorded, and any differences will impact on the LAT expenses and the related provision in the period in which the differences realise.

Estimate of fair value of investment properties

Investment properties carried at fair value were revalued at each reporting date based on the appraised market value provided by independent professional valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimation, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of each reporting period.

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, and carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are included in note 19 to the financial statements.

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4. 經營分部資料

出於管理目的，本集團有四個可報告經營分部，即物業開發、物業租賃、酒店營運及提供物業管理服務。物業租賃分部、酒店營運分部及提供物業管理服務分部對收益及資產淨值並無重大貢獻。就進行資源分配及表現評估而言，本集團主要經營決策者以本集團之整體經營業績為主，因此，並無呈列其詳細經營分部分析。

地區資料

由於本集團來自外部客戶的收益僅來自其於中國內地的經營且本集團並無非流動資產位於中國內地境外，故並無呈列按分部劃分的地區資料。

有關主要客戶的資料

於各報告期間，對單一客戶或共同控制下的一組客戶銷售所得收益並無佔本集團收益的10%或以上。

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group has four reportable operating segments which are property development, property leasing, hotel operations and the provision of property management services. The property leasing segment, hotel operations segment and the provision of property management services segment have no significant contribution to the revenue and net assets. The Group's chief operating decision maker, for the purpose of resource allocation and performance assessment, focuses on the operating results of the Group as a whole, and accordingly, no further operating segment analysis thereof is presented.

Geographical information

No geographical information by segment is presented as the Group's revenue from the external customers is derived solely from its operation in Mainland China and no non-current assets of the Group are located outside Mainland China.

Information about major customers

No revenue from sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue for each reporting period.

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5. 收益、其他收入及收益

5. REVENUE, OTHER INCOME AND GAINS

收益的分析如下：

An analysis of revenue is as follows:

		二零二零年 人民幣千元 2020 RMB' 000	二零一九年 人民幣千元 2019 RMB' 000
客戶合約收益	Revenue from contracts with customers	46,599,222	35,506,919
其他來源收益	Revenue from other sources		
物業租賃收入	Property lease income	39,191	12,619
		46,638,413	35,519,538

客戶合約收益

Revenue from contracts with customers

a) 細分收益資料

a) Disaggregated revenue information

商品或服務類型：

Types of goods or services:

物業銷售	Sale of properties	46,487,347	35,372,157
物業管理服務	Property management services	12,084	3,781
酒店營運	Hotel operation	16,408	107,088
管理諮詢服務	Management consulting services	83,383	23,893

客戶合約總收益	Total revenue from contracts with customers	46,599,222	35,506,919
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收益確認時間：

Timing of revenue recognition:

於某一時間點轉讓物業	Properties transferred at a point in time	46,487,347	35,372,157
隨時間轉讓服務	Services transferred over time	111,875	134,762

客戶合約總收益	Total revenue from contracts with customers	46,599,222	35,506,919
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下表載列於報告期初計入合約負債於本報告期間確認及於過往期間已履行的履約責任確認的收益金額：

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

		二零二零年 人民幣千元 2020 RMB' 000	二零一九年 人民幣千元 2019 RMB' 000
於報告期初計入合約負債的已確認收益：	Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
物業銷售	Sale of properties	41,692,890	34,305,603

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5. 收益、其他收入及收益 (續)

客戶合約收益 (續)

b) 履約責任

有關本集團的履約責任的資料概述如下：

物業銷售

履約責任乃於交付物業時獲履行，而本集團已收取付款或可能有權收取付款。

物業管理服務

就物業管理服務而言，本集團乃當服務按月基準提供及本集團有權開出與已完成表現價值直接相應的發票時確認收益。本集團已選擇切實可行的權宜方法而不披露該等類型合約的剩餘履約責任。大部分物業管理服務合約並無固定年期。交付前及物業管理服務合約年期通常設定為於對手方知會本集團不再需要有關服務時屆滿。

管理諮詢服務

就管理諮詢服務而言，本集團按相等於發票額權利的金額確認收益，而發票額權利與本集團迄今為止履約對客戶的價值直接對應。本集團已選擇切實可行的權宜方法而不披露該等類型合約的剩餘履約責任。大部分管理諮詢服務合約並無固定年期。交付前及諮詢服務合約年期通常設定為於對手方知會本集團不再需要有關服務時屆滿。

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Revenue from contracts with customers (continued)

b) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of properties

The performance obligation is satisfied upon delivery of the properties and the Group has already received the payment or has the right to receive the payment probably.

Property management services

For property management services, the Group recognises revenue when the services are provided on a monthly basis and the Group has a right to invoice which corresponds directly with the value of performance completed. The Group has elected the practical expedient not to disclose the remaining performance obligations for these types of contracts. The majority of the property management service contracts do not have a fixed term. The term of the contracts for pre-delivery and property management services is generally set to expire when the counterparties notify the Group that the services are no longer required.

Management consulting services

For management consulting services, the Group recognises revenue in the amount that equals to the right to invoice which corresponds directly with the value to the customer of the Group's performance to date. The Group has elected the practical expedient not to disclose the remaining performance obligations for these types of contracts. The majority of the management consulting service contracts do not have a fixed term. The term of the contracts for pre-delivery and consulting services is generally set to expire when the counterparties notify the Group that the services are no longer required.

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5. 收益、其他收入及收益 (續)**客戶合約收益 (續)****b) 履約責任 (續)****酒店營運**

就酒店服務而言，本集團隨著服務獲提供而確認收益且一般於提供服務前要求短期墊款。酒店住宿的履約責任於提供住宿服務及其他配套服務時確認。酒店的食物及飲料營運的履約責任於食物及飲料產品之控制權轉移時（即客戶於食物及飲料營運中購買食物及飲料時）達成。交易付款須於客戶購買食物及飲品時立即支付。

於十二月三十一日分配至餘下履約責任（未履行或部分不履行）的交易價格金額如下：

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)**Revenue from contracts with customers (continued)****b) Performance obligations (continued)****Hotel operation**

For hotel services, the Group recognises revenue over time as services are rendered and short-term advances are normally required before rendering the services. The performance obligation of hotel accommodation is recognised upon the provision of the accommodation services and other ancillary services. The performance obligation of food and beverage operations of hotels is satisfied when the control of the food and beverage products is transferred, being at the point when the customer purchases the food and beverage items at the food and beverage operations. Payment of the transaction is due immediately at the point when the customer purchases the food and beverage items.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

		二零二零年 人民幣千元 2020 RMB'000	二零一九年 人民幣千元 2019 RMB'000
預期確認為收益的金額：	Amounts expected to be recognised as revenue:		
於一年內	Within one year	37,526,237	47,454,009
於一年後	After one year	43,882,495	34,037,979
		81,408,732	81,491,988

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5. 收益、其他收入及收益 (續)

其他收入及收益的分析如下：

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

An analysis of other income and gains is as follows:

		二零二零年 人民幣千元 2020 RMB' 000	二零一九年 人民幣千元 2019 RMB' 000
其他收入及收益	Other income and gains		
補貼收入	Subsidy income	32,384	70,756
按公平值計入損益的金融資產 投資收入	Investment income from financial assets at fair value through profit or loss	31,285	1,938
出售合營企業收益	Gain on disposal of joint ventures	14,403	–
沒收按金	Deposit forfeiture	4,405	2,593
出售物業、廠房及設備項目 的收益	Gain on disposal of items of property, plant and equipment	553	1,438
出售附屬公司收益(附註38)	Gain on disposal of subsidiaries (note 38)	–	4,032
其他	Others	25,591	14,618
		108,621	95,375

6. 除稅前溢利

本集團之除稅前溢利已扣除下列各項：

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

		附註	二零二零年 人民幣千元 2020 RMB' 000	二零一九年 人民幣千元 2019 RMB' 000
		Notes		
已售存貨成本	Cost of inventories sold	21	38,171,068	26,975,106
已提供服務成本	Cost of services provided		32,506	64,321
就在建物業確認的減值虧損	Impairment losses recognised for properties under development	20	14,277	–
金融資產減值	Impairment of financial assets	22,24	5,174	13,574
物業、廠房及設備折舊	Depreciation of property, plant and equipment	13	56,206	57,622
使用權資產折舊	Depreciation of right-of-use assets	14	40,224	44,767
無形資產攤銷	Amortisation of intangible assets	16	2,353	3,649
未計入租賃負債計量的 租賃付款	Lease payments not included in the measurement of lease liabilities	14(c)	14,221	16,288
上市開支	Listing expense		51,889	–
核數師薪酬	Auditor's remuneration		6,833	3,200
僱員福利開支(包括董事及 最高行政人員薪酬 (附註8)):	Employee benefit expense (including directors' and chief executive's remuneration (note 8)):			
工資及薪金	Wages and salaries		826,193	777,907
退休金計劃供款	Pension scheme contributions		73,628	125,086

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7. 財務成本

7. FINANCE COSTS

財務成本的分析如下：

An analysis of finance costs is as follows:

		二零二零年 人民幣千元 2020 RMB' 000	二零一九年 人民幣千元 2019 RMB' 000
貸款及借款的利息	Interest on loans and borrowings	4,304,057	3,223,183
優先票據的利息	Interest on senior notes	278,737	62,359
企業債券的利息	Interest on corporate bonds	3,164	–
資產抵押證券的利息	Interest on asset-backed securities	15,464	255,634
租賃負債的利息	Interest on lease liabilities	7,771	7,340
收益合約產生的利息開支	Interest expense arising from revenue contracts	1,541,798	928,918
並非按公平值計入損益的 金融負債的總利息開支	Total interest expense on financial liabilities not at fair value through profit or loss	6,150,991	4,477,434
減：資本化利息	Less: Interest capitalised	(5,037,586)	(3,699,864)
		1,113,405	777,570

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8. 董事及最高行政人員薪酬

根據上市規則、香港公司條例第383(1)(a)、(b)、(c)及(f)條及公司(披露董事利益資料)規例第二部披露之年內董事及主要行政人員酬金如下：

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

		二零二零年 人民幣千元 2020 RMB'000	二零一九年 人民幣千元 2019 RMB'000
袍金	Fees	121	–
其他報酬：	Other emoluments:		
薪金、津貼及實物利益	Salaries, allowances and benefits in kind	11,171	12,871
退休金計劃供款及社會福利	Pension scheme contributions and social welfare	388	378
		11,559	13,249
		11,680	13,249

(a) 獨立非執行董事

王幹文先生、馬紅漫先生及丁建剛先生於二零二零年十月二十日獲委任為本公司獨立非執行董事。

年內支付予獨立非執行董事的袍金如下：

(a) Independent non-executive directors

Mr. Wong Kon Man, Mr. Ma Hongman and Mr. Ding Jiangan were appointed as independent non-executive directors of the Company on 20 October 2020.

The fees paid to independent non-executive directors during the year were as follows:

		二零二零年 人民幣千元 2020 RMB'000	二零一九年 人民幣千元 2019 RMB'000
王幹文先生	Mr. Wong Kon Man	41	–
馬紅漫先生	Mr. Ma Hongman	40	–
丁建剛先生	Mr. Ding Jiangan	40	–
		121	–

年內並無向獨立非執行董事支付其他酬金(二零一九年：無)。

There was no other emolument payable to the independent non-executive directors during the year (2019: nil).

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8. 董事及最高行政人員薪酬 (續)**(b) 執行董事及行政總裁**

於二零二零年五月二十一日，陳國祥先生、陳弘倪先生、姚筱珍女士及趙磊義先生獲委任為本公司執行董事。

若干本公司董事就其獲委任為現時組成本集團的附屬公司董事從該等附屬公司收取薪酬。按該等附屬公司的財務報表所記錄，該等董事各自的薪酬載列如下：

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)**(b) Executive directors and the chief executive**

Mr. Chen Guoxiang, Mr. Chen Hongni, Ms. Yao Xiaozhen and Mr. Zhao Leiyi were appointed as executive directors of the Company on 21 May 2020.

Certain of the Company's directors received remuneration from the subsidiaries now comprising the Group for their appointment as directors of these subsidiaries. The remuneration of each of these directors as recorded in the financial statements of the subsidiaries is set out below:

		薪金、津貼及 實物利益 人民幣千元 Salaries, allowances and benefits in kind RMB'000	退休金計劃供款 人民幣千元 Pension scheme contributions RMB'000	總酬金 人民幣千元 Total remuneration RMB'000
二零二零年	2020			
執行董事：	Executive directors:			
— 陳國祥先生	— Mr. Chen Guoxiang	1,350	—	1,350
— 陳弘倪先生	— Mr. Chen Hongni	4,700	62	4,762
— 姚筱珍女士*	— Ms. Yao Xiaozhen*	2,500	163	2,663
— 趙磊義先生	— Mr. Zhao Leiyi	2,500	163	2,663
		11,050	388	11,438
二零一九年	2019			
執行董事：	Executive directors:			
— 陳國祥先生	— Mr. Chen Guoxiang	1,350	—	1,350
— 陳弘倪先生	— Mr. Chen Hongni	4,683	87	4,770
— 姚筱珍女士*	— Ms. Yao Xiaozhen*	3,771	142	3,913
— 趙磊義先生	— Mr. Zhao Leiyi	3,067	149	3,216
		12,871	378	13,249

* 姚筱珍女士於二零二一年二月五日辭任本公司執行董事及韓波先生於二零二一年三月十二日獲委任為本公司執行董事。

* Ms. Yao Xiaozhen resigned as an executive director of the Company on 5 February 2021 and Mr. Han Bo was appointed as an executive director of the Company on 12 March 2021.

年內，概無董事或主要行政人員訂立放棄或同意放棄任何薪酬的協議。

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

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9. 五名最高薪酬僱員

截至二零二零年十二月三十一日止年度，五位最高薪酬僱員包括一名董事（二零一九年：兩名董事），其薪酬詳情載於上文附註8。截至二零二零年十二月三十一日止年度，其餘四名（二零一九年：三名董事）既非本公司董事亦非主要行政人員的最高薪僱員的薪酬詳情如下：

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees for the years ended 31 December 2020 included 1 director (2019: 2 directors), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year ended 31 December 2020 of the remaining 4 highest (2019: 3 directors) paid employees who are neither a director nor chief executive of the Company are as follows:

		二零二零年 人民幣千元 2020 RMB'000	二零一九年 人民幣千元 2019 RMB'000
薪金、津貼及實物福利	Salaries, allowances, bonus and benefits in kind	14,560	11,667
退休金計劃供款及社會福利	Pension scheme contributions and social welfare	649	398
		15,209	12,065

薪酬介乎下列區間的非董事亦非最高行政人員的最高薪酬僱員人數如下：

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

		二零二零年 人民幣千元 2020 RMB'000	二零一九年 人民幣千元 2019 RMB'000
500,001港元至1,000,000港元	HK\$500,001 to HK\$1,000,000	-	-
1,000,001港元至1,500,000港元	HK\$1,000,001 to HK\$1,500,000	-	-
1,500,001港元至2,000,000港元	HK\$1,500,001 to HK\$2,000,000	-	-
2,000,001港元至2,500,000港元	HK\$2,000,001 to HK\$2,500,000	-	-
2,500,001港元至3,000,000港元	HK\$2,500,001 to HK\$3,000,000	-	-
3,000,001港元至3,500,000港元	HK\$3,000,001 to HK\$3,500,000	1	-
3,500,001港元至4,000,000港元	HK\$3,500,001 to HK\$4,000,000	-	-
4,000,001港元至4,500,000港元	HK\$4,000,001 to HK\$4,500,000	-	1
4,500,001港元至5,000,000港元	HK\$4,500,001 to HK\$5,000,000	3	2
		4	3

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10. 所得稅

本集團須就於本集團成員公司註冊及經營所在稅務司法權區產生或源自其的溢利按實體基準繳納所得稅。根據開曼群島的規則及規例，本集團於開曼群島及英屬處女群島註冊成立的附屬公司無須繳納任何所得稅。本集團於香港註冊成立的附屬公司無須繳納所得稅，因為該等公司於截至二零二零年十二月三十一日止年度目前並無於香港產生的任何應課稅溢利（二零一九年：無）。

本集團於中國內地經營的附屬公司於年內須按25%（二零一九年：25%）的稅率繳納中國企業所得稅。

土地增值稅乃按照介乎30%至60%的累進稅率對土地增值額徵收，土地增值額為物業銷售所得款項減可扣減開支（包括土地成本、借款成本及其他物業開發開支）。本集團根據有關中國稅務法律及法規的規定為土地增值稅估計、作出及計提稅項撥備。土地增值稅撥備須由當地稅務機關進行最終審核及批准。

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands, the Group's subsidiaries incorporated in the Cayman Islands and British Virgin Islands are not subject to any income tax. The Group's subsidiaries incorporated in Hong Kong were not liable for income tax as they did not have any assessable profits currently arising in Hong Kong for the year ended 31 December 2020 (2019: nil).

Subsidiaries of the Group operating in Mainland China were subject to PRC corporate income tax with a tax rate of 25% (2019: 25%) for the year.

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures, including land costs, borrowing costs and other property development expenditures. The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The LAT provision is subject to the final review and approval by the local tax bureau.

		二零二零年 人民幣千元 2020 RMB'000	二零一九年 人民幣千元 2019 RMB'000
即期稅項：	Current tax:		
企業所得稅	Corporate income tax	1,456,612	1,596,364
土地增值稅	LAT	581,575	995,483
遞延稅項（附註19）	Deferred tax (note 19)	(72,641)	(270,454)
年內稅項支出總額	Total tax charge for the year	1,965,546	2,321,393

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10. 所得稅 (續)

按本公司及其大部分附屬公司註冊所在司法權區法定稅率計算的除稅前溢利適用的所得稅開支與按實際所得稅率計算的所得稅開支對賬及適用稅率(即法定稅率)與實際稅率對賬如下:

10. INCOME TAX (CONTINUED)

A reconciliation of income tax expense applicable to profit before tax at the statutory rate for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the income tax expense at the effective income tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate are as follows:

		二零二零年 人民幣千元 2020 RMB'000	二零一九年 人民幣千元 2019 RMB'000
除稅前溢利	Profit before tax	5,018,917	5,530,348
按法定所得稅率計算	At the statutory income tax rate	1,296,947	1,382,587
不可扣稅開支*	Expenses not deductible for tax*	64,500	89,166
無須扣稅收入	Income not subject to tax	(593)	(247)
合營企業及聯營公司應佔溢利及虧損	Profits and losses attributable to joint ventures and associates	4,436	10,786
可扣減暫時差額及過往年度	Deductible temporary differences and tax losses utilised from previous years	(42,677)	(28,979)
動用的稅項虧損	Tax losses not recognised	176,765	78,046
未確認稅項虧損	Unrecognised deductible temporary differences	29,987	43,422
未確認可扣減暫時差額	Provision for LAT	581,575	995,483
中國土地增值稅	Tax effect on LAT	(145,394)	(248,871)
按本集團實際稅率計算的稅項支出	Tax charge at the Group's effective rate	1,965,546	2,321,393

* 不可扣稅開支主要包括根據中國企業所得稅法於除稅前不可扣減的招待開支及超出扣減限額的僱員福利、無發票支出及合營企業投資減值。

* Expenses not deductible for tax mainly comprised entertainment expense and employees' welfare exceeding the deduction limits, charges without invoices and impairment of investment in a joint venture, which are not deductible before tax under the Enterprise Income Tax Law of the PRC.

截至二零二零年十二月三十一日止年度，分佔合營企業及聯營公司應佔稅項支出為人民幣42,845,000元(二零一九年：人民幣13,785,000元)。截至二零二零年十二月三十一日止年度，分佔合營企業及聯營公司應佔稅項抵免為人民幣48,759,000元(二零一九年：人民幣28,166,000元)。該等金額均計入合併損益及其他全面收益表內「分佔合營企業及聯營公司溢利及虧損」項下。

The share of tax charges attributable to joint ventures and associates amounted to RMB42,845,000 (2019: RMB13,785,000) for the year ended 31 December 2020. The share of tax credit attributable to joint ventures and associates amounted to RMB48,759,000 (2019: RMB28,166,000) for the year ended 31 December 2020. These amounts are included in "Share of profits and losses of joint ventures and associates" in the consolidated statements of profit or loss and other comprehensive income.

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10. 所得稅 (續)

綜合財務狀況表內的應付稅項指以下各項：

10. INCOME TAX (CONTINUED)

Tax payable in the consolidated statement of financial position represents the following:

		二零二零年 人民幣千元 2020 RMB' 000	二零一九年 人民幣千元 2019 RMB' 000
應付稅項：	Tax payable:		
企業所得稅	Corporate income tax	1,799,027	1,435,996
土地增值稅	LAT	610,167	487,182
應付稅項總額	Total tax payable	2,409,194	1,923,178

11. 股息

於報告期末後，董事會建議派發二零二零年年度末期股息每股0.20港元（將從本公司股份溢價賬中派發），總額約為608,680,600港元，須待股東於應屆股東週年大會上批准。末期股息乃於報告期末後建議派發，故未於報告期末確認為負債。

11. DIVIDENDS

Subsequent to the end of the reporting period, a final dividend for the year 2020 of HK\$0.20 per share (to be distributed out of the Company's share premium account), amounting to a total of approximately HK\$608,680,600 has been proposed by the Directors and is subject to approval by the shareholders at the forthcoming annual general meeting. The final dividend has been proposed after the end of the reporting period and, therefore, has not been recognised as a liability at the end of the reporting period.

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12. 母公司普通權益持有人應佔每股盈利

每股基本盈利金額乃根據母公司普通權益持有人應佔年內溢利及年內已發行普通股加權平均數2,472,468,271股(二零一九年: 2,399,999,100股)計算。

截至二零二零年及二零一九年十二月三十一日止年度,用以計算每股基本盈利金額的普通股加權平均數乃根據本公司於二零一九年十二月十三日的1股股份計算,其於二零二零年五月十一日分拆為100股每股面值0.01美元的股份及本公司根據二零二零年十一月十八日發生的資本化發行發行2,399,999,000股普通股,猶如該等根據資本化發行發行的額外股份於截至二零二零年及二零一九年十二月三十一日止年度已發行。於二零二零年五月二十日,本公司於二零二零年十一月十八日全球發售完成後發行900股股份及600,000,000股新普通股。於二零二零年十二月十六日,超額配股權獲部分行使,及本公司配發及發行額外43,403,000股額外股份。

由於本集團於截至二零二零年及二零一九年十二月三十一日止年度並無已發行潛在攤薄普通股,故並無就截至二零二零年及二零一九年十二月三十一日止年度呈列的每股基本盈利金額作出攤薄調整。

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,472,468,271 (2019: 2,399,999,100) in issue during the year.

The weighted average number of ordinary shares used to calculate the basic earnings per share amounts for the years ended 31 December 2020 and 2019 was based on 1 share of the Company as at 13 December 2019, which was subdivided into 100 shares of US\$0.01 each on 11 May 2020, and 2,399,999,000 ordinary shares of the Company were issued under the capitalisation issue which occurred on 18 November 2020, as if these additional shares issued under the capitalisation issue had been in issue throughout the years ended 31 December 2020 and 2019. On 20 May 2020, the Company issued 900 shares and 600,000,000 new ordinary shares were issued upon completion of the Global Offering on 18 November 2020. On 16 December 2020, the over-allotment option has been partially exercised and the Company allotted and issued 43,403,000 additional shares.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2020 and 2019 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2020 and 2019.

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12. 母公司普通權益持有人應佔每股盈利 (續)

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT
(CONTINUED)

每股基本及攤薄盈利金額的計算基於：

The calculations of the basic and diluted earnings per share amounts are based on:

		二零二零年 人民幣千元 2020 RMB' 000	二零一九年 人民幣千元 2019 RMB' 000
盈利	Earnings		
母公司普通權益持有人應佔溢利	Profit attributable to ordinary equity holders of the parent	2,646,006	2,312,283
			股份數目 Number of shares
			二零二零年 2020
			二零一九年 2019
股份	Shares		
年內已發行普通股加權平均數	Weighted average number of ordinary shares in issue during the year	2,472,468,271	2,399,999,100
每股盈利	Earnings per share		
基本及攤薄	Basic and diluted	人民幣 1.07 元 RMB 1.07 Yuan	人民幣0.96元 RMB0.96 Yuan

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13. 物業、廠房及設備

13. PROPERTY, PLANT AND EQUIPMENT

		樓宇 人民幣千元	汽車 人民幣千元	辦公設備及 電子裝置 人民幣千元	在建工程 人民幣千元	租賃裝修 人民幣千元	總計 人民幣千元
		Buildings RMB' 000	Motor vehicles RMB' 000	Office equipment and electronic devices RMB' 000	Construction in progress RMB' 000	Leasehold improvements RMB' 000	Total RMB' 000
於二零二零年十二月三十一日 31 December 2020							
於二零二零年一月一日：	At 1 January 2020:						
成本	Cost	536,714	75,113	113,220	2,748	77,431	805,226
累計折舊	Accumulated depreciation	(89,629)	(49,604)	(78,748)	-	(48,009)	(265,990)
賬面淨值	Net carrying amount	447,085	25,509	34,472	2,748	29,422	539,236
於二零二零年一月一日， 扣除累計折舊	At 1 January 2020, net of accumulated depreciation	447,085	25,509	34,472	2,748	29,422	539,236
添置	Additions	-	4,809	3,601	1,596	10,672	20,678
轉撥至投資物業(附註15)	Transferred to investment properties (note 15)	(359,905)	-	-	-	-	(359,905)
收購附屬公司(附註37)	Acquisition of subsidiaries (note 37)	-	-	41	-	-	41
出售事項	Disposals	-	(2,607)	(980)	-	(551)	(4,138)
出售附屬公司	Disposal of subsidiaries	(1,745)	(3,148)	(7,681)	-	-	(12,574)
年內折舊撥備(附註6)	Depreciation provided during the year (note 6)	(17,039)	(12,002)	(8,774)	-	(18,391)	(56,206)
於二零二零年 十二月三十一日， 扣除累計折舊	At 30 December 2020, net of accumulated depreciation	68,396	12,561	20,679	4,344	21,152	127,132
於二零二零年十二月三十一日：	At 30 December 2020:						
成本	Cost	173,859	64,297	75,545	4,344	87,117	405,162
累計折舊	Accumulated depreciation	(105,463)	(51,736)	(54,866)	-	(65,965)	(278,030)
賬面淨值	Net carrying amount	68,396	12,561	20,679	4,344	21,152	127,132

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13. 物業、廠房及設備 (續)

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

		樓宇 人民幣千元	汽車 人民幣千元	辦公設備及 電子裝置 人民幣千元	在建工程 人民幣千元	租賃裝修 人民幣千元	總計 人民幣千元
		Buildings RMB' 000	Motor vehicles RMB' 000	Office equipment and electronic devices RMB' 000	Construction in progress RMB' 000	Leasehold improvements RMB' 000	Total RMB' 000
二零一九年十二月三十一日 31 December 2019							
於二零一九年一月一日：	At 1 January 2019:						
成本	Cost	535,980	83,780	112,671	417	80,893	813,741
累計折舊	Accumulated depreciation	(71,762)	(46,392)	(68,087)	-	(33,887)	(220,128)
賬面淨值	Net carrying amount	464,218	37,388	44,584	417	47,006	593,613
於二零一九年一月一日， 扣除累計折舊	At 1 January 2019, net of accumulated depreciation	464,218	37,388	44,584	417	47,006	593,613
添置	Additions	734	2,596	3,998	2,748	4,526	14,602
收購附屬公司(附註37)	Acquisition of subsidiaries (note 37)	-	60	345	-	-	405
轉讓	Transfers	-	-	417	(417)	-	-
出售事項	Disposals	-	(2,078)	(1,391)	-	(7,253)	(10,722)
出售附屬公司(附註38)	Disposal of subsidiaries (note 38)	-	(521)	(80)	-	(395)	(996)
轉撥至持作出售之附屬公司	Transfer to a subsidiary held for sale	-	(44)	-	-	-	(44)
年內折舊撥備(附註6)	Depreciation provided during the year (note 6)	(17,867)	(11,892)	(13,401)	-	(14,462)	(57,622)
於二零一九年 十二月三十一日， 扣除累計折舊	At 31 December 2019, net of accumulated depreciation	447,085	25,509	34,472	2,748	29,422	539,236
於二零一九年 十二月三十一日：	At 31 December 2019:						
成本	Cost	536,714	75,113	113,220	2,748	77,431	805,226
累計折舊	Accumulated depreciation	(89,629)	(49,604)	(78,748)	-	(48,009)	(265,990)
賬面淨值	Net carrying amount	447,085	25,509	34,472	2,748	29,422	539,236

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13. 物業、廠房及設備 (續)

於二零二零年十二月三十一日，概無物業、廠房及設備(二零一九年：人民幣250,130,000元)已質押，為本集團獲授的銀行及其他借款作抵押(附註30)。

於二零二零年十二月三十一日，概無物業、廠房及設備於二零二零年十二月三十一日已質押(二零一九年：人民幣135,187,000元)，為關連方獲授的銀行借款作抵押(附註41)。

14. 租賃**本集團作為承租人**

本集團就寫字樓及汽車訂有租賃合同。寫字樓租賃的租期通常為2至6年，以及汽車租賃的租期一般為5年。辦公設備的租期通常為12個月或以內及／或個別設備的價值較低。一般而言，本集團不可向本集團以外人士轉讓及分租租賃資產。

(a) 使用權資產

本集團使用權資產的賬面值及於年內的變動如下：

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

At 31 December 2020, no property, plant and equipment (2019: RMB250,130,000) were pledged to secure bank and other borrowings granted to the Group (note 30).

At 31 December 2020, no property, plant and equipment as at 31 December 2020 (2019: RMB135,187,000) were pledged to secure bank borrowings granted to the related parties (note 41).

14. LEASES**The Group as a lessee**

The Group has lease contracts for office buildings and motor vehicles. Leases of office buildings generally have lease terms between 2 and 6 years, and leases of motor vehicles generally have lease terms of 5 years. Office equipment generally has lease terms of 12 months or less and/or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

		樓宇 人民幣千元 Office buildings RMB'000	汽車 人民幣千元 Motor vehicles RMB'000	總計 人民幣千元 Total RMB'000
於二零一九年一月一日	As at 1 January 2019	56,300	325	56,625
添置	Additions	101,363	-	101,363
折舊費用(附註6)	Depreciation charge (note 6)	(44,672)	(95)	(44,767)
於二零一九年 十二月三十一日及 二零二零年一月一日	As at 31 December 2019 and 1 January 2020	112,991	230	113,221
添置	Additions	13,017	-	13,017
因租賃期間不可撤銷之 變動而導致的租期變更	Revision of a lease term arising from a change in the non-cancellable period of a lease	(11,950)	-	(11,950)
折舊費用(附註6)	Depreciation charge (note 6)	(40,129)	(95)	(40,224)
於二零二零年 十二月三十一日	As at 31 December 2020	73,929	135	74,064

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14. 租賃 (續)**本集團作為承租人 (續)****(b) 租賃負債**

年內，租賃負債的賬面值及變動如下：

		二零二零年 人民幣千元 2020 RMB' 000	二零一九年 人民幣千元 2019 RMB' 000
於一月一日的賬面值	Carrying amount at 1 January	125,590	58,743
新租賃	New leases	13,017	88,843
因租賃期間不可撤銷之 變動而導致的租期變更	Revision of a lease term arising from a change in the non-cancellable period of a lease	(15,722)	–
年內已確認利息增幅	Accretion of interest recognised during the year	7,771	7,340
付款	Payments	(44,539)	(29,336)
於十二月三十一日之賬面值	Carrying amount at 31 December	86,117	125,590
		二零二零年 人民幣千元 2020 RMB' 000	二零一九年 人民幣千元 2019 RMB' 000
分析為：	Analysed into:		
流動部分	Current portion	34,207	50,744
非流動部分	Non-current portion	51,910	74,846

租賃負債的到期分析在財務報表附註44中披露。

14. LEASES (CONTINUED)**The Group as a lessee (continued)****(b) Lease liabilities**

The carrying amount of lease liabilities and the movements during the year are as follows:

		二零二零年 人民幣千元 2020 RMB' 000	二零一九年 人民幣千元 2019 RMB' 000
於一月一日的賬面值	Carrying amount at 1 January	125,590	58,743
新租賃	New leases	13,017	88,843
因租賃期間不可撤銷之 變動而導致的租期變更	Revision of a lease term arising from a change in the non-cancellable period of a lease	(15,722)	–
年內已確認利息增幅	Accretion of interest recognised during the year	7,771	7,340
付款	Payments	(44,539)	(29,336)
於十二月三十一日之賬面值	Carrying amount at 31 December	86,117	125,590
		二零二零年 人民幣千元 2020 RMB' 000	二零一九年 人民幣千元 2019 RMB' 000
分析為：	Analysed into:		
流動部分	Current portion	34,207	50,744
非流動部分	Non-current portion	51,910	74,846

The maturity analysis of lease liabilities is disclosed in note 44 to the financial statements.

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14. 租賃 (續)

本集團作為承租人 (續)

(c) 於損益確認的有關租賃的金額如下：

		二零二零年 人民幣千元 2020 RMB' 000	二零一九年 人民幣千元 2019 RMB' 000
租賃負債利息	Interest on lease liabilities	7,771	7,340
使用權資產折舊費用(附註6)	Depreciation charge of right-of-use assets (note 6)	40,224	44,767
短期租賃的租賃開支(附註6)	Expense relating to short-term leases (note 6)	13,237	15,936
低價值資產租賃的 租賃開支(附註6)	Expense relating to leases of low-value assets (note 6)	984	352
於損益確認的總金額	Total amount recognised in profit or loss	62,216	68,395

(d) 財務報表附註36(c)和44分別披露了租賃的現金流出總額及與尚未開始的租賃有關的未來現金流出。

14. LEASES (CONTINUED)

The Group as a lessee (continued)

(c) The amounts recognised in profit or loss in relation to leases are as follows:

		二零二零年 人民幣千元 2020 RMB' 000	二零一九年 人民幣千元 2019 RMB' 000
租賃負債利息	Interest on lease liabilities	7,771	7,340
使用權資產折舊費用(附註6)	Depreciation charge of right-of-use assets (note 6)	40,224	44,767
短期租賃的租賃開支(附註6)	Expense relating to short-term leases (note 6)	13,237	15,936
低價值資產租賃的 租賃開支(附註6)	Expense relating to leases of low-value assets (note 6)	984	352
於損益確認的總金額	Total amount recognised in profit or loss	62,216	68,395

(d) The total cash outflow for leases and future cash outflows relating to leases that have not yet commenced are disclosed in notes 36 (c) and 44, respectively, to the financial statements.

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14. 租賃 (續)**本集團作為出租人**

本集團根據經營租賃安排出租其投資物業(附註15)。租約條款通常要求租戶支付抵押按金並根據當時現時市場狀況對租金進行定期調整。本集團於本年度確認的租金收入為人民幣39,191,000元(二零一九年:人民幣12,619,000元),有關詳情載於財務報表附註5。

於二零二零年十二月三十一日,本集團於未來期間根據不可撤銷經營租賃應自租戶收取的未折現租賃付款如下:

14. LEASES (CONTINUED)**The Group as a lessor**

The Group leases its investment properties (note 15) under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was RMB39,191,000 (2019: RMB12,619,000), details of which are included in note 5 to the financial statements.

At 31 December 2020, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

		二零二零年 人民幣千元 2020 RMB'000	二零一九年 人民幣千元 2019 RMB'000
於一年內	Within one year	96,985	16,462
一年以上但於兩年內	After one year but within two years	96,950	12,502
兩年以上但於三年內	After two years but within three years	44,437	10,908
三年以上但於四年內	After three years but within four years	44,404	10,908
四年以上但於五年內	After four years but within five years	39,799	9,825
五年以上	After five years	120,964	32,092
		443,539	92,697

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15. 投資物業

15. INVESTMENT PROPERTIES

		已竣工 人民幣千元 Completed RMB'000	在建 人民幣千元 Under construction RMB'000	總計 人民幣千元 Total RMB'000
於二零一九年一月一日的 賬面值	Carrying amount at 1 January 2019	581,558	521,000	1,102,558
添置	Additions	–	367,666	367,666
轉撥自在建投資物業	Transferred from investment properties under construction	888,666	(888,666)	–
公平值調整所得收益淨額	Net gain from a fair value adjustment	22,406	–	22,406
於二零一九年十二月三十一日 及二零二零年一月一日的 賬面值	Carrying amount at 31 December 2019 and 1 January 2020	1,492,630	–	1,492,630
轉撥自物業、廠房及設備 (附註13)	Transferred from property, plant and equipment (note 13)	359,905	–	359,905
物業、廠房及設備轉撥至 投資物業之重估收益	Revaluation gains on transfer from property, plant and equipment to investment properties	161,395	–	161,395
公平值調整所得收益淨額	Net gain from a fair value adjustment	4,624	–	4,624
於二零二零年十二月三十一日 之賬面值	Carrying amount at 31 December 2020	2,018,554	–	2,018,554

本集團之投資物業位於中國內地。根據獨立專業合資格估值師仲量聯行所進行之估值，本集團之投資物業於二零二零年十二月三十一日分別重新估值為人民幣2,018,554,000元（二零一九年：人民幣1,492,630,000元）。本集團委聘外部估值師負責本集團物業的外部估值。甄選準則包括市場知識、聲譽、獨立性及是否維持專業標準。本集團的高級財務經理於就財務申報進行估值時與估值師討論估值假設及估值結果。

The Group's investment properties are situated in Mainland China. The Group's investment properties were revalued on 31 December 2020 based on valuations performed by Jones Lang LaSalle (JLL), an independent professionally qualified valuer, at RMB2,018,554,000 (2019: RMB1,492,630,000). The Group appoints an external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's chief financial officer has discussions with the valuer on the valuation assumptions and valuation results when the valuation is performed for financial reporting.

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15. 投資物業 (續)

於二零二零年十二月三十一日，本集團賬面值約為人民幣244,900,000元(二零一九年：人民幣203,081,000元)的投資物業已質押，為本集團獲授的銀行及其他借款作抵押(附註30)。

於二零二零年十二月三十一日，概無投資物業(二零一九年：人民幣121,912,000元)已質押，為關連方獲授的銀行借款作抵押(附註41)。

公平值層級

下表列示本集團投資物業的公平值測量層級：

15. INVESTMENT PROPERTIES (CONTINUED)

At 31 December 2020, the Group's investment properties with a carrying amount of approximately RMB244,900,000 (2019: RMB203,081,000), were pledged to secure bank and other borrowings granted to the Group (note 30).

At 31 December 2020, no investment properties (2019: RMB121,912,000) were pledged to secure bank borrowings granted to the related parties (note 41).

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

於二零二零年十二月三十一日使用以下方式進行的公平值測量
Fair value measurement as at 31 December 2020 using

	於活躍市場的 報價 (第一級) 人民幣千元 Quoted prices in active markets (Level 1) RMB' 000	重大可觀察 輸入數據 (第二級) 人民幣千元 Significant observable inputs (Level 2) RMB' 000	重大不可觀察 輸入數據 (第三級) 人民幣千元 Significant unobservable inputs (Level 3) RMB' 000	總計 人民幣千元 Total RMB' 000
就以下項目進行的 經常性公平值計量：	Recurring fair value measurement for:			
已竣工商業物業	Commercial properties completed	-	-	2,018,554
				2,018,554

於二零一九年十二月三十一日使用以下方式進行的公平值測量
Fair value measurement as at 31 December 2019 using

	於活躍市場的 報價 (第一級) 人民幣千元 Quoted prices in active markets (Level 1) RMB' 000	重大可觀察 輸入數據 (第二級) 人民幣千元 Significant observable inputs (Level 2) RMB' 000	重大不可觀察 輸入數據 (第三級) 人民幣千元 Significant unobservable inputs (Level 3) RMB' 000	總計 人民幣千元 Total RMB' 000
就以下項目進行的 經常性公平值計量：	Recurring fair value measurement for:			
已竣工商業物業	Commercial properties completed	-	-	1,492,630
				1,492,630

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15. 投資物業 (續)**公平值層級 (續)**

於年內，第一級與第二級之間並無公平值計量的轉撥，亦無轉撥至或轉撥自第三級。

以下為投資物業估值所用估值技術及主要輸入數據概要：

	估值技術 Valuation technique	重大不可觀察輸入數據 Significant unobservable inputs	範圍或加權平均十二月三十一日 Range or weighted average 31 December	
			二零二零年 2020	二零一九年 2019
已竣工商業物業 Completed commercial properties	收益法 Income approach	預期租金價值 (每平方米及每月) Expected rental value (per square metre and per day)	人民幣 15-138 元 RMB15-138	人民幣15-138元 RMB15-138
		資本化率 Capitalisation rate	3%-6% 3%-6%	3%-6% 3%-6%

已竣工商業物業的公平值乃通過收益法釐定，方法是通過計入以現有租賃所得及／或在現有市場上可收取的物業租金收入，且已就租賃的復歸收入潛力作適當估量，並已按適當的資本化率進行資本化以釐定公平值。在適當情況下，亦曾考慮參考相關市場可資比較的销售交易。

估計租金價值大幅增加(減少)將導致投資物業的公平值大幅增加(減少)。資本化率大幅增加(減少)將導致投資物業的公平值大幅減少(增加)。

15. INVESTMENT PROPERTIES (CONTINUED)**Fair value hierarchy (continued)**

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

Below is a summary of the valuation technique used and the key inputs to the valuation of investment properties:

The fair value of completed commercial properties is determined using the income approach by taking into account the rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the fair value at an appropriate capitalisation rate. Where appropriate, reference to the comparable sales transactions as available in the relevant market has also been considered.

A significant increase (decrease) in the estimated rental value would result in a significant increase (decrease) in the fair value of the investment properties. A significant increase (decrease) in the capitalisation rate would result in a significant decrease (increase) in the fair value of the investment properties.

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15. 投資物業 (續)**公平值層級 (續)**

絕大多數在建商業物業的公平值使用比較法釐定，經參考有關市場上可資比較的租金價格並(如適用)經扣除以下項目後得出物業的公平值(假設其已竣工)：

- 市場參與者令物業竣工將產生的估計建設成本、營銷成本、管理費用、融資成本及專業費用；
- 市場參與者持有及開發物業至竣工所需的估計利潤率。

預期租金價值越高，將導致在建投資物業的公平值越高。

資本化率越高，將導致在建投資物業的公平值越低。

預期利潤率越高，將導致在建投資物業的公平值越低。

15. INVESTMENT PROPERTIES (CONTINUED)**Fair value hierarchy (continued)**

The fair value of most of the commercial properties under construction was determined using the comparison method, with reference to comparable rental prices as available in the relevant market to derive the fair value of the properties assuming they were completed and, where appropriate, after deducting the following items:

- Estimated construction cost, marketing cost, management fees, finance costs and professional fees to be expensed to complete the properties that would be incurred by a market participant;
- Estimated profit margin that a market participant would require to hold and develop the properties to completion.

A higher expected rental value would result in a higher fair value of the investment properties under construction.

A higher capitalisation rate would result in a lower fair value of the investment properties under construction.

A higher expected profit margin would result in a lower fair value of the investment properties under construction.

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16. 無形資產

16. INTANGIBLE ASSETS

		二零二零年 人民幣千元 2020 RMB'000	二零一九年 人民幣千元 2019 RMB'000
軟件	Software		
於一月一日	At 1 January		
成本	Cost	17,306	11,861
累計攤銷	Accumulated amortisation	(5,634)	(1,993)
於一月一日的成本，扣除累計攤銷	Cost at 1 January, net of accumulated amortisation	11,672	9,868
添置	Additions	1,711	5,453
出售附屬公司(附註38)	Disposal of subsidiaries (note 38)	(198)	–
年內計提攤銷(附註6)	Amortisation provided during the year (note 6)	(2,353)	(3,649)
於十二月三十一日	At 31 December	10,832	11,672
成本	Cost	18,542	17,306
累計攤銷	Accumulated amortisation	(7,710)	(5,634)
賬面淨值	Net carrying amount	10,832	11,672

17. 於合營企業的投資

17. INVESTMENTS IN JOINT VENTURES

		二零二零年 人民幣千元 2020 RMB'000	二零一九年 人民幣千元 2019 RMB'000
分估資產淨值	Share of net assets	1,164,904	529,816
收購時商譽	Goodwill on acquisition	–	235,864
減值	Impairment	–	(53,000)
投資之賬面值	Carrying amount of the investment	1,164,904	712,680

本集團與合營企業的應收及應付款項結餘披露於財務報表附註41。

The Group's receivable and payable balances with joint ventures are disclosed in note 41 to the financial statements.

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17. 於合營企業的投資 (續)

(a) 本集團主要合營企業(全部主要於中國內地經營)的詳情:

公司名稱	註冊地點及 年份	註冊股本的 面值(千)	本集團應佔 所有權權益的 百分比	主要活動
Name of companies	Place and year of registration	Nominal value of registered share capital ('000)	Percentage of ownership interest attributable to the Group	Principal activities
湖州交投祥生房地產開發有限公司 (「湖州交投祥生」)(附註1)	中國浙江 二零一七年	人民幣50,000元	50%	物業開發
Huzhou Jiaotou Shinsun Real Estate Development Co., Ltd. ("Huzhou Jiaotou Shinsun") (note 1)	Zhejiang, PRC 2017	RMB50,000	50%	Property development
湖州吳興交投祥生置業有限公司 (「湖州吳興交投」)(附註1)	中國浙江 二零一七年	人民幣50,000元	50%	物業開發
Huzhou Wuxing Jiaotou Shinsun Real Estate Co., Ltd. ("Huzhou Wuxing Jiaotou") (note 1)	Zhejiang, PRC 2017	RMB50,000	50%	Property development
杭州祥生宜景房地產開發有限公司 (「杭州祥生宜景」)(附註1)	中國浙江 二零一七年	人民幣50,000元	40%	物業開發
Hangzhou Shinsun Yijing Real Estate Development Co., Ltd. ("Hangzhou Shinsun Yijing") (note 1)	Zhejiang, PRC 2017	RMB50,000	40%	Property development
揚州祥生可宇置業有限公司 (「揚州祥生可宇」)(附註1)	中國江蘇 二零零七年	人民幣50,000元	61%	物業開發
Yangzhou Shinsun Keyu Real Estate Co., Ltd. ("Yangzhou Shinsun Keyu") (note 1)	Jiangsu, PRC 2007	RMB50,000	61%	Property development
杭州仁遠房地產開發有限公司 (「杭州仁遠」)(附註2)	中國浙江 二零一八年	人民幣50,000元	49%	物業開發
Hangzhou Renyuan Real Estate Development Co., Ltd. ("Hangzhou Renyuan") (note 2)	Zhejiang, PRC 2018	RMB50,000	49%	Property development
南京市頤輝置業有限公司 (「南京頤輝」)(附註1)	中國江蘇 二零一八年	人民幣500,000元	30%	物業開發
Nanjing Yihui Real Estate Co., Ltd. ("Nanjing Yihui") (note 1)	Jiangsu, PRC 2018	RMB500,000	30%	Property development
諸暨祥生弘瑞置業有限公司 (「諸暨祥生弘瑞」)(附註1)	中國浙江 二零一八年	人民幣20,000元	51%	物業開發
Zhuji Shinsun Hongrui Real Estate Co., Ltd. ("Zhuji Shinsun Hongrui") (note 1)	Zhejiang, PRC 2018	RMB20,000	51%	Property development

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17. 於合營企業的投資 (續)

(a) (續)

公司名稱	註冊地點及 年份	註冊股本的 面值(千)	本集團應佔 所有權權益的 百分比	主要活動
Name of companies	Place and year of registration	Nominal value of registered share capital ('000)	Percentage of ownership interest attributable to the Group	Principal activities
諸暨祥生祥駿置業有限公司 (「諸暨祥生祥駿」)(附註1)	中國浙江 二零一九年	人民幣400,000元	31%	物業開發
Zhuji Shinsun Xiangjun Real Estate Co., Ltd. ("Zhuji Shinsun Xiangjun") (note 1)	Zhejiang, PRC 2019	RMB400,000	31%	Property development
諸暨市萬祥房地產開發有限公司 (「諸暨萬祥」)(附註1)	中國浙江 二零一八年	人民幣20,000元	35%	物業開發
Zhuji Wanxiang Real Estate Development Co., Ltd. ("Zhuji Wanxiang") (note 1)	Zhejiang, PRC 2018	RMB20,000	35%	Property development
江西福田益壽投資開發有限公司 (「江西福田益壽投資開發」)(附註1)	中國江西 二零一五年	人民幣50,000元	50%	物業開發
Jiangxi Futian Yishou Investment Development Co., Ltd. ("Jiangxi Futian Yishou Investment Development") (note 1)	Jiangxi, PRC 2015	RMB50,000	50%	Property development
安慶金世祥房地產開發有限公司 (「安慶金世祥房地產」)(附註1)	中國安徽 二零一九年	人民幣100,000元	33%	物業開發
Anqing Jinshixiang Real Estate Development Co., Ltd. ("Anqing Jinshixiang Real Estate") (note 1)	Anhui, PRC 2019	RMB100,000	33%	Property development
諸暨祥生弘鵬置業有限公司 (「諸暨祥生弘鵬置業」)(附註1)	中國浙江 二零一九年	人民幣300,000元	50.1%	物業開發
Zhuji Shinsun Hongpeng Real Estate Co., Ltd. ("Zhuji Shinsun Hongpeng Real Estate") (note 1)	Zhejiang, PRC 2019	RMB300,000	50.1%	Property development
臨海紫元銀通置業有限公司 (「臨海紫元」)(附註3)	中國浙江 二零一四年	人民幣20,000元	58.5%	物業開發
Linhai Ziyuan Yintong Real Estate Co., Ltd. ("Linhai Ziyuan") (note 3)	Zhejiang, PRC 2014	RMB20,000	58.5%	Property development

17. INVESTMENTS IN JOINT VENTURES (CONTINUED)

(a) (continued)

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17. 於合營企業的投資 (續)

(a) (續)

公司名稱	註冊地點及 年份	註冊股本的 面值(千)	本集團應佔 所有權權益的 百分比	主要活動
Name of companies	Place and year of registration	Nominal value of registered share capital ('000)	Percentage of ownership interest attributable to the Group	Principal activities
江蘇祥揚企業管理有限公司 (「江蘇祥揚」)(附註1)	中國江蘇 二零二零年	人民幣10,000元	40%	投資控股
Jiangsu Xiangyang Enterprise Management Consulting Co., Ltd. ("Jiangsu Xiangyang") (note 1)	Jiangsu, PRC 2020	RMB10,000	40%	Investment holding
溫州藍易置業有限公司 (「溫州藍易」)(附註1)	中國浙江 二零二零年	人民幣10,000元	45%	物業開發
Wenzhou Lanyi Real Estate Co., Ltd. ("Wenzhou Lanyi") (note 1)	Zhejiang, PRC 2020	RMB10,000	45%	Property development
杭州風荷企業管理有限公司 (「杭州風荷」)(附註1)	中國浙江 二零二零年	人民幣20,000元	40%	投資控股
Hangzhou Fenghe Enterprise Management Consulting Co., Ltd. ("Hangzhou Fenghe") (note 1)	Zhejiang, PRC 2020	RMB20,000	40%	Investment holding
寧波璟耀置業有限公司 (「寧波璟耀」)(附註1)	中國浙江 二零二零年	人民幣580,000元	50%	物業開發
Ningbo Jingyao Real Estate Co., Ltd. ("Ningbo Jingyao") (note 1)	Zhejiang, PRC 2020	RMB580,000	50%	Property development
杭州星揚企業管理有限公司 (「杭州星揚」)(附註1)	中國浙江 二零二零年	人民幣300,000元	44%	投資控股
Hangzhou Xingyang Enterprise Management Consulting Co., Ltd. ("Hangzhou Xingyang") (note 1)	Zhejiang, PRC 2020	RMB300,000	44%	Investment holding
諸暨祥旅雲麓旅遊開發有限公司 (「諸暨祥旅雲麓」)(附註1)	中國浙江 二零二零年	人民幣200,000元	51%	物業開發及文化旅遊
Zhuji Xianglv Yunlu Tourism Development Co., Ltd. ("Zhuji Xianglv Yunlu") (note 1)	Zhejiang, PRC 2020	RMB200,000	51%	Property development and cultural tourism

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17. 於合營企業的投資 (續)

(a) (續)

附註1： 根據投資框架協議及該等公司的組織章程細則，該等公司的所有股東決議案需經全體股東一致決定。因此，該等公司於年內入賬列為本集團的合營企業。

附註2： 杭州仁遠有四名股東，分別持有29%、50%、20%及1%的股權。根據杭州仁遠的組織章程細則，杭州仁遠的所有股東決議案須經四名股東一致決定。於二零二零年十一月三十日，本集團收購另一名股東持有的20%的股權，轉讓後，本集團持有49%的股權。

附註3： 臨海紫元曾為本集團附屬公司及自二零二零年四月起已成為本集團合營企業。有關詳情，請參閱附註38(i)。

合營企業於該等財務報表內以權益法入賬。

本公司董事預計該等項目日後將有利可圖，而於二零二零年十二月三十一日，毋須就其他於合營企業的投資作出減值撥備。

於本附註中，上述於中國註冊之公司的英文名稱為管理層盡力對該等公司中文名稱之譯名，原因是並無英文名稱獲註冊或可用。

17. INVESTMENTS IN JOINT VENTURES (CONTINUED)

(a) (continued)

Note 1: Pursuant to the investment framework agreement and the articles of association of these companies, all shareholders' resolutions of these companies shall be resolved by all shareholders on a unanimous basis. Therefore, these companies were accounted for as joint ventures of the Group during the year.

Note 2: Hangzhou Renyuan had four shareholders holding 29%, 50%, 20% and 1% equity interests, respectively. Pursuant to the articles of association of Hangzhou Renyuan, all shareholders' resolutions of Hangzhou Renyuan shall be resolved by four shareholders on a unanimous basis. Therefore, Hangzhou Renyuan was accounted for as a joint venture of the Group. On 30 November 2020, the Group acquired 20% of the equity interests held by another shareholder, and after the transfer, the Group holds 49% equity.

Note 3: Linhai Ziyuan was a subsidiary of the Group and has become the joint venture of the Group since April 2020. For details, please refer to note 38 (i).

The joint ventures have been accounted for using the equity method in these financial statements.

The directors of the Company expect that these projects will be profitable in the future and no provision for impairment for other investments in joint ventures was necessary as at 31 December 2020.

The English names of the companies registered in the PRC referred to above in this note represent management's best efforts in translating the Chinese names of those companies as no English names have been registered or are available.

二零二零年十二月三十一日 31 December 2020

17. 於合營企業的投資 (續)

(b) 於二零二零年十二月三十一日，南京頤輝及寧波環耀被視為本集團的重大合營企業，主要於中國大陸從事物業開發並採用權益法核算。

下表列示南京頤輝的財務資料概述。

17. INVESTMENTS IN JOINT VENTURES (CONTINUED)

(b) Nanjing Yihui and Ningbo Jingyao were considered as material joint ventures of the Group as at 31 December 2020, principally engaged in property development in Mainland China and are accounted for using the equity method.

The following table illustrates the summarised financial information of Nanjing Yihui:

		二零二零年 人民幣千元 2020 RMB'000
現金及現金等價物	Cash and cash equivalents	343,569
其他流動資產	Other current assets	3,312,673
流動資產	Current assets	3,656,242
非流動資產	Non-current assets	51,531
流動負債	Current liabilities	(3,270,375)
非流動金融負債，不包括貿易及其他應付款項及撥備	Non-current financial liabilities, excluding trade and other payables and provisions	-
資產淨值	Net asset	437,398
對本集團於合營企業權益之對賬：	Reconciliation to the Group's interest in the joint venture:	
本集團擁有權之比例	Proportion of the Group's ownership	30%
本集團分佔合營企業之資產淨值	Group's share of net assets of the joint venture	131,219
收益	Revenue	-
開支	Expenses	(29,887)
稅項	Tax	7,472
年內虧損	Loss for the year	(22,415)
年內全面虧損總額	Total comprehensive loss for the year	(22,415)

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17. 於合營企業的投資 (續)

(b) (續)

寧波環耀於二零二零年成立。下表列示寧波金耀於截至二零二零年十二月三十一日止年度的財務資料概要：

17. INVESTMENTS IN JOINT VENTURES (CONTINUED)

(b) (continued)

Ningbo Jingyao was established in the year 2020. The following table illustrates the summarised financial information of Ningbo Jingyao for the year ended 31 December 2020:

		二零二零年 人民幣千元 2020 RMB'000
現金及現金等價物	Cash and cash equivalents	2,000
其他流動資產	Other current assets	647,444
流動資產	Current assets	649,444
非流動資產	Non-current assets	139
流動負債	Current liabilities	(1)
非流動金融負債，不包括貿易及其他應付款項及撥備	Non-current financial liabilities, excluding trade and other payables and provisions	(70,000)
資產淨值	Net asset	579,582
對本集團於合營企業權益之對賬：	Reconciliation to the Group's interest in the joint venture:	
本集團擁有權之比例	Proportion of the Group's ownership	50%
本集團分佔合營企業之資產淨值	Group's share of net assets of the joint venture	289,791
收益	Revenue	-
開支	Expenses	(556)
稅項	Tax	139
年內虧損	Loss for the year	(417)
年內全面虧損總額	Total comprehensive loss for the year	(417)

二零二零年十二月三十一日 31 December 2020

17. 於合營企業的投資 (續)**(b) (續)**

於二零一九年十二月三十一日，浙江發現島文化旅遊有限公司（「浙江發現島文化旅遊」）被視為本集團的主要合營企業，主要於中國大陸從事物業開發且採用權益法入賬。由於當地政府的土地規劃發生變動，開發暫停。本公司董事已根據毗鄰地區的地價評估於二零一九年十二月三十一日的可收回金額，並計提減值撥備人民幣53,000,000元。根據日期為二零二零年九月二十九日的股份轉讓協議，本集團出售於湖州南太湖旅遊發展有限公司的60%股權。因此，浙江發現島文化旅遊其後不再為本集團的合營企業。

下表列示浙江發現島文化旅遊於二零一九年十二月三十一日的財務資料概述：

17. INVESTMENTS IN JOINT VENTURES (CONTINUED)**(b) (continued)**

Zhejiang Fa Xian Dao Cultural Tourism Co., Ltd. (“Zhejiang Fa Xian Dao Cultural Tourism”) was considered as a material joint venture of the Group as at 31 December 2019, principally engaged in property development in Mainland China and is accounted for using the equity method. Due to the change of land planning of the local government, the development was suspended. The directors of the Company assessed the recoverable amount based on the land price of the neighbouring regions and provided impairment provision of RMB53,000,000 as at 31 December 2019. Pursuant to the share transfer agreement dated 29 September 2020, the Group disposed of its 60% equity interest in Zhejiang Fa Xian Dao Cultural Tourism to 湖州南太湖旅遊發展有限公司 (Huzhou Nantaihu Tourism Development Co., Ltd.). Accordingly, Zhejiang Fa Xian Dao Cultural Tourism was no longer a joint venture of the Group thereafter.

The following table illustrates the summarised financial information of Zhejiang Fa Xian Dao Cultural Tourism as at 31 December 2019:

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17. 於合營企業的投資 (續)

17. INVESTMENTS IN JOINT VENTURES (CONTINUED)

(b) (續)

(b)(continued)

二零一九年
人民幣千元
2019
RMB'000

現金及現金等價物	Cash and cash equivalents	447
其他流動資產	Other current assets	424,423
流動資產	Current assets	424,870
非流動資產，不包括商譽	Non-current assets, excluding goodwill	15,758
收購合營企業之商譽 (減累計減值)	Goodwill on acquisition of the joint venture (less cumulative impairment)	182,864
流動負債	Current liabilities	(340,941)
資產淨值	Net asset	282,551
資產淨值，不包括商譽	Net asset, excluding goodwill	99,687
對本集團於合營企業權益之對賬：	Reconciliation to the Group's interest in the joint venture:	
本集團擁有權之比例	Proportion of the Group's ownership	60%
本集團分佔合營企業之資產淨值	Group's share of net assets of the joint venture	59,812
收購時商譽(減累計減值)	Goodwill on acquisition (less cumulative impairment)	182,864
投資之賬面值	Carrying amount of the investment	242,676
收益	Revenue	-
開支	Expenses	(2,197)
稅項	Tax	-
年內虧損	Loss for the year	(2,197)
年內全面虧損總額	Total comprehensive loss for the year	(2,197)

二零二零年十二月三十一日 31 December 2020

17. 於合營企業的投資 (續)

(c) 下表列示本集團並非個別屬重大的合營企業的合併財務資料：

		二零二零年 人民幣千元 2020 RMB' 000	二零一九年 人民幣千元 2019 RMB' 000
分佔合營企業年內溢利及虧損	Share of the joint ventures' profits and losses for the year	8,960	(53,326)
分佔合營企業全面收入總額	Share of the joint ventures' total comprehensive income	8,960	(53,326)
本集團於合營企業投資的總賬面值	Aggregate carrying amount of the Group's investments in the joint ventures	743,894	470,004

合營企業於該等財務資料內以權益法入賬。

The joint ventures have been accounted for using the equity method in these financial statements.

本公司董事預計該等項目日後將有利可圖，而於二零二零年十二月三十一日，毋須就其他於合營企業的投資作出減值撥備。

The directors of the Company expect that these projects will be profitable in the future and no provision for impairment for other investments in joint ventures was necessary as at 31 December 2020.

18. 於聯營公司的投資

18. INVESTMENTS IN ASSOCIATES

		二零二零年 人民幣千元 2020 RMB' 000	二零一九年 人民幣千元 2019 RMB' 000
分佔資產淨值	Share of net assets	686,226	742,052

本集團與聯營公司的應收及應付款項結餘披露於財務報表附註41。

The Group's receivable and payable balances with associates are disclosed in note 41 to the financial statements.

二零二零年十二月三十一日 31 December 2020

18. 於聯營公司的投資 (續)

(a) 本集團主要聯營公司(全部均於中國內地營運)的詳情:

18. INVESTMENTS IN ASSOCIATES (CONTINUED)

(a) Particulars of the Group's principal associates, all of which principally operate in Mainland China:

公司名稱	註冊地點及 年份	註冊股本的 面值(千元)	本集團應佔 所有權權益的 百分比	主要業務
Name of companies	Place and year of registration	Nominal value of registered share capital ('000)	Percentage of ownership interest attributable to the Group	Principal activities
杭州祥生弘瑞房地產開發有限公司 (「杭州祥生弘瑞房地產」)	中國浙江， 二零一七年	人民幣50,000元	49%	物業開發
Hangzhou Shinsun Hongrui Real Estate Development Co., Ltd. (“Hangzhou Shinsun Hongrui Real Estate”)	Zhejiang, PRC 2017	RMB50,000	49%	Property development
泰興祥生置業有限公司 (「泰興祥生置業」)	中國江蘇， 二零零七年	人民幣20,000元	20%	物業開發
Taixing Shinsun Real Estate Co., Ltd. (“Taixing Shinsun Real Estate”)	Jiangsu, PRC 2007	RMB20,000	20%	Property development
諸暨溪園文旅小鎮投資有限公司 (「諸暨溪園文旅投資」)	中國浙江， 二零一七年	人民幣100,000元	40%	文化旅遊
Zhuji Xiyuan Cultural Tourism Investment Co., Ltd. (“Zhuji Xiyuan Cultural Tourism Investment”)	Zhejiang, PRC 2017	RMB100,000	40%	Cultural tourism
定遠縣遠碧房地產開發有限公司 (「定遠縣遠碧房地產」)	中國安徽， 二零一七年	人民幣200,000元	49%	物業開發
Dingyuan Yuanbi Real Estate Development Co., Ltd. (“Dingyuan Yuanbi Real Estate”)	Anhui, PRC 2017	RMB200,000	49%	Property development
如東新碧房地產開發有限公司 (「如東新碧房地產」)	中國江蘇， 二零一七年	人民幣20,000元	49%	物業開發
Rudong Xinbi Real Estate Development Co., Ltd. (“Rudong Xinbi Real Estate”)	Jiangsu, PRC 2017	RMB20,000	49%	Property development
天長市新碧房地產開發有限公司 (「天長市新碧房地產」)	中國安徽， 二零一七年	人民幣120,000元	49%	物業開發
Tianchang Xinbi Real Estate Development Co., Ltd. (“Tianchang Xinbi Real Estate”)	Anhui, PRC 2017	RMB120,000	49%	Property development
寧波祥生弘遠房地產開發有限公司 (「寧波祥生弘遠」)	中國浙江， 二零一八年	人民幣400,000元	49%	物業開發
Ningbo Shinsun Hongyuan Real Estate Development Co., Ltd. (“Ningbo Shinsun Hongyuan”)	Zhejiang, PRC 2018	RMB400,000	49%	Property development

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18. 於聯營公司的投資 (續)

(a) (續)

公司名稱	註冊地點及 年份	註冊股本的 面值(千元)	本集團應佔 所有權權益的 百分比	主要業務
Name of companies	Place and year of registration	Nominal value of registered share capital (' 000)	Percentage of ownership interest attributable to the Group	Principal activities
寧波圓盛企業管理諮詢有限公司 (「寧波圓盛企業管理」)	中國浙江， 二零一九年	人民幣612,000元	49%	投資控股
Ningbo Yuansheng Enterprise Management Consulting Co., Ltd. ("Ningbo Yuansheng Enterprise Management")	Zhejiang, PRC 2019	RMB612,000	49%	Investment holding
鎮江科生房地產開發有限公司 (「鎮江科生房地產」)	中國江蘇， 二零一九年	人民幣255,018元	40%	物業開發
Zhenjiang Kesheng Real Estate Development Co., Ltd. ("Zhenjiang Kesheng Real Estate")	Jiangsu, PRC 2019	RMB255,018	40%	Property development

於本附註中，上述於中國內地註冊之公司的英文名稱為管理層盡力對該等公司中文名稱之譯名，原因是並無英文名稱獲註冊或可用。

The English names of the companies registered in Mainland China referred to above in this note represent management's best efforts in translating the Chinese names of those companies as no English names have been registered or are available.

(b) 下表列示本集團並非個別屬重大的聯營公司的合併財務資料：

(b) The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

		二零二零年 人民幣千元 2020 RMB' 000	二零一九年 人民幣千元 2019 RMB' 000
分佔聯營公司年內溢利及虧損	Share of the associates' profits and losses for the year	(19,770)	11,502
分佔聯營公司全面收益或虧損總額	Share of the associates' total comprehensive income or losses	(19,770)	11,502
本集團於聯營公司投資的總賬面值	Aggregate carrying amount of the Group's investments in the associates	686,226	742,052

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18. 於聯營公司的投資 (續)

(b) (續)

聯營公司於該等財務報表內以權益法入賬。

於二零二零年十二月三十一日，聯營公司的若干項目仍在建及尚未確認收益，本公司董事預計該等項目日後將有利可圖，毋須就於聯營公司的投資作出減值撥備。

19. 遞延稅項資產及負債

年內遞延稅項資產及負債的變動如下：

遞延稅項資產

		可供抵銷未來 應課稅溢利的 虧損 人民幣千元	抵銷未來 應課稅溢利的 開支 人民幣千元	資產減值 人民幣千元	合約負債的 未變現收益 人民幣千元	應計土地 增值稅 人民幣千元	總計 人民幣千元
		Losses available for offsetting against future taxable profits RMB' 000	Expenses for offsetting against future taxable profits RMB' 000	Impairment of assets RMB' 000	Unrealised revenue in contract liabilities RMB' 000	Accrued LAT RMB' 000	Total RMB' 000
於二零一九年一月一日	At 1 January 2019	108,712	60,580	1,983	1,544,132	5,924	1,721,331
收購附屬公司(附註37)	Acquisition of subsidiaries (note 37)	-	-	-	4,154	-	4,154
年內計入損益的遞延稅項 (附註10)	Deferred tax credited to profit or loss during the year (note 10)	62,707	17,497	603	93,422	94,251	268,480
於二零一九年十二月三十一日及 二零二零年一月一日	At 31 December 2019 and 1 January 2020	171,419	78,077	2,586	1,641,708	100,175	1,993,965
收購附屬公司(附註37)	Acquisition of subsidiaries (note 37)	-	-	-	57,304	-	57,304
出售附屬公司(附註38)	Disposal of subsidiaries (note 38)	(6,347)	-	-	-	-	(6,347)
計入/(扣除自)損益的 遞延稅項(附註10)	Deferred tax credited/(charged) to profit or loss during the year (note 10)	30,068	(32,222)	1,870	(63,516)	126,301	62,501
於二零二零年十二月三十一日	At 31 December 2020	195,140	45,855	4,456	1,635,496	226,476	2,107,423

18. INVESTMENTS IN ASSOCIATES (CONTINUED)

(b)(continued)

The associates have been accounted for using the equity method in these financial statements.

As at 31 December 2020, certain projects of associates are still under construction and have not yet recognised revenue, the directors of the Company expects that the projects will be profitable in the future and no provision for impairment for investments in associates was necessary.

19. DEFERRED TAX ASSETS AND LIABILITIES

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax assets

		可供抵銷未來 應課稅溢利的 虧損 人民幣千元	抵銷未來 應課稅溢利的 開支 人民幣千元	資產減值 人民幣千元	合約負債的 未變現收益 人民幣千元	應計土地 增值稅 人民幣千元	總計 人民幣千元
		Losses available for offsetting against future taxable profits RMB' 000	Expenses for offsetting against future taxable profits RMB' 000	Impairment of assets RMB' 000	Unrealised revenue in contract liabilities RMB' 000	Accrued LAT RMB' 000	Total RMB' 000
於二零一九年一月一日	At 1 January 2019	108,712	60,580	1,983	1,544,132	5,924	1,721,331
收購附屬公司(附註37)	Acquisition of subsidiaries (note 37)	-	-	-	4,154	-	4,154
年內計入損益的遞延稅項 (附註10)	Deferred tax credited to profit or loss during the year (note 10)	62,707	17,497	603	93,422	94,251	268,480
於二零一九年十二月三十一日及 二零二零年一月一日	At 31 December 2019 and 1 January 2020	171,419	78,077	2,586	1,641,708	100,175	1,993,965
收購附屬公司(附註37)	Acquisition of subsidiaries (note 37)	-	-	-	57,304	-	57,304
出售附屬公司(附註38)	Disposal of subsidiaries (note 38)	(6,347)	-	-	-	-	(6,347)
計入/(扣除自)損益的 遞延稅項(附註10)	Deferred tax credited/(charged) to profit or loss during the year (note 10)	30,068	(32,222)	1,870	(63,516)	126,301	62,501
於二零二零年十二月三十一日	At 31 December 2020	195,140	45,855	4,456	1,635,496	226,476	2,107,423

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19. 遞延稅項資產及負債 (續)

年內遞延稅項資產及負債的變動如下：(續)

遞延稅項負債

19. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

The movements in deferred tax assets and liabilities during the year are as follows: (continued)

Deferred tax liabilities

		按公平值 計入損益的 金融資產產生 的公平值調整 人民幣千元 Fair value adjustments arising from financial assets at FVTPL RMB' 000	投資物業 產生的 公平值調整 人民幣千元 Fair value adjustments arising from investment properties RMB' 000	業務合併 產生的 公平值調整 人民幣千元 Fair value adjustments arising from business combinations RMB' 000	總計 人民幣千元 Total RMB' 000
於二零一九年一月一日	At 1 January 2019	130	91,745	116,663	208,538
收購附屬公司(附註37)	Acquisition of subsidiaries (note 37)	-	-	2,670	2,670
年內(計入)/扣除自損益的 遞延稅項(附註10)	Deferred tax (credited)/charged to profit or loss during the year (note 10)	(112)	11,426	(13,288)	(1,974)
於二零一九年十二月三十一日 及二零二零年一月一日	At 31 December 2019 and 1 January 2020	18	103,171	106,045	209,234
年內計入其他全面收入內的 遞延稅項	Deferred tax credited other comprehensive income during the year	-	40,348	-	40,348
年內於損益扣除/(計入)的 遞延稅項(附註10)	Deferred tax charged/(credited) to profit or loss during the year (note 10)	15	7,980	(18,135)	(10,140)
於二零二零年十二月三十一日	At 31 December 2020	33	151,499	87,910	239,442

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19. 遞延稅項資產及負債 (續)

並無遞延稅項資產及負債已於綜合財務狀況表內抵銷。以下為就財務申報目的進行的遞延稅項結餘分析：

19. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

No deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances for financial reporting purposes:

		二零二零年 人民幣千元 2020 RMB'000	二零一九年 人民幣千元 2019 RMB'000
於綜合財務狀況表內確認的 遞延稅項資產淨值	Net deferred tax assets recognised in the consolidated statement of financial position	2,100,518	1,960,579
於綜合財務狀況表內確認的 遞延稅項負債淨額	Net deferred tax liabilities recognised in the consolidated statement of financial position	(232,537)	(175,848)
		1,867,981	1,784,731

根據《中華人民共和國企業所得稅法》，在中國內地成立的外商投資企業向海外投資者宣派的股息將徵收10%的預扣稅。該規定自二零零八年一月一日起生效並適用於二零零七年十二月三十一日後產生的盈利。倘中國內地與該外國投資者所處司法權區訂有稅收協定，可採用較低預扣稅率。本集團的適用稅率為10%。因此，本集團須就該等在中國內地成立附屬公司就自二零零八年一月一日起產生的盈利所分派的股息繳納預扣稅。

於二零二零年十二月三十一日，並無就本集團於中國內地成立的附屬公司須繳納預扣稅的未匯出盈利應付的預扣稅確認任何遞延稅項。本公司董事認為，本集團的資金將就拓展本集團的經營而於中國內地保留，故該等附屬公司於可預見未來不可能分派有關盈利。與並無確認遞延稅項負債的中國內地附屬公司的投資相關的暫時差異總額約人民幣774,944,000元(二零一九年：人民幣413,833,000元)。

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

At 31 December 2020, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors of the Company, the Group's fund will be retained in Mainland China for the expansion of the Group's operation, so it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amounts of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised amounted to approximately RMB774,944,000 and (2019: RMB413,833,000).

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19. 遞延稅項資產及負債 (續)

並未就下列項目確認遞延稅項資產：

19. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

Deferred tax assets have not been recognised in respect of the following items:

		二零二零年 人民幣千元 2020 RMB' 000	二零一九年 人民幣千元 2019 RMB' 000
稅項虧損	Tax losses	620,317	458,723
可抵扣暫時差額	Deductible temporary differences	767,541	765,455
		1,387,858	1,224,178

結轉的稅項虧損可被確認為遞延稅項資產，此相關稅項優惠的變現須視乎未來應課稅溢利可否落實而作計算。於二零二零年十二月三十一日，本集團並無確認遞延稅項資產約人民幣155,079,000元(二零一九年：人民幣114,681,000元)。

有關稅項虧損可予結轉以抵銷一至五年內的未來應課稅收入。

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefits through future taxable profits is probable. As at 31 December 2020, the Group did not recognise deferred tax assets of approximately RMB155,079,000 (2019: RMB114,681,000).

The relevant tax losses can be carried forward to offset against future taxable income in one to five years.

20. 開發中物業

20. PROPERTIES UNDER DEVELOPMENT

		二零二零年 人民幣千元 2020 RMB' 000	二零一九年 人民幣千元 2019 RMB' 000
於年初	At the beginning of the year	92,688,528	88,598,436
添置	Additions	48,279,864	35,531,463
收購附屬公司(附註37)	Acquisition of subsidiaries (note 37)	2,153,600	-
出售附屬公司(附註38)	Disposal of subsidiaries (note 38)	(216,418)	(214,298)
已歸還政府*	Returned to the government*	-	(786,385)
銷售開發中物業	Sale of properties under development	-	(187,425)
轉撥至持作出售已竣工物業 (附註21)	Transferred to completed properties held for sale (note 21)	(37,061,141)	(30,343,921)
已確認減值虧損(附註6)	Impairment losses recognised (note 6)	(14,277)	-
轉撥至持作出售已竣工物業的 減值虧損(附註21)	Impairment losses transferred to completed properties held for sale (note 21)	10,788	90,658
於年末	At the end of the year	105,840,944	92,688,528

* 根據地方政府的最新規劃方案，本集團原先收購的兩幅土地由政府收回。

* According to the latest planning scheme of the local government, two pieces of land which were originally acquired by the Group were taken back by the government.

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20. 開發中物業 (續)

開發中物業的減值撥備變動如下：

		二零二零年 人民幣千元 2020 RMB'000	二零一九年 人民幣千元 2019 RMB'000
於年初	At the beginning of the year	270,021	360,679
已確認減值虧損(附註6)	Impairment losses recognised (note 6)	14,277	–
轉撥至持作出售已竣工物業的 減值虧損(附註21)	Impairment losses transferred to completed properties held for sale (note 21)	(10,788)	(90,658)
於年末	At the end of the year	273,510	270,021

本集團的開發中物業均位於中國內地的租賃土地上。

於二零二零年十二月三十一日，本集團總賬面值約人民幣69,672,081,000元(二零一九年：人民幣52,312,465,000元)的開發中物業已質押，為本集團獲授的銀行及其他借款作抵押(附註30)。

20. PROPERTIES UNDER DEVELOPMENT (CONTINUED)

The movements in provision for impairment of properties under development are as follows:

The Group's properties under development are situated on leasehold land in Mainland China.

At 31 December 2020, the Group's properties under development with aggregate carrying amounts of approximately RMB69,672,081,000 (2019: RMB52,312,465,000) were pledged to secure bank and other borrowings granted to the Group (note 30).

21. 持作出售的已竣工物業

		二零二零年 人民幣千元 2020 RMB'000	二零一九年 人民幣千元 2019 RMB'000
於年初	At the beginning of the year	5,393,412	3,114,046
轉撥自開發中物業(附註20)	Transferred from properties under development (note 20)	37,050,353	30,253,263
出售附屬公司(附註38)	Disposal of subsidiaries (note 38)	–	(998,791)
轉撥至已售存貨成本(附註6)	Transferred to cost of inventories sold (note 6)	(38,171,068)	(26,975,106)
於年末	At the end of the year	4,272,697	5,393,412

21. COMPLETED PROPERTIES HELD FOR SALE

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21. 持作出售的已竣工物業 (續)

21. COMPLETED PROPERTIES HELD FOR SALE (CONTINUED)

持作出售的已竣工物業的減值撥備變動如下：

The movements in provision for impairment of completed properties held for sale are as follows:

		二零二零年 人民幣千元 2020 RMB' 000	二零一九年 人民幣千元 2019 RMB' 000
於年初	At the beginning of the year	159,351	168,772
轉撥自開發中物業的 減值虧損 (附註20)	Impairment losses transferred from properties under development (note 20)	10,788	90,658
轉撥至銷售成本的 減值虧損	Impairment losses transferred to cost of sales	(86,104)	(100,079)
於年末	At the end of the year	84,035	159,351

持作出售的已竣工物業的價值於各報告期間未獲評估。倘賬面值超逾其可變現淨值，則存在減值。可變現淨值參考基於現行市價的售價減適用銷售開支釐定。

The value of completed properties held for sale was assessed at the end of each reporting period. An impairment exists when the carrying value exceeds its net realisable value. The net realisable value is determined by reference to the selling price based on the prevailing market price less applicable selling expenses.

22. 貿易應收款項及應收票據

22. TRADE AND BILLS RECEIVABLES

		二零二零年 人民幣千元 2020 RMB' 000	二零一九年 人民幣千元 2019 RMB' 000
貿易應收款項及應收票據	Trade and bills receivables	128,855	196,410
減值	Impairment	(1,475)	(1,398)
		127,380	195,012

本集團的貿易應收款項及應收票據主要包括向客戶提供的物業管理服務、管理諮詢服務、物業租賃及銷售物業的應收款項。

The Group's trade and bills receivables primarily consist of receivables from its property management services, management consulting services provided to its customers, property leasing and sale of properties.

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22. 貿易應收款項及應收票據 (續)

於各報告期間末基於發票日期的貿易應收款項及應收票據的賬齡分析(扣除虧損撥備)如下:

		二零二零年 人民幣千元 2020 RMB'000	二零一九年 人民幣千元 2019 RMB'000
一年內	Within 1 year	98,185	177,618
一至三年	1 to 3 years	29,195	17,394
超過三年	Over 3 years	-	-
		127,380	195,012

下表載列於二零二零年十二月三十一日有關本集團貿易應收款項及應收票據採用撥備矩陣的信貸風險敞口的資料:

22. TRADE AND BILLS RECEIVABLES (CONTINUED)

An ageing analysis of the trade and bills receivables as at the end of each reporting period, based on the invoice date and net of loss allowance, is as follows:

The following table sets out the information about the credit risk exposure on the Group's trade and bills receivables using a provision matrix as at 31 December 2020:

		一年內 Less than 1 year	一至三年 1 to 3 years	超過三年 Over 3 years	總計 Total
預期信貸虧損率	Expected credit loss rate	0.1%	0.2%	100.0%	1.1%
總賬面值(人民幣千元)	Gross carrying amount (RMB'000)	98,292	29,263	1,300	128,855
預期信貸虧損(人民幣千元)	Expected credit losses (RMB'000)	107	68	1,300	1,475

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22. 貿易應收款項及應收票據 (續)

下表載列於二零一九年十二月三十一日有關本集團貿易應收款項及應收票據採用撥備矩陣的信貸風險敞口的資料：

		一年內 Less than 1 year	一至三年 1 to 3 years	超過三年 Over 3 years	總計 Total
預期信貸虧損率	Expected credit loss rate	0.1%	0.0%	100.0%	0.7%
總賬面值(人民幣千元)	Gross carrying amount (RMB' 000)	177,716	17,394	1,300	196,410
預期信貸虧損(人民幣千元)	Expected credit losses (RMB' 000)	98	–	1,300	1,398

於各報告日期採用撥備矩陣進行減值分析，以計量預期信貸虧損。預期信貸虧損乃基於遷移率計算，而遷移率乃基於貿易應收款項及應收票據付款的過往數據及管理層對壞賬的預期得出。

貿易應收款項及應收票據的減值虧損撥備變動如下：

		二零二零年 人民幣千元 2020 RMB' 000	二零一九年 人民幣千元 2019 RMB' 000
於年初	At the beginning of the year	1,398	1,333
減值虧損(附註6)	Impairment losses (note 6)	77	65
因無法收回而撇銷的金額	Amount written off as uncollectible	–	–
於年末	At the end of the year	1,475	1,398

22. TRADE AND BILLS RECEIVABLES (CONTINUED)

The following table sets out the information about the credit risk exposure on the Group's trade and bills receivables using a provision matrix as at 31 December 2019:

		一年內 Less than 1 year	一至三年 1 to 3 years	超過三年 Over 3 years	總計 Total
預期信貸虧損率	Expected credit loss rate	0.1%	0.0%	100.0%	0.7%
總賬面值(人民幣千元)	Gross carrying amount (RMB' 000)	177,716	17,394	1,300	196,410
預期信貸虧損(人民幣千元)	Expected credit losses (RMB' 000)	98	–	1,300	1,398

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The expected credit losses are calculated based on the migration rate, which is based on the historical data of payments of trade and bills receivables and management's expectation of bad debt.

The movements in the loss allowance for impairment of trade and bills receivables are as follows:

		二零二零年 人民幣千元 2020 RMB' 000	二零一九年 人民幣千元 2019 RMB' 000
於年初	At the beginning of the year	1,398	1,333
減值虧損(附註6)	Impairment losses (note 6)	77	65
因無法收回而撇銷的金額	Amount written off as uncollectible	–	–
於年末	At the end of the year	1,475	1,398

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23. 合約資產

23. CONTRACT ASSETS

		二零二零年 人民幣千元 2020 RMB'000	二零一九年 人民幣千元 2019 RMB'000
銷售物業產生的合約成本	Contract costs arising from the sale of properties	227,970	278,260

管理層預計合約成本（主要指獲取物業銷售合約的銷售佣金）可收回。本集團已延期支付款項，及將於有關收益確認時將其於損益扣除。於二零二零年十二月三十一日，已攤銷並於損益扣除的款項為人民幣186,337,000元（二零一九年：人民幣230,666,000元），且概無有關剩餘結餘的減值虧損。

Management expected that the contract costs, which represented primarily sales commission for obtaining property sale contracts, are recoverable. The Group has deferred the amounts paid and will charge them to profit or loss when the related revenue is recognised. As at 31 December 2020, the amounts amortised and charged to profit or loss were RMB186,337,000 (2019: RMB230,666,000), and there was no impairment loss in relation to the remaining balance.

24. 預付款項、按金及其他應收款項

24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

		二零二零年 人民幣千元 2020 RMB'000	二零一九年 人民幣千元 2019 RMB'000
預付稅項及其他可收回稅項	Prepaid taxes and other tax recoverables	3,955,338	4,177,935
應收附屬公司的非控股股東款項	Due from non-controlling shareholders of the subsidiaries	4,194,234	1,631,657
收購用作開發的土地使用權的進度預付款	Progress prepayments for acquisition of land use rights for development	1,107,516	2,479,557
其他按金	Other deposits	1,085,094	1,176,898
土地拍賣按金	Deposits for land auction	113,565	1,051,830
建築成本預付款項	Prepayments for construction cost	260,873	173,017
銷售股權產生的未償還應收款項	Outstanding receivables arising from the sale of equity interests	127,589	202,450
與土地拍賣相關的向第三方墊款	Advance to third parties related to land auction	237,257	73,489
其他應收款項	Other receivables	2,218,202	449,940
		13,299,668	11,416,773
減：減值	Less: Impairment	(33,672)	(28,575)
		13,265,996	11,388,198

其他應收款項為無抵押、不計息且無固定還款期限。

Other receivables are unsecured, non-interest-bearing and have no fixed terms of repayment.

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24. 預付款項、按金及其他應收款項 (續)

應收款項減值撥備的變動如下：

		二零二零年 人民幣千元 2020 RMB'000	二零一九年 人民幣千元 2019 RMB'000
於年初	At the beginning of the year	28,575	15,066
已確認減值虧損(附註6)	Impairment losses recognised (note 6)	5,097	13,509
於年末	At the end of the year	33,672	28,575

應收附屬公司之非控股股東的款項及其他應收款項的內部信用評級被視為表現等級。本集團已評估該等應收款項之信貸風險自初始確認以來並無大幅增加。該等應收款項的預期虧損率預估為0.1%。本集團已評估預期虧損率及總賬面值，並按12個月預期信貸虧損計量減值，以及評估概無預期信貸虧損。

24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (CONTINUED)

The movements in provision for impairment of receivables are as follows:

		二零二零年 人民幣千元 2020 RMB'000	二零一九年 人民幣千元 2019 RMB'000
於年初	At the beginning of the year	28,575	15,066
已確認減值虧損(附註6)	Impairment losses recognised (note 6)	5,097	13,509
於年末	At the end of the year	33,672	28,575

The internal credit rating of amounts due from non-controlling shareholders of the subsidiaries and other receivables was regarded as the grade of performing. The Group has assessed that the credit risk of these receivables has not increased significantly since initial recognition. The expected loss rate of these receivables is assessed to be 0.1%. The Group has evaluated the expected loss rate and gross carrying amount, measured the impairment based on the 12-month expected credit losses, and assessed that there were no expected credit losses.

25. 按公平值計入損益的金融資產

		二零二零年 人民幣千元 2020 RMB'000	二零一九年 人民幣千元 2019 RMB'000
非上市股權投資(按公平值)	Unlisted equity investments, at fair value	-	3,038
其他非上市投資(按公平值)	Other unlisted investments, at fair value	626,231	17,529
		626,231	20,567

於各報告期間末，上述非上市股權投資被分類為按公平值計入損益的金融資產，原因為該等非上市股權投資持作交易。

上述其他非上市投資為中國金融機構發行的理財產品、基金產品及結構性存款。該等投資被強制分類為按公平值計入損益的金融資產，原因為其合約現金流量不為純粹支付本金及利息。

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

		二零二零年 人民幣千元 2020 RMB'000	二零一九年 人民幣千元 2019 RMB'000
非上市股權投資(按公平值)	Unlisted equity investments, at fair value	-	3,038
其他非上市投資(按公平值)	Other unlisted investments, at fair value	626,231	17,529
		626,231	20,567

The above unlisted equity investments at the end of each reporting period were classified as financial assets at fair value through profit or loss as they were held for trading.

The above other unlisted investments were wealth management products, fund products and structured deposits issued by financial institutions in the PRC. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

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26. 現金及銀行結餘

26. CASH AND BANK BALANCES

		二零二零年 人民幣千元 2020 RMB'000	二零一九年 人民幣千元 2019 RMB'000
現金及銀行結餘	Cash and bank balances	24,304,747	6,962,481
減：受限制現金	Less: Restricted cash	7,236,576	4,085,480
定期存款	Time deposits	4,265,009	122,053
已抵押存款	Pledged deposits	1,885,262	342,651
現金及現金等價物	Cash and cash equivalents	10,917,900	2,412,297

根據有關中國法規，本集團的若干物業開發公司須將若干現金款項存置於指定銀行賬戶作特定用途。於二零二零年十二月三十一日，該受限制現金為人民幣7,181,731,000元（二零一九年：人民幣4,047,572,000元）。於二零二零年十二月三十一日，受限制現金包括金額為人民幣37,477,000元（二零一九年：人民幣21,695,000元）的建築貸款按揭。於二零二零年十二月三十一日，人民幣17,368,000元（二零一九年：人民幣16,213,000元）的銀行存款因本集團用於對其提起的法律訴訟被限制。

於二零二零年十二月三十一日，定期存款為人民幣4,265,009,000元（二零一九年：人民幣122,053,000元），到期期限為六個月至一年，年利率為1.600%至2.265%。

於二零二零年十二月三十一日，人民幣1,474,865,000元（二零一九年：人民幣73,049,000元）的銀行存款已質押，作為銀行及其他借款的抵押品（附註30）。於二零二零年十二月三十一日，人民幣410,397,000元（二零一九年：人民幣269,602,000元）的銀行存款已質押，作為買方按揭貸款、項目建設及應付票據的抵押品。

Pursuant to relevant regulations in the PRC, certain property development companies of the Group are required to place certain amounts of cash in designated bank accounts for specified use. As at 31 December 2020, such restricted cash amounted to RMB7,181,731,000 (2019: RMB4,047,572,000). As at 31 December 2020, the restricted cash included construction loan mortgages amounting to RMB37,477,000 (2019: RMB21,695,000). As at 31 December 2020, bank deposits of RMB17,368,000 (2019: RMB16,213,000) were restricted as to use by the Group due to legal actions against the Group.

As at 31 December 2020, the time deposits amounted to RMB4,265,009,000 (2019: RMB122,053,000), with maturity terms from six months to one year and annual interest rates from 1.600% to 2.265%.

Bank deposits of RMB1,474,865,000 (2019: RMB73,049,000) were pledged as security for bank and other borrowings as at 31 December 2020 (note 30). Bank deposits of RMB410,397,000 (2019: RMB269,602,000) were pledged as security for purchasers' mortgage loans, construction of projects and notes payable as at 31 December 2020.

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26. 現金及銀行結餘 (續)

26. CASH AND BANK BALANCES (CONTINUED)

		二零二零年 人民幣千元 2020 RMB'000	二零一九年 人民幣千元 2019 RMB'000
現金及現金等價物	Cash and cash equivalents		
以人民幣計值	Denominated in RMB	10,591,781	2,384,887
以美元計值	Denominated in US\$	166,232	27,410
以港元計值	Denominated in HK\$	159,887	–
		10,917,900	2,412,297

人民幣不得自由兌換為其他貨幣，但根據中國內地的《外匯管理條例》及《結匯、售匯及付匯管理規定》，本集團可通過獲授權進行外匯業務的銀行將人民幣兌換為其他貨幣。

銀行現金根據每日銀行存款利率按浮動利率計息。銀行結餘存於無近期違約記錄的信譽可靠的銀行。現金及現金等價物的賬面值與其公平值相若。

對受限制現金、已抵押存款以及現金及現金等價物進行內部信用評級被視為良好等級。本集團已評估受限制現金、已抵押存款以及現金及現金等價物的信貸風險自初始確認以來並無大幅增加，並按12個月的預期信貸虧損計量減值，且已評估預期信貸虧損並不重大。

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximated to their fair values.

The internal credit rating of restricted cash, pledged deposits and cash and cash equivalents was regarded as the grade of performing. The Group has assessed that the credit risk of restricted cash, pledged deposits and cash and cash equivalents has not increased significantly since initial recognition and it has measured the impairment based on 12-month expected credit losses, and has assessed that the expected credit losses are immaterial.

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27. 貿易應付款項及應付票據

於各報告期間末，基於發票日期的貿易應付款項及應付票據的賬齡分析如下：

		二零二零年 人民幣千元 2020 RMB' 000	二零一九年 人民幣千元 2019 RMB' 000
一年以內	Less than 1 year	6,764,319	4,741,903
一年以上	Over 1 year	213,003	360,533
		6,977,322	5,102,436

貿易應付款項及應付票據為無抵押、免息、通常按照施工進度結算。

於各報告期間末，由於貿易應付款項及應付票據的屆滿期限相對較短，其公平值與其相應賬面值相若。

28. 其他應付款項及應計費用

		二零二零年 人民幣千元 2020 RMB' 000	二零一九年 人民幣千元 2019 RMB' 000
應付附屬公司的 非控股股東及 前股東款項	Due to non-controlling shareholders and predecessor shareholders of the subsidiaries	1,584,359	1,133,698
與銷售物業有關的按金	Deposits related to sales of properties	391,986	179,222
收購股權產生的 未償還應付款項	Outstanding payables arising from the acquisition of equity interests	1,142,391	1,251,623
與建設有關的保留金	Retention deposits related to construction	733,305	566,398
應付工資及福利	Payroll and welfare payable	237,743	338,136
與土地拍賣相關的來自第三方預付款	Prepayments from third parties related to land auction	–	332,321
其他稅項及附加	Other tax and surcharges	6,817,934	470,039
其他	Others	2,312,616	627,033
		13,220,334	4,898,470

其他應付款項及附屬公司非控股股東及前股東墊款為無抵押及須按要求償還。於年末，其他應付款項的公平值與其相應賬面值相若。

27. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of each reporting period, based on the invoice date, is as follows:

		二零二零年 人民幣千元 2020 RMB' 000	二零一九年 人民幣千元 2019 RMB' 000
一年以內	Less than 1 year	6,764,319	4,741,903
一年以上	Over 1 year	213,003	360,533
		6,977,322	5,102,436

Trade and bills payables are unsecured and interest-free and are normally settled based on the progress of construction.

The fair values of trade and bills payables as at the end of the reporting period approximated to their corresponding carrying amounts due to their relatively short maturity terms.

28. OTHER PAYABLES AND ACCRUALS

		二零二零年 人民幣千元 2020 RMB' 000	二零一九年 人民幣千元 2019 RMB' 000
應付附屬公司的 非控股股東及 前股東款項	Due to non-controlling shareholders and predecessor shareholders of the subsidiaries	1,584,359	1,133,698
與銷售物業有關的按金	Deposits related to sales of properties	391,986	179,222
收購股權產生的 未償還應付款項	Outstanding payables arising from the acquisition of equity interests	1,142,391	1,251,623
與建設有關的保留金	Retention deposits related to construction	733,305	566,398
應付工資及福利	Payroll and welfare payable	237,743	338,136
與土地拍賣相關的來自第三方預付款	Prepayments from third parties related to land auction	–	332,321
其他稅項及附加	Other tax and surcharges	6,817,934	470,039
其他	Others	2,312,616	627,033
		13,220,334	4,898,470

Other payables and advances from non-controlling shareholders and predecessor shareholders of subsidiaries are unsecured and repayable on demand. The fair values of other payables at the end of year approximated to their corresponding carrying amounts.

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29. 合約負債

有關合約負債的詳情如下：

29. CONTRACT LIABILITIES

Details of contract liabilities are as follows:

		二零二零年 人民幣千元 2020 RMB' 000	二零一九年 人民幣千元 2019 RMB' 000
合約負債	Contract liabilities	68,791,434	77,901,721

本集團根據物業銷售合約所載開票時間表向客戶收取付款。本集團通常於根據合約（主要來自物業開發及銷售）履約前提前收取付款。

The Group receives payments from customers based on billing schedules as established in the property sales contracts. Payments are usually received in advance of the performance under the contracts which are mainly from property development and sales.

30. 計息銀行及其他借款

30. INTEREST-BEARING BANK AND OTHER BORROWINGS

		二零二零年 2020			二零一九年 2019		
		實際利率(%) Effective interest rate (%)	屆滿 Maturity	人民幣千元 RMB' 000	實際利率(%) Effective interest rate (%)	屆滿 Maturity	人民幣千元 RMB' 000
即期	Current						
銀行貸款－有抵押	Bank loans – secured	3.70-5.66	2021	1,483,250	4.57-5.87	2020	37,250
其他貸款－有抵押	Other loans – secured	7.00-15.40	2021	10,372,197	8.00-19.60	2020	5,886,700
其他貸款－無抵押	Other loans – unsecured	–	–	–	9.00-15.00	2020	144,800
長期銀行貸款的 即期部分－有抵押	Current portion of long term bank loans – secured	5.55-9.50	2021	713,000	5.39-9.20	2020	619,133
長期其他貸款的 即期部分－有抵押	Current portion of long term other loans – secured	7.00-14.50	2021	8,071,310	10.50-14.00	2020	2,801,114
長期其他貸款的 即期部分－無抵押	Current portion of long term other loans – unsecured	16.54	2021	115,063	16.54	2020	800,000
				20,754,820			10,288,997
非即期	Non-current						
銀行貸款－有抵押	Bank loans – secured	5.15-8.64	2022-24	12,881,215	5.15-9.50	2021-24	8,345,655
其他貸款－有抵押	Other loans – secured	6.80-15.00	2022-26	8,349,372	8.00-14.50	2021-26	8,319,370
其他貸款－無抵押	Other loans – unsecured	12.00-13.00	2022	300,500	8.50-13.00	2021-22	351,500
				21,531,087			17,016,525
				42,285,907			27,305,522

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30. 計息銀行及其他借款 (續)

30. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

		二零二零年 人民幣千元 2020 RMB'000	二零一九年 人民幣千元 2019 RMB'000
分析為：	Analysed into:		
須於以下期限償還的銀行貸款：	Bank loans repayable		
一年內	Within one year	2,196,250	656,383
第二年	In the second year	2,461,700	1,899,500
第三至第五年(首尾兩年包括在內)	In the third to fifth years, inclusive	10,419,515	6,446,155
五年以上	Over five year	-	-
		15,077,465	9,002,038
須於以下期限償還的其他借款：	Other borrowings repayable		
一年內	Within one year	18,558,570	9,632,614
第二年	In the second year	6,412,672	7,413,670
第三至第五年(首尾兩年包括在內)	In the third to fifth years, inclusive	1,442,200	462,200
五年以上	Over five year	795,000	795,000
		27,208,442	18,303,484
		42,285,907	27,305,522

於二零二零年十二月三十一日，本集團的借款以人民幣計值。

The Group's borrowings are denominated in RMB as at 31 December 2020.

本集團若干銀行及其他借款以下列資產作抵押，該等資產於各報告期間末的賬面值如下：

Certain of the Group's bank and other borrowings are secured by the pledges of the following assets with carrying values at the end of the reporting period:

		附註 Notes	二零二零年 人民幣千元 2020 RMB'000	二零一九年 人民幣千元 2019 RMB'000
物業、廠房及設備	Property, plant and equipment	13	-	250,130
投資物業	Investment properties	15	244,900	203,081
開發中物業	Properties under development	20	69,672,081	52,312,465
已抵押存款	Pledged deposits	26	1,474,865	73,049

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30. 計息銀行及其他借款 (續)

本公司管理層經評估認為，計息銀行及其他借款的公平值與其賬面值相若，很大程度上是由於該等借款乃由本集團與獨立第三方金融機構按通行市場利率作出。

於二零二零年十二月三十一日，控股股東陳國祥先生為最多為人民幣6,667,611,000元(二零一九年：人民幣16,797,859,000元)的若干銀行及其他借款提供擔保。

於二零二零年十二月三十一日，控股股東的家族成員朱國玲女士為最多為人民幣4,011,300,000元(二零一九年：人民幣11,447,515,000元)的若干銀行及其他借款提供擔保。

於二零二零年十二月三十一日，祥生實業集團有限公司為最多為人民幣70,000,000元(二零一九年：人民幣349,740,000元)的若干銀行及其他借款提供擔保。

於二零二零年十二月三十一日，上海聚聯投資有限公司為最多為人民幣795,000,000元(二零一九年：人民幣795,000,000元)的若干銀行及其他借款提供擔保。

於二零二零年十二月三十一日，農工商房地產(集團)有限公司為最多為人民幣960,000,000元(二零一九年：無)的若干銀行及其他借款提供擔保。

於二零二零年十二月三十一日，弘陽置地有限公司為最多為人民幣150,000,000元(二零一九年：無)的若干銀行及其他借款提供擔保。

於二零二零年十二月三十一日，杭州慶揚企業管理有限公司為最多為人民幣740,000,000元(二零一九年：無)的若干銀行及其他借款提供擔保。

30. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

The management of the Company has assessed that the fair values of interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the fact that such borrowings were made between the Group and independent third party financial institutions based on prevailing market interest rates.

The Controlling Shareholder, Mr. Chen Guoxiang, has guaranteed certain of the bank and other borrowings of up to RMB6,667,611,000 (2019: RMB16,797,859,000) as at 31 December 2020.

A family member of the Controlling Shareholder, Ms. Zhu Guoling, has guaranteed certain of the bank and other borrowings of up to RMB4,011,300,000 (2019: RMB11,447,515,000) as at 31 December 2020.

祥生實業集團有限公司 ("Shinsun Industrial Group Co., Ltd.") has guaranteed certain of the bank and other borrowings of up to RMB70,000,000 at 31 December 2020 (2019: RMB349,740,000).

上海聚聯投資有限公司 ("Shanghai Julian Investment Co., Ltd.") has guaranteed certain of the bank and other borrowings of up to RMB795,000,000 at 31 December 2020 (2019: RMB795,000,000).

農工商房地產(集團)有限公司 (Agribusiness Real Estate (Group) Co., Ltd.) has guaranteed certain of the bank and other borrowings of up to RMB960,000,000 at 31 December 2020 (2019: nil).

弘陽置地有限公司 (Hongyang Real Estate Co., Ltd.) has guaranteed certain of the bank and other borrowings of up to RMB150,000,000 at 31 December 2020 (2019: nil).

杭州慶揚企業管理有限公司 (Hangzhou Qinyang Co., Ltd.) has guaranteed certain of the bank and other borrowings of up to RMB740,000,000 at 31 December 2020 (2019: nil).

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31. 優先票據

31. SENIOR NOTES

票據名稱	Name of notes	於二零二零年	於二零二零年	匯兌虧損	利息開支	付款	於二零二零年
		一月一日的	發行				十二月三十一日
		期初結餘	人民幣千元	人民幣千元	人民幣千元	人民幣千元	期末結餘
		1 January					31 December
		2020					2020
		Opening	Issued in	Exchange	Interest	Payment	Closing
		balance	2020	losses	expense		balance
		RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000
二零一九年票據	2019 Notes	1,016,301	-	-	9,003	(1,025,304)	-
二零二零年票據1 (附註1)	2020 Notes 1 (note 1)	-	2,087,516	(134,588)	209,527	(130,804)	2,031,651
二零二零年票據2 (附註2)	2020 Notes 2 (note 2)	-	1,392,749	(94,620)	60,207	-	1,358,336
							3,389,987
分析為：	Analysed into:						
非流動部分	Non-current portion						1,952,929
流動部分	Current portion						1,437,058

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31. 優先票據 (續)

31. SENIOR NOTES (CONTINUED)

票據名稱	Name of notes	於二零一九年	於二零一九年	匯兌虧損	利息開支	付款	於二零一九年
		一月一日的	發行				十二月三十一日的
		期初結餘	人民幣千元	人民幣千元	人民幣千元	人民幣千元	期末結餘
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
		1 January					31 December
		2019					2019
		Opening	Issued in	Exchange	Interest	Payment	Closing
		balance	2019	losses	expense		balance
		RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000
二零一八年票據	2018 Notes	644,958	-	3,754	40,976	(689,688)	-
二零一九年票據	2019 Notes	-	994,918	-	21,383	-	1,016,301
							1,016,301
分析為：	Analysed into:						
非流動部分	Non-current portion						-
流動部分	Current portion						1,016,301

附註1：於二零二零年一月二十三日、二零二零年三月十六日及二零二零年五月二十日，祥生控股有限公司私募發行本金總額為300百萬美元於二零二二年到期的優先票據（「二零二零年票據1」）。二零二零年票據1按年利率12.5%計息，並由祥生地產集團有限公司及控股股東陳國祥先生擔保。

Note 1: On 23 January 2020, 16 March 2020 and 20 May 2020, Xiang Sheng Holding Limited privately issued senior notes with an aggregate principal amount of US\$300 million due in 2022 (the "2020 Notes 1"). The 2020 Notes 1 bear interest at the rate of 12.5% per annum, and are guaranteed by Shinsun Property Group Co., Ltd. and Mr. Chen Guoxiang, the Controlling Shareholder.

附註2：於二零二零年七月二十八日，Xiang Sheng Overseas Limited私募發行本金總額為200百萬美元於二零二一年到期的優先票據（「二零二零年票據2」）。二零二零年票據2按年利率11%計息，並由祥生地產集團有限公司擔保。

Note 2: On 28 July 2020, Xiang Sheng Overseas Limited privately issued senior notes with an aggregate principal amount of US\$200 million due in 2021 (the "2020 Notes 2"). The 2020 Notes 2 bear interest at a rate of 11% per annum, and are guaranteed by Shinsun Property Group Co., Ltd.

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32. 企業債券

32. CORPORATE BONDS

債券名稱	Name of bonds	於二零二零年	於二零二零年	利息開支	付款	於二零二零年
		一月一日的	發行	人民幣千元	人民幣千元	十二月三十一日的
		期初結餘	人民幣千元	人民幣千元	人民幣千元	期末結餘
		1 January				31 December
		2020				2020
		Opening	Issued in	Interest	Payment	Closing
		balance	2020	expense		balance
		RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000
二零二零年債券(附註1)	2020 Bonds (note 1)	-	497,500	3,164	-	500,664

於各報告期末，本集團應償還的企業債券如下：

At the end of the reporting period, the Group's corporate bonds were repayable as follows:

		二零二零年	二零一九年
		人民幣千元	人民幣千元
		2020	2019
		RMB' 000	RMB' 000
於一年內償還	Repayable within one year	3,164	-
於二至四年內償還	Repayable within two to four years	497,500	-
		500,664	-

附註1：於二零二零年十二月一日，祥生地產集團有限公司私募發行本金額為人民幣500,000,000元的2.25年企業債券（「二零二零年債券」）。二零二零年債券按年利率7.70%計息。

Note 1: On 1 December 2020, Shinsun Property Group Co., Ltd. privately issued 2.25-year corporate bonds with a principal amount of RMB500,000,000 (the "2020 Bonds"). The 2020 Bonds bear interest at a rate of 7.70% per annum.

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33. 資產抵押證券 (「資產抵押證券」)

結餘指由發行資產抵押證券收取的所得款項，而本集團已就此抵押銷售物業餘下收益的若干未來貿易應收款項及應收票據。根據本集團與發行資產抵押證券機構的分配協議，本集團自客戶收取銷售所得款項時，本集團將向該等機構匯出收取的任何現金流量。所有資產抵押證券已於二零二零年十二月三十一日償還，結餘為零。有關於二零一九年十二月三十一日結餘的詳情如下：

33. ASSET-BACKED SECURITIES (“ABS”)

The balance represented proceeds received from the issuance of asset-backed securities, to which the Group has collateralised certain future trade and bills receivables for the remaining receipts from the provision of the sale of properties. Under an assignment arrangement between the Group and the institutes issuing the assets-backed securities, as and when the Group receives the sales proceeds from customers, the Group would remit any cash flows it collects to these institutes. All asset-backed securities had been repaid as at 31 December 2020 and the balance is nil. The details with regard to the balance as at 31 December 2019 are as follows:

資產抵押證券名稱	Name of ABSs	本金 人民幣千元 Principal RMB'000	每年合約利率 (%) Contractual interest rate per annum (%)	屆滿 Maturity	於二零一九年 十二月三十一日 的期末結餘 人民幣千元 31 December 2019 closing balance RMB'000
Shinsun Group Housing Residual Payment 03	Shinsun Group Housing Residual Payment 03	59,900	8.00-10.30	2019-2020	5,481
Shinsun Group Housing Residual Payment 04	Shinsun Group Housing Residual Payment 04	949,650	8.30-9.70	2019-2020	150,070
Shinsun Group Housing Residual Payment 05	Shinsun Group Housing Residual Payment 05	50,000	8.89	2020	50,000
					205,551

34. 股本**34. SHARE CAPITAL**

股份

Shares

	二零二零年 美元 2020 US\$	二零一九年 美元 2019 US\$
已發行及悉數繳足： 3,043,403,000股(二零一九年：無) 每股面值0.01美元(二零一九年：無) 的普通股	Issued and fully paid: 3,043,403,000 (2019: nil) ordinary shares of US\$0.01 each (2019: nil) 30,434,030	—

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34. 股本 (續)

本公司股本變動概要如下：

34. SHARE CAPITAL (CONTINUED)

A summary of movements in the Company's share capital is as follows:

		已發行股份數目 Number of shares in issue	股本 人民幣千元 Share capital RMB' 000
於二零一九年一月一日	At 1 January 2019	–	–
發行普通股	Issue of ordinary shares	1	–
於二零一九年十二月三十一日及 二零二零年一月一日	At 31 December 2019 and 1 January 2020	1	–
發行普通股	Issue of ordinary shares	999	–
於上市時發行普通股	Issue of ordinary shares upon listing	600,000,000	39,356
於資本化時發行普通股	Issue of ordinary shares on capitalisation	2,399,999,000	157,423
於超額配股權獲行使時發行普通股	Issue of ordinary shares on an over-allotment option	43,403,000	2,837
於二零二零年十二月三十一日	At 31 December 2020	3,043,403,000	199,616

本公司於二零一九年十二月十三日在開曼群島註冊成立，法定股本為50,000美元，分為50,000股每股面值1美元的股份。於註冊成立日期，本公司已向認購人配發1股1美元的普通股，並轉讓予由陳國祥控制的公司Shinlight Limited。於二零二零年五月十一日，本公司的每股已發行及未發行股份拆細為100股每股面值0.01美元的股份。於二零二零年五月二十日，本公司向Golden Stone Development Limited (「Golden Stone」，一間於英屬維爾京群島註冊成立的公司並由首次公開發售前投資者壽柏年先生全資擁有)發行及配發10股股份，代價為一股Silver Rock Group Holdings Limited (「Silver Rock」)股份。於同日，本公司向Shinlight Limited發行及配發890股股份，代價為200百萬美元。

The Company was incorporated in the Cayman Islands on 13 December 2019 with authorised share capital of US\$50,000 divided into 50,000 shares of US\$1 at par value each. On the date of incorporation, 1 ordinary share of US\$1 was allotted by the Company to a subscriber, and was transferred to Shinlight Limited, a company controlled by Chen Guoxiang. On 11 May 2020, each of the issued and unissued shares of the Company was subdivided into 100 shares of US\$0.01 each. On 20 May 2020, the Company issued and allotted 10 shares to Golden Stone Development Limited ("Golden Stone"), a company incorporated in the BVI and wholly owned by the pre-IPO investor, Mr. Shou Bainian, with a consideration of one share of Silver Rock Group Holdings Limited ("Silver Rock"). On the same date, the Company issued and allotted 890 shares to Shinlight Limited, with a consideration of US\$200 million.

二零二零年十二月三十一日 31 December 2020

34. 股本 (續)

於二零二零年十月二十日，本公司法定股本由50,000美元(拆細為5,000,000股每股面值0.01美元的股份)增長至200,000,000美元(拆細為20,000,000,000股每股面值0.01美元的股份)。

於二零二零年十一月十八日，本公司於香港聯交所上市後，其已按每股5.59港元的總現金代價3,354,000,000港元(相當於約人民幣2,837,752,000元)發行600,000,000股每股面值0.01美元的新普通股。有關股本金額約為人民幣39,356,000元，而因發行產生的股份溢價約為人民幣2,719,060,000元(扣除股份發行成本)。已付及應付股份發行成本主要包括股份包銷佣金、律師費、申報會計師費用及其他相關成本，該等成本主要由於發行新股直接產生的增量成本。該等成本人民幣79,336,000元被視為發行產生的股份溢價的扣減。

於二零二零年十一月十八日，2,399,999,000股股份已以每股面值0.01美元的資本化方式發行，有關股本金額約為人民幣157,423,000元。

於二零二零年十二月十六日，本公司於香港聯交所上市後，超額配股權已部分行使，其已按每股5.59港元的總現金代價242,622,770港元(相當於約人民幣204,560,000元)配發及發行43,403,000股額外股份。有關股本金額約為人民幣2,837,000元，而因發行產生的股份溢價約為人民幣196,593,000元(扣除股份發行成本)。已付及應付股份發行成本主要包括股份包銷佣金及其他相關成本，該等成本主要由於發行新股直接產生的增量成本。該等成本人民幣5,130,000元被視為發行產生的股份溢價的扣減。

34. SHARE CAPITAL (CONTINUED)

On 20 October 2020, the authorised share capital of the Company was increased from US\$50,000 divided into 5,000,000 shares with a par value of US\$0.01 each to US\$200,000,000 divided into 20,000,000,000 shares with a par value of US\$0.01 each.

On 18 November 2020, upon its listing on the Hong Kong Stock Exchange, the Company issued 600,000,000 new ordinary shares with par value of US\$0.01 each at HK\$5.59 per share for a total cash consideration of HK\$3,354,000,000 (equivalent to approximately RMB2,837,752,000). The respective share capital amount was approximately RMB39,356,000 and share premium arising from the issuance was approximately RMB2,719,060,000 net of the share issuance costs. The share issuance costs paid and payable mainly include share underwriting commissions, lawyers' fees, reporting accountants' fee and other related costs, which are incremental costs directly attributable to the issuance of the new shares. These costs amounting to RMB79,336,000 were treated as a deduction against the share premium arising from the issuance.

On 18 November 2020, 2,399,999,000 shares were issued by way of capitalisation with par value of US\$0.01 each, and the respective share capital amount was approximately RMB157,423,000.

On 16 December 2020, upon its listing on the Hong Kong Stock Exchange, the over-allotment option has been partially exercised and the Company allotted and issued 43,403,000 additional shares at HK\$5.59 per share for a total cash consideration of HK\$242,622,770 (equivalent to approximately RMB204,560,000). The respective share capital amount was approximately RMB2,837,000 and share premium arising from the issuance was approximately RMB196,593,000, net of the share issuance costs. The share issuance costs paid and payable mainly include share underwriting commissions and other related costs, which are incremental costs directly attributable to the issuance of the new shares. These costs amounting to RMB5,130,000 were treated as a deduction against the share premium arising from the issuance.

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35. 儲備

截至二零二零年十二月三十一日止年度，本集團儲備金額及其變動於綜合權益變動表列示。

(a) 股份溢價

股份溢價指的是已發行股份面值與已收取的代價之間的差額。

(b) 資本儲備

資本儲備指非控股權益獲調整的金額與收購或出售附屬公司的非控股權益所付或所收代價的公平值之間的任何差額，於公司重整及重組完成前現時組成本集團的各公司當時控股公司的已發行股本及來自現時組成本集團的若干附屬公司的權益持有人的出資。此儲備亦包括向附屬公司的權益持有人收購附屬公司產生收益或虧損。資本儲備的變動詳情載於綜合權益變動表。

(c) 法定盈餘儲備

根據中國公司法及於中國成立的附屬公司的組織章程細則，本集團須按稅後溢利淨額的10%提取法定盈餘儲備，此乃根據中國會計準則釐定，直至儲備餘額達到其註冊資本的50%。受相關中國法規所載若干限制及本集團組織章程細則的規限，法定盈餘儲備可用於抵銷虧損或轉換為增加股本，惟轉換後儲備餘額不得少於本集團註冊資本的25%。儲備不得用於其設立目的以外的其他用途，亦不得作為現金股息分派。

35. RESERVES

The amounts of the Group's reserves and the movements therein for the year ended 31 December 2020 are presented in the consolidated statements of changes in equity.

(a) Share premium

The share premium represents the difference between the par value of the shares issued and the consideration received.

(b) Capital reserve

The capital reserve represents any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received for acquisition or disposal of non-controlling interests in subsidiaries, the issued capital of the then holding company of the companies now comprising the Group and the capital contributions from the equity holders of certain subsidiaries now comprising the Group before the completion of the corporate restructuring and the reorganisation. This reserve also included gain or loss arising from acquisition of subsidiaries from the equity holders of the subsidiaries. Details of the movements in the capital reserve are set out in the consolidated statement of changes in equity.

(c) Statutory surplus reserve

In accordance with the PRC Company Law and the articles of association of the subsidiaries established in the PRC, the Group is required to appropriate 10% of its net profits after tax, as determined under PRC GAAP, to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of the Group, the statutory surplus reserve may be used either to offset losses, or to be converted to increase share capital, provided that the balance after such conversion is not less than 25% of the registered capital of the Group. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

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36. 綜合現金流量表附註

(a) 重大非現金交易

於年內，本集團就辦公樓宇及汽車的租賃安排之使用權資產及租賃負債的非現金添置為人民幣13,017,000元(二零一九年：人民幣101,363,000元)。

(b) 融資活動產生的負債變動

		資產抵押 證券 人民幣千元	計息銀行及 其他借款 人民幣千元	優先票據及 企業債券 人民幣千元	應付關聯方 款項 人民幣千元	租賃負債 人民幣千元	融資活動產生 的負債總額 人民幣千元
		Assets- based securities RMB' 000	Interest- bearing bank and other borrowings RMB' 000	Senior notes and corporate bonds RMB' 000	Due to related parties RMB' 000	Lease liabilities RMB' 000	Total liabilities from financing activities RMB' 000
於二零一九年一月一日	At 1 January 2019	2,416,926	26,003,223	644,958	5,909,143	58,743	35,032,993
融資活動(所用)/所得 現金流量	Cash flows (used in)/from financing activities	(2,211,375)	1,302,299	350,312	(882,305)	(21,996)	(1,463,065)
新租約	New lease	-	-	-	-	88,843	88,843
應計利息	Accrual of interest	-	-	62,359	-	7,340	69,699
非融資活動所得現金流量	Cash flows from non-financing activities	-	-	(41,328)	929,483	(7,340)	880,815
於二零一九年十二月三十一日 及二零二零年一月一日	At 31 December 2019 and 1 January 2020	205,551	27,305,522	1,016,301	5,956,321	125,590	34,609,285
融資活動所得/(所用) 現金流量	Cash flows from/(used in) financing activities	(205,551)	13,672,885	2,753,639	363,820	(44,539)	16,532,304
新租約	New lease	-	-	-	-	13,017	13,016
修訂租賃期	Revision of a lease term	-	-	-	-	(15,722)	-
應計利息	Accrual of interest	-	-	281,901	-	7,771	128,482
已付利息	Interest paid	-	-	(161,190)	-	-	-
非融資活動所得現金流量	Cash flows from non-financing activities	-	1,307,500	-	156,675	-	1,456,404
於二零二零年十二月三十一日	At 31 December 2020	-	42,285,907	3,890,651	6,476,816	86,117	52,739,491

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36. 綜合現金流量表附註 (續)

(c) 有關租賃的現金流出總額

計入現金流量表的有關租賃的現金流出總額如下：

		二零二零年 人民幣千元 2020 RMB'000	二零一九年 人民幣千元 2019 RMB'000
於經營活動內	Within operating activities	14,221	16,288
於融資活動內	Within financing activities	52,489	29,376
		66,710	45,664

37. 收購附屬公司

A) 業務合併

收購寧波祥生弘盛房地產開發有限公司(「寧波祥生弘盛」)

於二零二零年十二月二十八日，寧波祥生弘盛股東通過重新細閱寧波祥生弘盛的組織章程細則同意增加本集團投票權(由先前的50%增至51%)。因此，本集團能夠控制寧波祥生弘盛，自此之後其由合營企業變為本集團附屬公司。寧波祥生弘盛於中國從事物業投資。收購成為本集團擴展其物業開發及經營市場份額的戰略部分。自收購以來，寧波祥生弘盛對本集團截至二零二零年十二月三十一日止年度的綜合損益內貢獻收益為零及虧損為人民幣37,446,000元。倘合併已於二零二零年一月一日進行，本集團截至二零二零年十二月三十一日止年度的收益及溢利將分別為人民幣46,638,413,000元及人民幣3,015,925,000元。

36. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

		二零二零年 人民幣千元 2020 RMB'000	二零一九年 人民幣千元 2019 RMB'000
於經營活動內	Within operating activities	14,221	16,288
於融資活動內	Within financing activities	52,489	29,376
		66,710	45,664

37. ACQUISITION OF SUBSIDIARIES

A) Business combination

Acquisition of Ningbo Shinsun Hongsheng Real Estate Development Co., Ltd. ("Ningbo Shinsun Hongsheng")

On 28 December 2020, Ningbo Shinsun Hongsheng's shareholders agreed to increase the voting rights of the Group, from the previous 50% to 51% by revisiting the articles of association of Ningbo Shinsun Hongsheng. As a result, the Group is able to control Ningbo Shinsun Hongsheng, which has been changed from a joint venture to a subsidiary of the Group since then. Ningbo Shinsun Hongsheng is engaged in property investment in the PRC. The acquisition was part of the Group's strategy to expand its market share of property development and operation. Since the acquisition, Ningbo Shinsun Hongsheng contributed nil to the Group's revenue and a loss of RMB37,446,000 to the consolidated profit or loss for the year ended 31 December 2020. Had the combination taken place at 1 January 2020, the revenue and profit of the Group for the year ended 31 December 2020 would have been RMB46,638,413,000 and RMB3,015,925,000, respectively.

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37. 收購附屬公司 (續)

37. ACQUISITION OF SUBSIDIARIES (CONTINUED)

A) 業務合併 (續)

A) Business combination (continued)

所收購公司於收購日期可識別資產及負債的公平值如下：

The fair values of the identifiable assets and liabilities of the acquired company as at the date of acquisition were as follows:

		收購時確認的 公平值 人民幣千元 Fair value recognised on acquisition RMB'000
物業、廠房及設備(附註13)	Property, plant and equipment (note 13)	41
遞延稅項資產(附註19)	Deferred tax assets (note 19)	57,304
開發中物業(附註20)	Properties under development (note 20)	2,153,600
預付款項、按金及其他應收款項	Prepayments, deposits and other receivables	539,723
可收回稅項	Tax recoverable	10,915
受限制現金	Restricted cash	59,744
已抵押存款	Pledged deposits	500
現金及現金等價物	Cash and cash equivalents	697,749
計息銀行貸款及其他借款	Interest-bearing bank loans and other borrowings	(960,000)
貿易應付款項及應付票據	Trade and bills payables	(173,064)
其他應付款項及應計費用	Other payables and accruals	(292,446)
應付稅項	Tax payable	(36,912)
合約負債	Contract liabilities	(1,999,242)
按公平值計量的可識別資產淨值總值	Total identifiable net assets at fair value	57,912
減：非控股權益(計量為於收購日期 分佔按公平值列賬的 可識別資產淨值的比例)	Less: Non-controlling interests measured as a proportionate share of the net identifiable assets at fair value at the acquisition date	28,956
已收購資產淨額	Net assets acquired	28,956
以收購前持有的合營企業 投資公平值支付	Satisfied by fair value of investments in the joint ventures held before acquisition	28,956
以現金支付	Satisfied by cash	-
有關收購附屬公司的現金流量分析如下：	An analysis of the cash flows in respect of the acquisition of the subsidiary is as follows:	人民幣千元 RMB'000
現金代價	Cash consideration	-
加：獲得的現金及現金等價物	Add: Cash and cash equivalents acquired	697,749
計入投資活動所得現金流量的 現金及現金等價物流出淨額	Net outflow of cash and cash equivalents included in cash flows from investing activities	697,749

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37. 收購附屬公司 (續)

B) 透過收購附屬公司收購資產及負債

- a) 收購浙江祥生弘創建築科技有限公司 (「祥生弘創」) 及其附屬公司杭州祥義公寓管理有限公司 (「祥義公寓」)。

於二零二零年四月七日，本集團與姚筱珍及浙江祥生建設工程有限公司 (為本集團兩名關聯方) 訂立股份轉讓協議，據此，本集團以總代價人民幣51,000,000元收購祥生弘創及其附屬公司祥義公寓的100%股權。

本公司董事認為，收購該公司並不構成一項業務。因此，該交易入賬列為透過收購附屬公司收購資產及負債，而非國際財務報告準則第3號業務合併所界定的業務合併。

所收購公司於收購日期可識別資產及負債如下：

37. ACQUISITION OF SUBSIDIARIES (CONTINUED)

B) Acquisition of assets and liabilities through acquisition of subsidiaries

- a) Acquisition of 浙江祥生弘創建築科技有限公司 (Zhejiang Shinsun Hongchuang Construction Technology Co., Ltd., "Shinsun Hongchuang") and its subsidiary, 杭州祥義公寓管理有限公司 (Hangzhou Xiangyi Apartment Management Co., Ltd., "Xiangyi Apartment").

On 7 April 2020, the Group and Yao Xiaozhen and Zhejiang Xiangsheng Construction Co., Ltd., two related parties to the Group, entered into a share transfer agreement, pursuant to which the Group acquired 100% equity interests in Shinsun Hongchuang and its subsidiary, Xiangyi Apartment, for a total consideration of RMB51,000,000.

In the opinion of the Company's directors, the acquisition of the subsidiary does not constitute a business. Therefore, the transaction was accounted for as acquisition of assets and liabilities through acquisition of subsidiaries rather than a business combination as defined in IFRS 3 Business Combinations.

The identifiable assets and liabilities of the acquired companies as at the dates of acquisition were as follows:

		二零二零年 收購時確認的金額 人民幣千元 2020 Amounts recognised on acquisition RMB'000
應有關聯方款項	Due from related parties	51,000
預付款項、按金及其他應收款項	Prepayments, deposits and other receivables	347,516
現金及現金等價物	Cash and cash equivalents	10
計息銀行及其他借款	Interest-bearing bank and other borrowings	(347,500)
其他應付款項及應計費用	Other payables and accruals	(26)
可識別資產淨值總額	Total identifiable net assets	51,000
減：非控股權益	Less: Non-controlling interests	-
已收購資產淨值	Net assets acquired	51,000
已轉讓代價以下列方式償付：	Consideration transferred, satisfied by:	
現金代價	Cash consideration	51,000

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37. 收購附屬公司 (續)**B) 透過收購附屬公司收購資產及負債 (續)**

有關收購附屬公司的現金流量分析如下：

		人民幣千元 RMB'000
現金代價	Cash consideration	(51,000)
加：獲得的現金及現金等價物：	Add: Cash and cash equivalents acquired	10
現金流出淨額	Net cash outflows	(50,990)

38. 出售附屬公司**(a) 諸暨市祥生宏宇置業有限公司 (「祥生宏宇」)**

根據日期為二零一九年十二月三十日的股份轉讓協議，本集團將其於諸暨祥生宏宇的51%股權出售予諸暨國躍企業管理諮詢有限公司，代價為人民幣81,600,000元。

(b) 浙江諸暨祥生宏宇房地產開發有限公司 (「諸暨宏宇」)

根據日期為二零一九年十二月三十日的股份轉讓協議，本集團將其於諸暨宏宇的51%股權出售予諸暨國躍企業管理諮詢有限公司，代價為人民幣68,850,000元。

(c) 浙江諸暨祥生宏紳置業有限公司 (「諸暨祥生宏紳」)

根據日期為二零一九年十二月三十日的股份轉讓協議，本集團將其於諸暨祥生宏紳的51%股權出售予諸暨國躍企業管理諮詢有限公司，代價為人民幣51,000,000元。

37. ACQUISITION OF SUBSIDIARIES (CONTINUED)**B) Acquisition of assets and liabilities through acquisition of subsidiaries (continued)**

An analysis of the cash flows in respect of the acquisition of the subsidiary is as follows:

		人民幣千元 RMB'000
Cash consideration		(51,000)
Add: Cash and cash equivalents acquired		10
Net cash outflows		(50,990)

38. DISPOSAL OF SUBSIDIARIES**(a) 諸暨市祥生宏宇置業有限公司 (Zhuji Shinsun Hongyu Real Estate Co., Ltd., "Shinsun Hongyu")**

Pursuant to the share transfer agreement dated 30 December 2019, the Group disposed of its 51% equity interest in Zhuji Shinsun Hongyu to Zhuji Guoyue Management Consulting Co., Ltd. for a consideration of RMB81,600,000.

(b) Zhejiang Zhuji Shinsun Hongyu Real Estate Development Co., Ltd., ("Zhuji Hongyu")

Pursuant to the share transfer agreement dated 30 December 2019, the Group disposed of its 51% equity interest in Zhuji Hongyu to Zhuji Guoyue Management Consulting Co., Ltd. for a consideration of RMB68,850,000.

(c) 浙江諸暨祥生宏紳置業有限公司 (Zhejiang Zhuji Shinsun Hongshen Real Estate Co., Ltd., "Zhuji Shinsun Hongshen")

Pursuant to the share transfer agreement dated 30 December 2019, the Group disposed of its 51% equity interest in Zhuji Shinsun Hongshen to Zhuji Guoyue Management Consulting Co., Ltd. for a consideration of RMB51,000,000.

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38. 出售附屬公司 (續)**(d) 杭州駿輝企業管理有限公司 (「杭州駿輝」)**

據日期為二零一九年五月三十一日的股份轉讓協議，本集團將其於杭州駿輝的100%股權出售予溫州市中梁祥置業有限公司及紹興科榮企業管理有限責任公司，代價為零。

(e) 湖州漢樾房地產開發有限公司 (「湖州漢樾」)

根據日期為二零一九年十二月三十日的股份轉讓協議，本集團將其於湖州漢樾的75%股權出售予諸暨市中碩建設有限公司，代價為零。

(f) 根據股東決議案，本集團於二零一九年註銷杭州祥生安慶實業有限公司、香河祥生房地產開發有限公司、諸暨祥生中翔置業有限公司、杭州澄壘投資發展有限公司及陝西祥生旅遊文化發展有限公司。

(g) 湖北祥生仙苑國際大酒店管理有限公司 (「祥生仙苑酒店管理」)

根據日期為二零二零年三月二十四日的股份轉讓協議，本集團將其於祥生仙苑酒店管理的100%股權出售予浙江祥生酒店管理有限公司，代價為人民幣22,000,000元。

(h) 岫岩滿族自治縣祥生越都物業有限公司 (「祥生越都」)

根據日期為二零二零年三月二十日的股份轉讓協議，本集團將其於祥生越都的51%股權出售予浙江祥生物業服務有限公司，代價為人民幣255,000元，及其於祥生越都的49%股權出售予浙江諸暨越都貿易有限公司，代價為人民幣245,000元。

38. DISPOSAL OF SUBSIDIARIES (CONTINUED)**(d) 杭州駿輝企業管理有限公司 (Hangzhou Junhui Management Co., Ltd., "Hangzhou Junhui")**

Pursuant to the share transfer agreement dated 31 May 2019, the Group disposed of its 100% equity interest in Hangzhou Junhui to 溫州市中梁祥置業有限公司 (Wenzhou Zhongliangxiang Real Estate Co., Ltd.) and 紹興科榮企業管理有限責任公司 (Shaoxing Kerong Management Co., Ltd.) for a consideration of nil.

(e) 湖州漢樾房地產開發有限公司 (Huzhou Hanyue Real Estate Development Co., Ltd., "Huzhou Hanyue")

Pursuant to the share transfer agreement dated 30 December 2019, the Group disposed of its 75% equity interest in Huzhou Hanyue to 諸暨市中碩建設有限公司 (Zhujie Zhongshuo Construction Co., Ltd.) for a consideration of nil.

(f) Pursuant to the resolutions of the shareholders, the Group deregistered 杭州祥生安慶實業有限公司 (Hangzhou Shinsun Anxia Industrial Co., Ltd.), 香河祥生房地產開發有限公司 (Xianghe Shinsun Real Estate Development Co., Ltd.), 諸暨祥生中翔置業有限公司 (Zhujie Shinsun Real Estate Co., Ltd.), 杭州澄壘投資發展有限公司 (Hangzhou Chengken Investment Development Co., Ltd.) and 陝西祥生旅遊文化發展有限公司 (Shaanxi Shinsun Tourism Cultural Development Co., Ltd.) in 2019.

(g) 湖北祥生仙苑國際大酒店管理有限公司 (Hubei Xiangsheng Xianyuan International Hotel Management Co., Ltd., "Shinsun Fairyland Hotel Management")

Pursuant to the share transfer agreement dated 24 March 2020, the Group disposed of its 100% equity interest in Shinsun Fairyland Hotel Management to Zhejiang Xiangsheng Hotel Management Co., Ltd. for a consideration of RMB22,000,000.

(h) 岫岩滿族自治縣祥生越都物業有限公司 (Xiuyan Manchu Autonomous County Xiangsheng Yuedu Property Co., Ltd., "Xiangsheng Yuedu")

Pursuant to the share transfer agreement dated 20 March 2020, the Group disposed of its 51% equity interest in Xiangsheng Yuedu Property to Zhejiang Shinsun Property Services Co., Ltd. for a consideration of RMB255,000, and disposed of its 49% equity interest in Xiangsheng Yuedu to 浙江諸暨越都貿易有限公司 (Zhejiang Zhujie Yuedu Trading Co., Ltd.) for a consideration of RMB245,000.

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38. 出售附屬公司 (續)**(i) 諸暨祥生幽憩居酒店有限公司「祥生幽憩居酒店」**

根據日期為二零二零年一月十四日的股份轉讓協議，本集團將其於祥生幽憩居酒店的100%股權出售予浙江祥生酒店管理有限公司，代價為人民幣5,000,000元。

(j) 臨海紫元銀通置業有限公司 (「臨海紫元」)

於二零二零年四月九日，本集團與杭州二建建設有限公司及臨海市中晟房地產開發有限公司訂立兩份股份轉讓協議，據此，本集團分別出售於臨海紫元的10%及31.5%股權，代價分別為人民幣46,418,000元及人民幣146,216,000元，且本集團保留於臨海紫元的58.5%股權。

根據臨海紫元的經更新組織章程細則，所有股東決議案應由代表三分之二表決權的股東通過。因此，臨海紫元於股份轉讓後入賬為於一家合營企業的投資。

(k) 浙江景越置業有限公司 (「浙江景越」)

根據日期為二零二零年十二月二十一日的股份轉讓協議，本集團將其於浙江景越的100%股權出售予諸暨祥旅雲麓旅遊開發有限公司 (「諸暨祥旅雲麓」)，代價為人民幣43,000,000元。

(l) 根據股東決議案，本集團於二零二零年註銷浙江樓雲體育產業發展有限公司、衢州祥生樓雲體育產業發展有限公司、浙江風升旅遊開發有限公司及浙江祥景資產管理有限公司。

38. DISPOSAL OF SUBSIDIARIES (CONTINUED)**(i) 諸暨祥生幽憩居酒店有限公司 (Zhuji Xiangsheng Youqiju Hotel Co., Ltd., "Xiangsheng Youqiju Hotel")**

Pursuant to the share transfer agreement dated 14 January 2020, the Group disposed of its 100% equity interest in Xiangsheng Youqiju Hotel to Zhejiang Xiangsheng Hotel Management Co., Ltd. for a consideration of RMB5,000,000.

(j) 臨海紫元銀通置業有限公司 (Linhai Ziyuan Yintong Real Estate Co., Ltd., "Linhai Ziyuan")

On 9 April 2020, the Group entered into two share transfer agreements with Hangzhou The Second Construction Co., Ltd. and Linhai Zhongsheng Property Development Co., Ltd., pursuant to which the Group disposed of its 10% and 31.5% equity interests in Linhai Ziyuan for a consideration of RMB46,418,000 and RMB146,216,000, respectively, and the Group retained 58.5% equity interest in Linhai Ziyuan.

According to the updated articles of association of Linhai Ziyuan, all shareholders' resolutions shall be passed by shareholders representing two thirds of the voting rights. Therefore, Linhai Ziyuan was accounted for as an investment in a joint venture after the share transfer.

(k) 浙江景越置業有限公司 (Zhejiang Jingyue Real Estate Co., Ltd., "Zhejiang Jingyue")

Pursuant to the share transfer agreement dated 21 December 2020, the Group disposed of its 100% equity interest in Zhejiang Jingyue to 諸暨祥旅雲麓旅遊開發有限公司 Zhuji Xianglv Yunlu Tourism Development Co., Ltd. ("Zhuji Xianglv Yunlu") for a consideration of RMB43,000,000.

(l) Pursuant to the resolutions of the shareholders, the Group deregistered, 浙江樓雲體育產業發展有限公司 (Zhejiang Louyun Sports Industry Development Co., Ltd.), 衢州祥生樓雲體育產業發展有限公司 (Quzhou Shinsun lou Yun Sports Industry Development Co., Ltd.), 浙江風升旅遊開發有限公司 (Zhejiang Fengsheng Tourism Development Co., Ltd.) and 浙江祥景資產管理有限公司 (Zhejiang Xiangjing Asset Management Co., Ltd.) in 2020.

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38. 出售附屬公司 (續)

於出售日期的資產及負債賬面值如下：

38. DISPOSAL OF SUBSIDIARIES (CONTINUED)

The carrying values of the assets and liabilities on the dates of disposal were as follows:

		二零二零年 人民幣千元 2020 RMB' 000	二零一九年 人民幣千元 2019 RMB' 000
已出售資產淨值：	Net assets disposed of:		
物業、廠房及設備	Property, plant and equipment	12,601	996
無形資產(附註16)	Intangible assets (note 16)	198	–
於一家聯營公司的投資	Investment in an associate	–	42,150
遞延稅項資產(附註19)	Deferred tax assets (note 19)	6,347	–
存貨	Inventories	730	–
待售土地開發	Land development for sale	575,592	–
開發中物業(附註20)	Properties under development (note 20)	216,418	214,298
持作出售的已竣工物業(附註21)	Completed properties held for sale (note 21)	–	998,791
貿易應收款項及應收票據	Trade and bills receivables	2,209	500
應收關聯公司款項	Due from related companies	12,661	60,428
預付款項、按金及其他應收款項	Prepayments, deposits and other receivables	58,966	450,655
可收回稅項	Tax recoverable	–	838
按公平值計入損益的金融資產	Financial assets at fair value through profit or loss	3,000	2
受限制現金	Restricted cash	–	1,210
現金及現金等價物	Cash and cash equivalents	6,407	33,096
貿易應付款項及應付票據	Trade and bills payables	(11,622)	(25,037)
其他應付款項、已收按金及應計費用	Other payables, deposits received and accruals	(239,419)	(1,272,533)
合約負債	Contract liabilities	(313)	(52,084)
應付關聯方款項	Due to related parties	(97,681)	(10,652)
應付稅項	Tax payable	(1,828)	(52,322)
		544,266	390,336
減：非控股權益	Less: Non-controlling interests	(1,144)	192,918
本集團應佔賬面值	The carrying values attributable to the Group	545,410	197,418
出售附屬公司(虧損)/收益(附註5)	(Loss)/gain on disposal of subsidiaries (note 5)	(15,264)	4,032
以下列方式支付：	Satisfied by:		
現金	Cash	260,065	201,450
於合營企業之投資	Investment in a joint venture	270,081	–

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38. 出售附屬公司 (續)

有關出售附屬公司的現金及現金等價物的現金流量分析如下：

38. DISPOSAL OF SUBSIDIARIES (CONTINUED)

An analysis of the cash flows of cash and cash equivalents in respect of disposal of subsidiaries is as follows:

		二零二零年 人民幣千元 2020 RMB' 000	二零一九年 人民幣千元 2019 RMB' 000
現金代價	Cash consideration	260,065	201,450
減：預付款項、按金及 其他應收款項(未結算代價)	Less: Prepayments, deposits and other receivables (unsettled consideration)	192,635	201,450
減：已出售現金及現金等價物	Less: Cash and cash equivalents disposed of	6,407	33,096
出售附屬公司的現金及現金等 價物流出淨額	Net outflow of cash and cash equivalents in respect of the disposal of subsidiaries	(61,023)	(33,096)

39. 或然負債

於各有關期間末，於財務報表未計提撥備的或然負債如下：

39. CONTINGENT LIABILITIES

At the end of each reporting period, contingent liabilities not provided for in the financial statements were as follows:

		二零二零年 人民幣千元 2020 RMB' 000	二零一九年 人民幣千元 2019 RMB' 000
就授予本集團物業買方融資 向銀行提供的擔保	Guarantees given to banks in connection with facilities granted to purchasers of the Group's properties (1)	27,241,482	37,028,811
就授予關聯方及一名第三方融資 向銀行提供的擔保	Guarantees given to banks in connection with facilities granted to related parties and a third party (2)	943,560	4,137,450

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39. 或然負債 (續)

- (1) 本集團就若干銀行向本集團持作出售的竣工物業買家授出的抵押融資提供擔保。根據擔保安排的條款，如買家拖欠按揭付款，本集團負責向該等銀行償還未償還抵押本金及違約買家所欠的任何應計利息及罰款。

根據上述安排，相關物業已質押予該等銀行作為抵押貸款的抵押品；倘該等買家拖欠抵押還款，該等銀行有權接管有關法定業權，並透過公開拍賣將抵押物業變現。

本集團的擔保期由授出相關抵押貸款日期起至買家獲發物業所有權證及辦理登記止，有關證明一般會於買家接管相關物業後的半年至兩年內取得。

於年內，本集團並未就向本集團持作出售的已竣工物業買家授出的抵押融資提供擔保產生任何重大損失。本公司董事認為如出現違約付款，相關物業的可變現淨值足以償還未償還抵押貸款連同任何應計利息及罰款，故並無對擔保計提撥備。

- (2) 於二零二零年十二月三十一日，本集團就向關聯方(二零一九年：向關聯方及第三方)作出的借款向銀行及其他機構提供擔保。本公司董事認為，無須就截至二零二零年十二月三十一日向關聯方提供的擔保作出撥備(二零一九年：無)，因為公平值並不重大。

40. 一間持作出售的附屬公司

於二零一九年，本集團一直在與杭州二建建設有限公司及臨海市中晟房地產開發有限公司磋商有關出售臨海紫元銀通置業有限公司(「臨海紫元」)的股權。於二零二零年四月九日，本集團與杭州二建建設有限公司及臨海市中晟房地產開發有限公司訂立兩份股份轉讓協議，據此，本集團分別出售於臨海紫元的10%及31.5%股權，且本集團保留於臨海紫元的58.5%股權。根據臨海紫元的經更新組織章程細則，所有股東決議案應由代表三分之二表決權的股東通過。因此，臨海紫元於股份轉讓後入賬為於一家合營企業的投資。於二零一九年十二月三十一日，臨海紫元分類為一間持作出售的附屬公司。

39. CONTINGENT LIABILITIES (CONTINUED)

- (1) The Group provided guarantees in respect of mortgage facilities granted by certain banks to the purchasers of the Group's completed properties held for sale. Pursuant to the terms of the guarantee arrangements, in the case of default on mortgage payments by the purchasers, the Group is responsible for repaying the outstanding mortgage principals together with any accrued interest and penalties owed by the defaulted purchasers to those banks.

Under the above arrangement, the related properties were pledged to the banks as collateral for the mortgage loans, and upon default on mortgage repayments by these purchasers, the banks are entitled to take over the legal titles and will realise the pledged properties through open auction.

The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon the issuance and registration of property ownership certificates to the purchasers, which will generally be available within half a year to two years after the purchasers take possession of the relevant properties.

The Group did not incur any material losses during the year in respect of the guarantees provided for mortgage facilities granted to purchasers of the Group's completed properties held for sale. The directors of the Company considered that in the case of default on payments, the net realisable value of the related properties would be sufficient to repay the outstanding mortgage loans together with any accrued interest and penalty, and therefore, no provision has been made in connection with the guarantees.

- (2) The Group provided guarantees to banks and other institutions in connection with borrowings made to the related parties as at 31 December 2020 (2019: to the related parties and a third party). The directors of the Company consider that no provision was needed in respect of the guarantees provided to the related parties as of 31 December 2020 (2019: nil) since the fair value is immaterial.

40. A SUBSIDIARY HELD FOR SALE

In 2019, the Group had been having negotiation with 杭州二建建設有限公司 (Hangzhou The Second Construction Co., Ltd.) and 臨海市中晟房地產開發有限公司 (Linhai Zhongsheng Property Development Co., Ltd.) on the sale of equity interests of 臨海紫元銀通置業有限公司 (Linhai Ziyuan Yintong Real Estate Co., Ltd. "Linhai Ziyuan"). On 9 April 2020, the Group entered into two share transfer agreements with Hangzhou The Second Construction Co., Ltd. and Linhai Zhongsheng Property Development Co., Ltd. pursuant to which the Group disposed of its 10% and 31.5% equity interests in Linhai Ziyuan, respectively, and the Group retained a 58.5% equity interest in Linhai Ziyuan. According to the updated articles of association of Linhai Ziyuan, all shareholders' resolutions shall be passed by shareholders representing two thirds of the voting rights. Therefore, Linhai Ziyuan was accounted for as an investment in a joint venture after the share transfer. As at 31 December 2019, Linhai Ziyuan was classified as a subsidiary held for sale.

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40. 一間持作出售的附屬公司 (續)

40.A SUBSIDIARY HELD FOR SALE (CONTINUED)

於二零一九年
人民幣千元
2019
RMB'000

資產	Assets	
物業、廠房及設備	Property, plant and equipment	44
待售土地開發	Land development for sale	573,605
預付款項、按金及其他應收款項	Prepayments, deposits and other receivables	15,175
現金及現金等價物	Cash and cash equivalents	3,159
分類為持作出售的一間附屬公司的資產	Assets of a subsidiary classified as held for sale	591,983
負債	Liabilities	
其他應付款項及應計費用	Other payables and accruals	(41,638)
與分類為持作出售的資產直接相關的負債	Liabilities directly associated with the assets classified as held for sale	(41,638)
與分類為持作出售的附屬公司直接相關的資產淨值	Net assets directly associated with the subsidiary classified as held for sale	550,345

41. 關聯方交易

41. RELATED PARTY TRANSACTIONS

(1) 重大關聯方交易

(1) Significant related party transactions

以下為於年內與關聯方進行的交易：

The following transactions were carried out with related parties during the year:

	二零二零年 人民幣千元 2020 RMB'000	二零一九年 人民幣千元 2019 RMB'000
關聯方墊款：		
合營企業	901,862	502,434
聯營公司	244,535	539,489
受控股股東控制的公司	382,925	7,512,798
受主要管理人員成員控制的公司	–	139,200
受控股股東家族成員控制的公司	12,273	–
控股股東家族成員	35,964	34,695

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41. 關聯方交易 (續)

(1) 重大關聯方交易 (續)

以下為於年內與關聯方進行的交易：(續)

41. RELATED PARTY TRANSACTIONS (CONTINUED)

(1) Significant related party transactions (continued)

The following transactions were carried out with related parties during the year: (continued)

		二零二零年 人民幣千元 2020 RMB' 000	二零一九年 人民幣千元 2019 RMB' 000
償還關聯方墊款：	Repayment of advances from related parties:		
合營企業	Joint ventures	338,173	305,018
聯營公司	Associates	134,560	383,840
受控股股東控制的公司	Companies controlled by the Controlling Shareholder	226,681	8,919,696
控股股東	Controlling Shareholder	6,183	–
控股股東家族成員	Family members of the Controlling Shareholder	54,857	2,367
由以下各方提供的管理諮詢服務：	Management consulting services provided by:		
受控股股東控制的公司	Companies controlled by the Controlling Shareholder	67	5,897
由下列公司提供物業及銷售管理服務：	Property and sales management services provided by:		
受控股股東控制的公司	Companies controlled by the Controlling Shareholder	175,179	156,292
由以下各方提供的建設服務：	Construction services provided by:		
受控股股東控制的公司	A company controlled by the Controlling Shareholder	7,403,498	9,832,415
受控股股東家族成員控制的公司	Companies controlled by a family member of the Controlling Shareholder	530,766	699,432
出售附屬公司：	Disposal of a subsidiary:		
出售附屬公司代價	Consideration of disposal a subsidiary	43,000	–
向下列公司提供管理諮詢服務：	Management consulting services provided to:		
合營企業	Joint ventures	80,939	68,455
聯營公司	Associates	22,411	16,083

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41. 關聯方交易 (續)

41. RELATED PARTY TRANSACTIONS (CONTINUED)

(1) 重大關聯方交易 (續)

(1) Significant related party transactions (continued)

以下為於年內與關聯方進行的交易：(續)

The following transactions were carried out with related parties during the year: (continued)

		二零二零年 人民幣千元 2020 RMB' 000	二零一九年 人民幣千元 2019 RMB' 000
為以下公司提供物業及酒店租賃服務： 受控股股東控制的公司	Property and hotel lease services provided to: Companies controlled by the Controlling Shareholder	26,161	–
聯營公司	An associate	95	–
向關聯方墊款：	Advances to related parties:		
合營企業	Joint ventures	1,147,860	3,541,490
聯營公司	Associates	489,740	784,394
受控股股東控制的公司	Companies controlled by the Controlling Shareholder	20,943,067	1,472,599
受控股股東家族成員控制的公司	Companies controlled by a family member of the Controlling Shareholder	2,742,680	197,659
控股股東家族成員	Family members of the Controlling Shareholder	9,544	–
		二零二零年 人民幣千元 2020 RMB' 000	二零一九年 人民幣千元 2019 RMB' 000
償還關聯方墊款：	Repayment of advances to related parties:		
合營企業	Joint ventures	2,626,677	3,935,883
聯營公司	Associates	220,704	649,011
受控股股東控制的公司	Companies controlled by the Controlling Shareholder	21,522,563	193,962
控股股東家族成員	Family members of the Controlling Shareholder	80,244	22,727
受控股股東家族成員控制的公司	Companies controlled by a family member of the Controlling Shareholder	3,520,098	–
主要管理人員	Key management personnel	–	10,000

該等交易乃根據參與各方經磋商後相互協定的條款及條件進行。

These transactions were carried out in accordance with the terms and conditions mutually agreed after negotiation by the parties involved.

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41. 關聯方交易 (續)

(2) 與關聯方的其他交易

41. RELATED PARTY TRANSACTIONS (CONTINUED)

(2) Other transactions with related parties

		二零二零年 人民幣千元 2020 RMB' 000	二零一九年 人民幣千元 2019 RMB' 000
向關聯方提供之擔保：	Guarantees provided to related parties:		
受控股股東控制的公司	Companies controlled by the Controlling Shareholder	–	152,450
合營企業	Joint ventures	943,560	3,604,000
由關聯方提供的擔保：	Guarantees provided by related parties:		
控股股東	Controlling Shareholder	–	16,797,859
控股股東家族成員	A family member of the Controlling Shareholder	–	11,447,515
受控股股東控制的公司	Companies controlled by the Controlling Shareholder	70,000	1,449,440

於二零二零年十二月三十一日，本集團為嘉興秀洲投資祥生房地產開發有限公司獲授的若干其他借貸最多人民幣550,000,000元作出擔保。

As at 31 December 2020, the Group guaranteed certain of the other borrowings of up to RMB550,000,000 to Jiaxing Xiuzhou Investment Xiangsheng Real Estate Development Co., Ltd.

於二零二零年十二月三十一日，本集團為諸暨祥生祥駿置業有限公司獲授的若干其他借貸最多人民幣900,000,000元作出擔保。

As at 31 December 2020, the Group has guaranteed certain of the other borrowings of up to RMB900,000,000 to 諸暨祥生祥駿置業有限公司 (“Zhuji Xiangsheng Xiangjun Real Estate Development Co., Ltd.”).

於二零二零年十二月三十一日，本集團為由本集團一間合營公司投資的安慶金世祥房地產開發有限公司獲授的若干其他借貸最多人民幣72,600,000元作出擔保。

As at 31 December 2020, the Group has guaranteed certain of the other borrowings of up to RMB72,600,000 to Anqing Jinshixiang Real Estate Development Co., Ltd. by the investment in a joint venture of the Group.

於二零二零年十二月三十一日，本集團為由本集團一間合營公司投資的杭州祥生宜景地產開發有限公司獲授的若干其他借貸最多人民幣1,000,000,000元作出擔保。

As at 31 December 2020, the Group has guaranteed certain of the other borrowings of up to RMB1,000,000,000 to 杭州祥生宜景地產開發有限公司 (“Hangzhou Xiangsheng Yijing Real Estate Development Co., Ltd.”) by the investment in a joint venture of the Group.

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41. 關聯方交易 (續)

41. RELATED PARTY TRANSACTIONS (CONTINUED)

(3) 與關聯方的未清償結餘

(3) Outstanding balances with related parties

		二零二零年 人民幣千元 2020 RMB' 000	二零一九年 人民幣千元 2019 RMB' 000
應收關聯方款項：	Due from related parties:		
貿易關聯：	Trade-related:		
合營企業	Joint ventures	46,429	41,578
聯營公司	Associates	20,317	–
受控股股東控制的公司	Companies controlled by the Controlling Shareholder	942	253,889
控股股東家族成員	A family member of the Controlling Shareholder	–	9,373
應收關聯方款項：	Due from related parties:		
非貿易關聯：	Non-trade-related:		
合營企業	Joint ventures	1,084,173	2,600,148
聯營公司	Associates	571,270	302,234
受控股股東控制的公司	Companies controlled by the Controlling Shareholder	977,013	1,505,508
受控股股東家族成員控制的 一間公司	A company controlled by a family member of the Controlling Shareholder	–	777,418
控股股東家族成員	A family member of the Controlling Shareholder	–	70,701
總計	Grand total	2,700,144	5,560,849
應付關聯方款項：	Due to related parties:		
貿易關聯：	Trade-related:		
合營企業	Joint ventures	–	–
聯營公司	Associates	–	9,805
受控股股東控制的公司	Companies controlled by the Controlling Shareholder	3,719,744	4,458,991
受控股股東家族成員控制的公司	Companies controlled by family members of the Controlling Shareholder	180,897	495,830
控股股東家族成員	A family member of the Controlling Shareholder	620	–
主要管理人員	Key management personnel	–	812

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41. 關聯方交易 (續)

(3) 與關聯方的未清償結餘 (續)

		二零二零年 人民幣千元 2020 RMB' 000	二零一九年 人民幣千元 2019 RMB' 000
應付關聯方款項：	Due to related parties:		
非貿易關聯：	Non-trade-related:		
合營企業	Joint ventures	1,225,182	371,493
聯營公司	Associates	481,469	371,495
受控股股東控制的公司	Companies controlled by the Controlling Shareholder	173,514	68,270
受控股股東家族成員控制的公司	Companies controlled by a family member of the Controlling Shareholder	12,273	139,200
控股股東	Controlling Shareholder	-	6,183
控股股東家族成員	A family member of the Controlling Shareholder	15,351	34,242
總計	Grand total	5,809,050	5,956,321

與上述關聯方的結餘均為無抵押、不計息及
按要求償還。

Balances with the above related parties were unsecured, non-interest-
bearing and repayable on demand.

(4) 本集團主要管理層人員薪酬

(4) Compensation of key management personnel of the
Group

		二零二零年 人民幣千元 2020 RMB' 000	二零一九年 人民幣千元 2019 RMB' 000
短期僱員福利	Short-term employee benefits	32,631	30,472
退休金計劃供款	Pension scheme contributions	1,510	1,127
向主要管理層人員支付的薪酬總額	Total compensation paid to key management personnel	34,141	31,599

董事薪酬的進一步詳情載於財務報表附註8。

Further details of directors' emoluments are included in note 8 to the
financial statements.

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42. 按類別劃分的金融工具

於各報告期末，各類別金融工具的賬面值如下：

二零二零年十二月三十一日

金融資產

		按攤銷 成本計量的 金融資產 人民幣千元 Financial assets at amortised cost RMB' 000	按公平值計入 損益的 金融資產 人民幣千元 Financial assets at FVTPL RMB' 000	總計 人民幣千元 Total RMB' 000
貿易應收款項及應收票據 (附註22)	Trade and bills receivables (note 22)	127,380	–	127,380
計入預付款項、按金及 其他應收款項的 金融資產(附註24)	Financial assets included in prepayments, deposits and other receivables (note 24)	7,625,119	–	7,625,119
按公平值計入損益的 金融資產(附註25)	Financial assets at fair value through profit or loss (note 25)	–	626,231	626,231
應收關聯方款項 (附註41)	Due from related parties (note 41)	2,700,144	–	2,700,144
現金及銀行結餘 (附註26)	Cash and bank balances (note 26)	24,304,747	–	24,304,747
		34,757,390	626,231	35,383,621

金融負債

Financial liabilities

		按攤銷成本計量的 金融負債 人民幣千元 Financial liabilities at amortised cost RMB' 000
貿易應付款項及應付票據(附註27)	Trade and bills payables (note 27)	6,977,322
計入其他應付款項及應計費用的 金融負債(附註28)	Financial liabilities included in other payables and accruals (note 28)	5,772,671
應付關聯方款項(附註41)	Due to related parties (note 41)	5,809,050
計息銀行及其他借款(附註30)	Interest-bearing bank and other borrowings (note 30)	42,285,907
租賃負債(附註14)	Lease liabilities (note 14)	86,117
優先票據(附註31)	Senior notes (note 31)	3,389,987
企業債券(附註32)	Corporate bonds (note 32)	500,664
		64,821,718

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42. 按類別劃分的金融工具 (續)

二零一九年十二月三十一日

金融資產

		按攤銷 成本計量的 金融資產 人民幣千元 Financial assets at amortised cost RMB' 000	按公平值計入 損益的 金融資產 人民幣千元 Financial assets at FVTPL RMB' 000	總計 人民幣千元 Total RMB' 000
貿易應收款項及 應收票據(附註22)	Trade and bills receivables (note 22)	195,012	–	195,012
計入預付款項、按金及 其他應收款項的 金融資產(附註24)	Financial assets included in prepayments, deposits and other receivables (note 24)	3,460,945	–	3,460,945
按公平值計入損益的 金融資產(附註25)	Financial assets at fair value through profit or loss (note 25)	–	20,567	20,567
應收關聯方款項(附註41)	Due from related parties (note 41)	5,560,849	–	5,560,849
現金及銀行結餘(附註26)	Cash and bank balances (note 26)	6,962,481	–	6,962,481
		16,179,287	20,567	16,199,854

金融負債

		按攤銷成本計量的 金融負債 人民幣千元 Financial liabilities at amortised cost RMB' 000
貿易應付款項及應付票據(附註27)	Trade and bills payables (note 27)	5,102,436
計入其他應付款項及應計費用的 金融負債(附註28)	Financial liabilities included in other payables and accruals (note 28)	3,911,073
應付關聯方款項(附註41)	Due to related parties (note 41)	5,956,321
計息銀行及其他借款(附註30)	Interest-bearing bank and other borrowings (note 30)	27,305,522
資產抵押證券(附註33)	Asset-backed securities (note 33)	205,551
租賃負債(附註14)	Lease liabilities (note 14)	125,590
優先票據(附註31)	Senior notes (note 31)	1,016,301
		43,622,794

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43. 金融工具的公平值及公平值層級

於各報告期末，本集團金融工具（賬面值與公平值合理相若的金融工具除外）的賬面值及公平值如下：

43. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments as at the end of each reporting period, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	賬面值		公平值	
	Carrying amounts		Fair values	
	二零二零年 十二月三十一日 人民幣千元 31 December 2020 RMB' 000	二零一九年 十二月三十一日 人民幣千元 31 December 2019 RMB' 000	二零二零年 十二月三十一日 人民幣千元 31 December 2020 RMB' 000	二零一九年 十二月三十一日 人民幣千元 31 December 2019 RMB' 000
金融資產	Financial assets			
按公平值計入損益的 金融資產(附註25)	Financial assets at FVTPL (note 25)			
	626,231	20,567	626,231	20,567
金融負債	Financial liabilities			
計息銀行及其他借款(附註30)	Interest-bearing bank and other borrowings (note 30)			
	42,285,907	27,305,522	42,319,093	27,522,347
優先票據(附註31)	Senior notes (note 31)			
	3,389,987	1,016,301	3,450,253	1,025,145
企業債券(附註32)	Corporate bonds (note 32)			
	500,664	-	504,863	-
	46,176,558	28,321,823	46,274,209	28,547,492

管理層已進行評估，現金及銀行結餘、貿易應收款項及應收票據、應收關聯方款項、計入預付款項及其他應收款項的金融資產、貿易應付款項及應付票據、計入其他應付款項及應計費用的金融負債、應付關聯方款項、租賃負債及資產抵押證券的公平值與其賬面值相若，很大程度乃由於該等工具期限較短。

管理層透過使用現時可用於具有類似條款、信貸風險及剩餘到期日的工具的利率貼現預期未來現金流量估計按公平值計入損益的金融資產之公平值。按公平值計入損益的金融資產之公平值計量於公平值層級內分類為第二級及第三級。

Management has assessed that the fair values of cash and bank balances trade and bills receivables, amounts due from related parties, financial assets included in prepayments and other receivables, trade and bills payables, financial liabilities included in other payables and accruals, amounts due to related parties, lease liabilities and asset-backed securities are approximate to their carrying amounts largely due to the short term maturities of these instruments.

Management has estimated the fair values of the financial assets at FVTPL by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair value measurement of the financial assets at FVTPL is categorised within Level 2 and Level 3 of the fair value hierarchy.

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43. 金融工具的公平值及公平值層級 (續)

計息銀行及其他借款及優先票據的公平值使用現時可用於具有類似條款、信貸風險及剩餘到期日的工具的利率貼現預期未來現金流量計算。於二零二零年十二月三十一日，經評估，本集團自身的計息銀行及其他借款及優先票據的不履約風險並不重大。

企業債券之公平值乃按市場價報價。

本集團由集團財務總監領導的公司財務團隊負責制定金融工具公平值計量的政策及程序。公司財務團隊直接向集團財務總監及董事會匯報。於各報告日期，公司財務團隊分析金融工具價值的變動情況，並釐定估值所用的主要輸入數據。估值由集團財務總監審核並批准。估值過程及結果由董事會每年進行兩次討論，以作中期及年度財務申報。

於年內，第一級及第二級公平值計量之間並無轉移，金融資產及金融負債並無轉入或自第三級轉出。

43. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

The fair values of interest-bearing bank and other borrowings and senior notes have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank and other borrowings and senior notes as at 31 December 2020 was assessed to be insignificant.

The fair values of corporate bonds are based on quoted market prices.

The Group's corporate finance team headed by the group financial controller is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the group financial controller and the board of directors. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the group financial controller. The valuation process and results are discussed with the board of directors twice a year for interim and annual financial reporting.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and liabilities.

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43. 金融工具的公平值及公平值層級 (續)

公平值層級

下表列示本集團金融工具的公平值計量層級：

按公平值計量的資產：

按公平值計入損益的金融資產

43. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

Financial assets at FVTPL

		使用以下各項所作的公平值計量 Fair value measurement using			
		活躍市場上的 報價 (第一級) 人民幣千元 Quoted prices in active markets (Level 1) RMB' 000	重大可觀察 輸入數據 (第二級) 人民幣千元 Significant observable inputs (Level 2) RMB' 000	重大不可觀察 輸入數據 (第三級) 人民幣千元 Significant unobservable inputs (Level 3) RMB' 000	總計 人民幣千元 Total RMB' 000
於二零二零年十二月三十一日 按公平值計入損益的金融資產	As at 31 December 2020 Financial assets at fair value through profit or loss	-	626,231	-	626,231
於二零一九年十二月三十一日 按公平值計入損益的金融資產	As at 31 December 2019 Financial assets at fair value through profit or loss	-	17,529	3,038	20,567

屬於公平值計量層級中第三級的非上市股權投資為持作買賣的投資及重大不可觀察輸入值為缺乏市銷性的折讓(「缺乏市銷性的折讓」)。於二零二零年十二月三十一日，當缺乏市銷性的折讓變動(二零一九年：當缺乏市銷性的折讓變動5%/5%)，按公平值計入損益的金融資產估值變動分別為人民幣(214,000)元/人民幣214,000元，並無金融資產價值影響。

The unlisted equity investment which fell into level 3 in the fair value measurement hierarchy is investment held for trading and the significant unobservable input is discount for lack of marketability ("DLOM"). There has been no valuation impact of the financial assets when DLOM changed as at 31 December 2020 (2019: When DLOM changes by 5%/(5%), the valuation of the financial assets at FVTPL changes by RMB(214,000)/RMB214,000).

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43. 金融工具的公平值及公平值層級 (續)

公平值層級 (續)

涉及披露公平值的負債：

計息銀行及其他借款

		使用以下各項所作的公平值計量 Fair value measurement using			
		活躍市場上的 報價 (第一級) 人民幣千元	重大可觀察 輸入數據 (第二級) 人民幣千元	重大不可觀察 輸入數據 (第三級) 人民幣千元	總計 人民幣千元
		Quoted prices in active markets (Level 1) RMB' 000	Significant observable inputs (Level 2) RMB' 000	Significant unobservable inputs (Level 3) RMB' 000	Total RMB' 000
於二零二零年十二月三十一日	As at 31 December 2020				
計息銀行及其他借款	Interest-bearing bank and other borrowings	-	42,319,093	-	42,319,093
優先票據	Senior notes	-	3,450,253	-	3,450,253
企業債券	Corporate bonds	504,863	-	-	504,863
		504,863	45,769,346	-	46,274,209

		使用以下各項所作的公平值計量 Fair value measurement using			
		活躍市場上的 報價 (第一級) 人民幣千元	重大可觀察 輸入數據 (第二級) 人民幣千元	重大不可觀察 輸入數據 (第三級) 人民幣千元	總計 人民幣千元
		Quoted prices in active markets (Level 1) RMB' 000	Significant observable inputs (Level 2) RMB' 000	Significant unobservable inputs (Level 3) RMB' 000	Total RMB' 000
於二零一九年十二月三十一日	As at 31 December 2019				
計息銀行及其他借款	Interest-bearing bank and other borrowings	-	27,522,347	-	27,522,347
優先票據	Senior notes	-	1,025,145	-	1,025,145
		-	28,547,492	-	28,547,492

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44. 財務風險管理目標及政策

本集團主要金融工具主要包括經營活動直接產生的現金及銀行結餘、貿易應收款項及應收票據、其他應收款項、貿易應付款項及應付票據及其他應付款項。本集團擁有其他金融資產及負債，如計息銀行及其他借款、按公平值計入損益的金融資產、其他金融負債、應付關聯方款項及應收關聯方款項。該等金融工具的主要目的乃為本集團的經營籌集資金。

來自本集團金融工具的主要風險為利率風險、信貸風險、外幣風險及流動資金風險。通常，本集團在風險管理方面引入保守的策略。為將本集團所面臨的該等風險保持最低，本集團並無使用任何衍生及其他工具作對沖目的。本集團未持有或發行作交易用途的衍生金融工具。董事會審閱並同意管理各類風險的政策，有關政策概述於下：

(a) 利率風險

本集團面臨的市場利率變動風險主要與附註30所載本集團計息銀行及其他借款有關。本集團並無使用衍生金融工具對沖利率風險。本集團使用浮息銀行借款及其他借款管理其利息成本。

於二零二零年十二月三十一日，倘在所有其他變量維持不變情況下銀行及其他借款的利率上升／下降1%，則本集團除稅前溢利將分別減少／增加約人民幣5,825,000元（二零一九年：人民幣5,221,000元）。

(b) 外幣風險

本集團有交易貨幣風險。有關風險主要來自本集團現金及銀行結餘及優先票據。貨幣按美元計值。並無對外幣風險有重大影響。

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments mainly include cash and bank balances, trade and bills receivables, other receivables, trade and bills payables and other payables, which arise directly from its operations. The Group has other financial assets and liabilities such as interest-bearing bank and other borrowings, financial assets at fair value through profit or loss, other financial liabilities, amounts due to related parties and amounts due from related parties. The main purpose of these financial instruments is to raise finance for the Group's operations.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk, foreign currency risk and liquidity risk. Generally, the Group introduces conservative strategies on its risk management. To keep the Group's exposure to these risks to a minimum, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below:

(a) Interest rate risk

The Group's exposure to risk for changes in market interest rates relates primarily to the Group's interest-bearing bank and other borrowings set out in note 30. The Group does not use derivative financial instruments to hedge interest rate risk. The Group manages its interest cost using variable rate bank borrowings and other borrowings.

As at 31 December 2020, if the interest rate of bank borrowings had increased/decreased by 1% and all other variables held constant, profit before tax for the year of the Group would have decreased/increased by approximately RMB5,825,000 (2019: RMB5,221,000).

(b) Foreign currency risk

The Group has transactional currency exposures. Such exposures mainly arise from the Group's cash and bank balances and senior notes. The currency in which they are denominated is US\$. There is no significant impact on foreign currency risk.

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44. 財務風險管理目標及政策 (續)

(b) 外幣風險 (續)

		美元或港元 匯率 增加/(減少) %	除稅前 溢利 增加/(減少) 人民幣千元	股權 增加/(減少) 人民幣千元
		Increase/ (decrease) in US\$ or HK\$ rate %	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity RMB'000
二零二零年十二月三十一日 31 December 2020				
倘人民幣兌美元下降	If the RMB weakens against US\$	-5%	(18,616)	(18,616)
倘人民幣下降，美元上漲	If the RMB weakens strengthens US\$	+5%	18,616	18,616
倘人民幣兌港元下降	If the RMB weakens against HK\$	-5%	(53,414)	(53,414)
倘人民幣下降，港元上漲	If the RMB weakens strengthens HK\$	+5%	53,414	53,414
二零一九年十二月三十一日 31 December 2019				
倘人民幣兌美元下降	If the RMB weakens against US\$	-5%	(41,916)	(41,916)
倘人民幣下降，美元上漲	If the RMB weakens strengthens US\$	+5%	41,916	41,916

(c) 信貸風險

本集團基於共同信貸風險特徵(如工具類型及信貸風險等級)對金融工具進行分類，以釐定信貸風險大幅增加及計量減值。為管理貿易應收款項及應收票據產生的風險，本集團已制定政策確保僅向具備適當信貸歷史的對手方授出信貸期，且管理層將對本集團對手方持續進行信貸評估。客戶通常獲授六個月的信貸期，且我們考慮該等客戶的財務狀況、過往經驗及其他因素對其信貸質素進行評估。本集團亦已擁有其他監控程序以確保落實跟進行動以收回逾期應收款項。此外，本集團定期檢討貿易應收款項及應收票據的可收回金額，以確保就不可收回金額計提適當的減值虧損。本集團並無高度集中的信貸風險，且其信貸風險分散至大量對手方及客戶。

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Foreign currency risk (continued)

		美元或港元 匯率 增加/(減少) %	除稅前 溢利 增加/(減少) 人民幣千元	股權 增加/(減少) 人民幣千元
		Increase/ (decrease) in US\$ or HK\$ rate %	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity RMB'000
二零二零年十二月三十一日 31 December 2020				
倘人民幣兌美元下降	If the RMB weakens against US\$	-5%	(18,616)	(18,616)
倘人民幣下降，美元上漲	If the RMB weakens strengthens US\$	+5%	18,616	18,616
倘人民幣兌港元下降	If the RMB weakens against HK\$	-5%	(53,414)	(53,414)
倘人民幣下降，港元上漲	If the RMB weakens strengthens HK\$	+5%	53,414	53,414
二零一九年十二月三十一日 31 December 2019				
倘人民幣兌美元下降	If the RMB weakens against US\$	-5%	(41,916)	(41,916)
倘人民幣下降，美元上漲	If the RMB weakens strengthens US\$	+5%	41,916	41,916

(c) Credit risk

The Group classifies financial instruments on the basis of shared credit risk characteristics, such as instrument type and credit risk ratings for the purpose of determining significant increases in credit risk and calculation of impairment. To manage risk arising from trade and bills receivables, the Group has policies in place to ensure that credit terms are made only to counterparties with an appropriate credit history and management performs ongoing credit evaluations of the Group's counterparties. The credit period granted to the customers is generally six months and the credit quality of these customers is assessed, taking into account their financial position, past experience and other factors. The Group also has other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Group reviews regularly the recoverable amount of trade and bills receivables to ensure that adequate impairment losses are made for irrecoverable amounts. The Group has no significant concentrations of credit risk, with exposure spread over a large number of counterparties and customers.

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44. 財務風險管理目標及政策 (續)

(c) 信貸風險 (續)

管理層定期對計入預付款項及其他應收款項的金融資產以及應收關聯方款項作集體評估，並根據以往結算記錄及過往經驗對其他應收款項及應收關聯方款項的可收回性進行單獨評估。本集團已在第一階段對計入預付款項及其他應收款項的金融資產以及應收關聯方款項進行分類，並持續監測其信貸風險。本公司董事認為，本集團計入預付款項及其他應收款項的金融資產以及應收關聯方款項之未結清結餘本質上並無存在重大信貸風險。

最高風險及年末階段

下表載列基於本集團信貸政策的信貸質素及最高信貸風險（主要基於逾期資料，除非其他資料可無需花費不必要成本或精力即可獲取，則另作別論）以及年末階段分類。所呈列的金額指金融資產的總賬面值及金融擔保合約的信貸風險。

於二零二零年十二月三十一日

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit risk (continued)

Management makes periodic collective assessments for financial assets included in prepayments and other receivables and amounts due from related parties as well as individual assessments on the recoverability of other receivables and amounts due from related parties based on historical settlement records and past experience. The Group has classified financial assets included in prepayments and other receivables and amounts due from related parties in Stage 1 and continuously monitored their credit risk. The directors of the Company believe that there is no material credit risk inherent in the Group's outstanding balance of financial assets included in prepayments and other receivables and amounts due from related parties.

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

As at 31 December 2020

		12個月的 預期信貸虧損 12-month ECLs		整個存續期預期信貸虧損 Lifetime ECLs			總計 人民幣千元 Total RMB' 000
		第一階段 人民幣千元 Stage 1 RMB' 000	第二階段 人民幣千元 Stage 2 RMB' 000	第三階段 人民幣千元 Stage 3 RMB' 000	簡化方法 人民幣千元 Simplified approach RMB' 000		
貿易應收款項及應收票據*	Trade and bills receivables*	-	-	-	127,380	127,380	
計入預付款項、按金及 其他應收款項的金融資產	Financial assets included in prepayments, deposits and other receivables						
- 正常**	- Normal**	7,625,119	-	-	-	7,625,119	
按公平值計入損益的 金融資產	Financial assets at fair value through profit or loss	626,231	-	-	-	626,231	
應收關聯方款項	Due from related parties						
- 正常**	- Normal**	2,700,144	-	-	-	2,700,144	
現金及銀行結餘	Cash and bank balances						
- 尚未逾期	- Not yet past due	24,304,747	-	-	-	24,304,747	
		35,256,241	-	-	127,380	35,383,621	

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44. 財務風險管理目標及政策 (續)

(c) 信貸風險 (續)

最高風險及年末階段 (續)

於二零一九年十二月三十一日

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit risk (continued)

Maximum exposure and year-end staging (continued)

As at 31 December 2019

		12個月的 預期信貸虧損		整個存續期預期信貸虧損			總計 人民幣千元 Total RMB' 000
		12-month ECLs		Lifetime ECLs			
		第一階段 人民幣千元	第二階段 人民幣千元	第三階段 人民幣千元	簡化方法 人民幣千元	Simplified approach RMB' 000	
		Stage 1 RMB' 000	Stage 2 RMB' 000	Stage 3 RMB' 000	approach RMB' 000		
貿易應收款項及應收票據*	Trade and bills receivables*	-	-	-	195,012	195,012	
計入預付款項、按金及 其他應收款項的金融資產	Financial assets included in prepayments, deposits and other receivables						
- 正常**	- Normal**	3,460,945	-	-	-	3,460,945	
按公平值計入損益的 金融資產	Financial assets at fair value through profit or loss	20,567	-	-	-	20,567	
應收關聯方款項	Due from related parties						
- 正常**	- Normal**	5,560,849	-	-	-	5,560,849	
現金及銀行結餘	Cash and bank balances						
- 尚未逾期	- Not yet past due	6,962,481	-	-	-	6,962,481	
		16,004,842	-	-	195,012	16,199,854	

* 就本集團應用簡化減值方法的貿易應收款項及應收票據而言，基於預期信貸虧損的資料於財務報表附註22披露。並無高度集中的信貸風險。

** 倘應收關聯方款項及計入預付款項及其他應收款項、按金的金融資產並無逾期亦無資料顯示自初始確認起金融資產的信貸風險大幅增加，則其信貸質素被視為「正常」。

* For trade and bills receivables to which the Group applies the simplified approach for impairment, information based on the expected credit losses is disclosed in note 22 to the financial statements. There is no significant concentration of credit risk.

** The credit quality of amounts due from related parties and the financial assets included in prepayments, deposits and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition.

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44. 財務風險管理目標及政策 (續)

(d) 流動資金風險

本集團的目標為透過運用計息銀行及其他借款維持融資持續性與靈活性之間的平衡。本集團持續密切監控現金流量。

本集團於各有報告期間結束時按合同未貼現付款計算的金融負債的到期情況如下：

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings. Cash flows are closely monitored on an ongoing basis.

The maturity profile of the Group's financial liabilities as at the end of each reporting period, based on contractual undiscounted payments, is as follows:

	按要求 人民幣千元	三個月以內 人民幣千元	三至十二個月 人民幣千元	一年以上 人民幣千元	總計 人民幣千元
	On demand RMB' 000	Less than 3 months RMB' 000	3 to 12 months RMB' 000	Over 1 year RMB' 000	Total RMB' 000
二零二零年十二月三十一日					
31 December 2020					
貿易應付款項及應付票據	6,977,322	-	-	-	6,977,322
Trade and bills payables					
其他應付款項	13,220,334	-	-	-	13,220,334
Other payables					
應付關聯方款項	5,809,050	-	-	-	5,809,050
Due to related parties					
租賃負債	-	12,979	33,869	63,540	110,388
Lease liabilities					
計息銀行及其他借款	-	3,297,309	18,628,177	25,215,915	47,141,401
Interest-bearing bank and other borrowings					
優先票據	-	237,714	1,541,218	1,973,782	3,752,714
Senior notes					
企業債券	-	12,658	29,112	542,540	584,310
Corporate bonds					
	26,006,706	3,560,660	20,232,376	27,795,777	77,595,519

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44. 財務風險管理目標及政策 (續)

(d) 流動資金風險 (續)

		按要求 人民幣千元	三個月以內 人民幣千元	三至十二個月 人民幣千元	一年以上 人民幣千元	總計 人民幣千元
		On demand RMB' 000	Less than 3 months RMB' 000	3 to 12 months RMB' 000	Over 1 year RMB' 000	Total RMB' 000
二零一九年十二月三十一日	31 December 2019					
貿易應付款項及應付票據	Trade and bills payables	5,102,436	-	-	-	5,102,436
其他應付款項	Other payables	4,898,470	-	-	-	4,898,470
應付關聯方款項	Due to related parties	5,956,321	-	-	-	5,956,321
租賃負債	Lease liabilities	-	12,592	37,775	94,742	145,109
資產抵押證券	Asset-backed securities	-	216,286	-	-	216,286
計息銀行及其他借款	Interest-bearing bank and other borrowings	-	2,707,854	8,199,509	20,147,122	31,054,485
優先票據	Senior notes	-	307,771	758,413	-	1,066,184
		15,957,227	3,244,503	8,995,697	20,241,864	48,439,291

(e) 資本管理

本集團資本管理的主要目標為保障本集團持續經營並維持穩健的資本比率的能力，以支持其業務並使股東價值最大化。

本集團會根據經濟狀況的變化管理及調整其資本結構。為維持或調整資本結構，本集團或會調整派付予股東的股息、返還股東資本或發行新股。

本集團採用資產負債比率（即債務淨額除以資本總額與債務淨額之和）來監控資本。本集團於債務淨額包括貿易應付款項及應付票據、其他應付款項及應計費用、應付關聯方款項、計息銀行及其他借款以及其他金融負債，減現金及現金等價物、已抵押存款及受限制現金。資本指母公司擁有人應佔權益。於各有關期間結束時的資產負債比率如下：

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Liquidity risk (continued)

		按要求 人民幣千元	三個月以內 人民幣千元	三至十二個月 人民幣千元	一年以上 人民幣千元	總計 人民幣千元
		On demand RMB' 000	Less than 3 months RMB' 000	3 to 12 months RMB' 000	Over 1 year RMB' 000	Total RMB' 000
二零一九年十二月三十一日	31 December 2019					
貿易應付款項及應付票據	Trade and bills payables	5,102,436	-	-	-	5,102,436
其他應付款項	Other payables	4,898,470	-	-	-	4,898,470
應付關聯方款項	Due to related parties	5,956,321	-	-	-	5,956,321
租賃負債	Lease liabilities	-	12,592	37,775	94,742	145,109
資產抵押證券	Asset-backed securities	-	216,286	-	-	216,286
計息銀行及其他借款	Interest-bearing bank and other borrowings	-	2,707,854	8,199,509	20,147,122	31,054,485
優先票據	Senior notes	-	307,771	758,413	-	1,066,184
		15,957,227	3,244,503	8,995,697	20,241,864	48,439,291

(e) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes, within net debt, trade and bills payables, other payables and accruals, amounts due to related parties, interest-bearing bank and other borrowings and other financial liabilities, less cash and cash equivalents, pledged deposits and restricted cash. Capital represents equity attributable to owners of the parent. The gearing ratio as at the end of each reporting period was as follows:

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44. 財務風險管理目標及政策 (續)

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) 資本管理 (續)

(e) Capital management (continued)

		二零二零年 人民幣千元 2020 RMB' 000	二零一九年 人民幣千元 2019 RMB' 000
貿易應付款項及應付票據	Trade and bills payables	6,977,322	5,102,436
其他應付款項及應計費用	Other payables and accruals	13,220,334	4,898,470
應付關聯方款項	Due to related parties	5,809,050	5,956,321
優先票據	Senior notes	3,389,987	1,016,301
企業債券	Corporate bonds	500,664	–
計息銀行及其他借款	Interest-bearing bank and other borrowings	42,285,907	27,305,522
資產抵押證券	Asset-backed securities	–	205,551
減：現金及銀行結餘	Less: Cash and bank balances	(24,304,747)	(6,962,481)
債務淨額	Net debt	47,878,517	37,522,120
母公司擁有人應佔權益	Equity attributable to owners of the parent	8,431,555	4,617,425
資本及債務淨額	Capital and net debt	56,310,072	42,139,545
資產負債比率	Gearing ratio	85%	89%

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45. 擁有重大非控股權益的非全資附屬公司

本集團擁有重大非控股權益的附屬公司詳情載列如下：

45. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	非控股權益 持有百分比 %	分配至非控股權益 年度虧損 人民幣千元	非控股權益 累計結餘 人民幣千元	
	Percentage of equity interest held by non-controlling interests %	Loss for the year allocated to non-controlling interests RMB' 000	Accumulated balances of non-controlling interests RMB' 000	
二零二零年十二月三十一日 31 December 2020				
上海聚博房地產開發有限公司 (「上海聚博」)	Shanghai Jubo Real Estate Development Co., Ltd. ("Shanghai Jubo")	17.5%	(3,153)	1,251,823
杭州祥生弘達房地產開發有限公司 (「杭州祥生弘達」)	Hangzhou Shinsun Hongda Real Estate Development Co., Ltd. ("Hangzhou Shinsun Hongda")	49%	-	1,074,836

	非控股權益 持有股權百分比 %	分配至非控股權益 年度虧損 人民幣千元	非控股權益 累計結餘 人民幣千元	
	Percentage of equity interest held by non-controlling interests %	Loss for the year allocated to non-controlling interests RMB' 000	Accumulated balances of non-controlling interests RMB' 000	
二零一九年十二月三十一日 31 December 2019				
泰興市祥瑞置業有限公司 (「泰興祥瑞置業」)	Taixing Xiangrui Real Estate Co., Ltd. ("Taixing Shinsun Xiangrui")	30%	68,959	133,244
諸暨市祥生弘源置業有限公司 (「諸暨祥生弘源」)	Zhuji Shinsun Hongyuan Real Estate Co., Ltd. ("Zhuji Shinsun Hongyuan")	49%	(2,190)	82,580
諸暨祥生祥祺置業有限公司 (「諸暨祥生祥祺」)	Zhuji Shinsun Xiangqi Real Estate Co., Ltd. ("Zhuji Shinsun Xiangqi")	47%	141,892	171,446

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45. 擁有重大非控股權益的非全資附屬公司 (續)

下表列示上述附屬公司的財務資料概述。所披露金額乃於作出任何公司間抵銷前：

二零二零年十二月三十一日

45. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

31 December 2020

		上海聚博 人民幣千元 Shanghai Jubo RMB' 000	杭州祥生弘達 人民幣千元 Hangzhou Shinsun Hongda RMB' 000
收益	Revenue	–	–
開支總額	Total expenses	(15,764)	(25,534)
年內虧損	Loss for the year	(15,764)	(25,534)
年內全面虧損總額	Total comprehensive loss for the year	(15,764)	(25,534)
以下各方應佔：	Attributable to:		
母公司擁有人	Owners of the parent	(12,611)	(25,534)
非控股權益	Non-controlling interests	(3,153)	–
		(15,764)	25,534
流動資產	Current assets	14,510,030	4,210,752
非流動資產	Non-current assets	14,553	56,656
流動負債	Current liabilities	(317,010)	(2,159,886)
非流動負債	Non-current liabilities	(7,054,296)	–
		7,153,277	2,107,522
以下各方應佔：	Attributable to:		
母公司擁有人	Owners of the parent	5,901,454	1,032,686
非控股權益	Non-controlling interests	1,251,823	1,074,836
		7,153,277	2,107,522
經營活動所用現金流量淨額	Net cash flows used in operating activities	(69,706)	(376,059)
投資活動所用現金流量淨額	Net cash flows used in investing activities	(36)	–
融資活動所得現金流量淨額	Net cash flows generated from financing activities	65,135	378,000
現金及現金等價物(減少)/增加淨額	Net (decrease)/increase in cash and cash equivalents	(4,607)	1,941

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45. 擁有重大非控股權益的非全資附屬公司 (續)

二零一九年十二月三十一日

45. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

31 December 2019

		泰興祥瑞置業 人民幣千元 Taixing Shinsun Xiangrui RMB' 000	諸暨祥生弘源 人民幣千元 Zhuji Shinsun Hongyuan RMB' 000	諸暨祥生祥祺 人民幣千元 Zhuji Shinsun Xiangqi RMB' 000
收益	Revenue	1,971,262	34,417	1,104,816
開支總額	Total expenses	(1,741,397)	(38,886)	(802,918)
年內溢利/(虧損)	Profit/(loss) for the year	229,865	(4,469)	301,898
年內全面收入/(虧損)總額	Total comprehensive income/(loss) for the year	229,865	(4,469)	301,898
以下各方應佔：	Attributable to:			
母公司擁有人	Owners of the parent	160,906	(2,279)	160,006
非控股權益	Non-controlling interests	68,959	(2,190)	141,892
		229,865	(4,469)	301,898
流動資產	Current assets	4,343,867	174,187	695,200
非流動資產	Non-current assets	53,286	1,108	21
流動負債	Current liabilities	(3,693,193)	(6,764)	(330,443)
非流動負債	Non-current liabilities	(259,813)	-	-
		444,147	168,531	364,778
以下各方應佔：	Attributable to:			
母公司擁有人	Owners of the parent	310,903	85,951	193,332
非控股權益	Non-controlling interests	133,244	82,580	171,446
		444,147	168,531	364,778
經營活動所得/(所用)現金流量淨額	Net cash flows generated from/ (used in) operating activities	226,300	(7,726)	(100,479)
投資活動(所用)/所得現金流量額	Net cash flows (used in)/generated from investing activities	(148,170)	-	163,038
融資活動所用現金流量淨額	Net cash flows used in financing activities	(198,038)	-	(74,000)
現金及現金等價物減少淨額	Net decrease in cash and cash equivalents	(119,908)	(7,726)	(11,441)

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46. 承擔

本集團於各報告期間未有以下資本承擔：

46. COMMITMENTS

The Group had the following capital commitments at the end of each reporting period:

		二零二零年 人民幣千元 2020 RMB' 000	二零一九年 人民幣千元 2019 RMB' 000
已訂約但未計提撥備：	Contracted, but not provided for:		
物業開發活動	Property development activities	23,411,179	24,806,046
收購土地使用權	Acquisition of a land use right	3,605,764	2,388,549
		27,016,943	27,194,595

47. 報告期間後事項

於報告期末後並未收到已有狀況的信息。

47. EVENTS AFTER THE REPORTING PERIOD

No information is received about conditions that existed after the end of the reporting period.

48. 本公司之財務狀況表

於報告期末有關本公司財務狀況表資料如下：

48. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

		二零二零年 人民幣千元 2020 RMB' 000	二零一九年 人民幣千元 2019 RMB' 000
非流動資產	NON-CURRENT ASSETS		
投資一間附屬公司	Investments in subsidiaries	-	-
非流動資產總額	Total non-current assets	-	-
流動資產	CURRENT ASSETS		
現金及現金等價物	Cash and cash equivalents	19,516	-
應收附屬公司款項	Due from subsidiaries	4,248,403	-
流動資產總額	Total current assets	4,267,919	-
流動負債	CURRENT LIABILITIES		
其他應付款項及應計費用	Other payables and accruals	14,942	-
流動負債總額	Total current liabilities	14,942	-

二零二零年十二月三十一日 31 December 2020

48. 本公司之財務狀況表 (續)

48. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

		二零二零年 人民幣千元 2020 RMB'000	二零一九年 人民幣千元 2019 RMB'000
流動資產淨額	NET CURRENT ASSETS	4,252,977	-
資產總額 減流動負債	TOTAL ASSETS LESS CURRENT LIABILITIES	4,252,977	-
資產淨額	Net assets	4,252,977	-
股權	EQUITY		
股本	Share capital	199,616	-
儲備	Reserves	4,053,361	-
股權總額	Total equity	4,252,977	-

本公司股權總額概述如下：

A summary of the Company's total equity is as follows:

		股本 人民幣千元 Share capital RMB'000	股份溢價 人民幣千元 Share premium RMB'000	累計虧損 人民幣千元 Accumulated losses RMB'000	總額 人民幣千元 Total RMB'000
於二零一九年十二月十三日 (註冊成立日期) · 二零一九年十二月三十一日 及二零二零年一月一日 之結餘	Balance at 13 December 2019 (date of incorporation), 31 December 2019 and 1 January 2020	-	-	-	-
年內全面收入總額	Total comprehensive income for the year	-	-	(94,359)	(94,359)
發行新股份	Issuance of new shares	199,616	4,147,720	-	4,252,977
於二零二零年十二月 三十一日結餘	Balance at 31 December 2020	199,616	4,147,720	(94,359)	4,252,977

49. 批准財務報表

49. APPROVAL OF THE FINANCIAL STATEMENTS

於二零二一年三月二十六日財務報表獲董事會批准並授權刊發。

The financial statements were approved and authorised for issue by the board of directors on 26 March 2021.

		截至十二月三十一日止年度 For the year ended 31 December			
		二零二零年 2020 人民幣千元 RMB' 000	二零一九年 2019 人民幣千元 RMB' 000	二零一八年 2018 人民幣千元 RMB' 000	二零一七年 2017 人民幣千元 RMB' 000
收益	Revenue	46,638,413	35,519,538	14,215,302	6,293,295
銷售成本	Cost of sales	(38,203,574)	(27,039,427)	(11,216,121)	(5,459,461)
毛利	Gross profit	8,434,839	8,480,111	2,999,181	833,834
財務收入	Finance income	75,773	151,883	71,376	16,892
其他收入及收益	Other income and gains	108,621	95,375	36,789	131,031
銷售及分銷開支	Selling and distribution expenses	(1,240,318)	(1,073,899)	(752,944)	(502,524)
行政開支	Administrative expenses	(1,132,252)	(1,125,445)	(1,119,107)	(521,753)
其他開支	Other expenses	(101,221)	(199,371)	(69,630)	(46,152)
投資物業的公平值收益	Fair value gains on investment properties	4,624	22,406	13,978	17,285
財務成本	Finance costs	(1,113,405)	(777,570)	(432,110)	(220,316)
應佔下列公司溢利及虧損：	Share of profits and losses of:				
合營企業	Joint ventures	2,026	(54,644)	(30,492)	1,208
聯營公司	Associates	(19,770)	11,502	(30,929)	(1,349)
除稅前溢利／(虧損)	Profit/(loss) before tax	5,018,917	5,530,348	686,062	(291,844)
所得稅(開支)／抵免	Income tax (expense)/credit	(1,965,546)	(2,321,393)	(258,122)	5,895
年內溢利／(虧損)	Profit/(loss) for the year	3,053,371	3,208,955	427,940	(285,949)
以下各方應佔：	Attributable to:				
本公司擁有人	Owners of the Company	2,646,006	2,312,283	325,047	(300,123)
非控股權益	Non-controlling interests	407,365	896,672	102,893	14,174
		3,053,371	3,208,955	427,940	(285,949)
資產	ASSETS				
非流動資產	Non-current assets	6,182,230	5,572,070	4,177,467	2,574,290
流動資產	Current assets	153,557,352	125,055,622	117,890,290	73,591,120

		截至十二月三十一日止年度 For the year ended 31 December			
		二零二零年 2020 人民幣千元 RMB' 000	二零一九年 2019 人民幣千元 RMB' 000	二零一八年 2018 人民幣千元 RMB' 000	二零一七年 2017 人民幣千元 RMB' 000
資產總額	Total assets	159,739,582	130,627,692	122,067,757	76,165,410
權益及負債	EQUITY AND LIABILITIES				
權益總額	Total equity	16,037,036	5,975,116	2,880,859	1,459,232
非流動負債	Non-current liabilities	24,265,963	17,267,219	13,697,323	14,037,765
流動負債	Current liabilities	119,436,583	107,385,357	105,489,575	60,668,413
負債總額	Total liabilities	143,702,546	124,652,576	119,186,898	74,706,178
權益及負債總額	Total equity and liabilities	159,739,582	130,627,692	122,067,757	76,165,410

The following is the text of a report on the financial information of Shinsun Holdings (Group) Co., Ltd., prepared for the purpose of incorporation in this prospectus received from the reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong.



22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

The Directors
Shinsun Holdings (Group) Co., Ltd.
CCB International Capital Limited
ABCI Capital Limited

Dear Sirs,

We report on the historical financial information of Shinsun Holdings (Group) Co., Ltd. (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-4 to I-126, which comprises the combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined statements of cash flows of the Group for each of the years ended 31 December 2017, 2018 and 2019 and the four months ended 30 April 2020 (the “Relevant Periods”), and the combined statements of financial position of the Group as at 31 December 2017, 2018 and 2019 and 30 April 2020 and the statements of financial position of the Company as at 31 December 2019 and 30 April 2020 and a summary of significant accounting policies and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-4 to I-126 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 30 October 2020 (the “Prospectus”) in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

DIRECTORS’ RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group as at 31 December 2017, 2018 and 2019 and 30 April 2020 and the financial position of the Company as at 31 December 2019 and 30 April 2020 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

REVIEW OF INTERIM COMPARATIVE FINANCIAL INFORMATION

We have reviewed the interim comparative financial information of the Group which comprises the combined statement of profit or loss and other comprehensive income, the combined statement of changes in equity and the combined statement of cash flows for the four months ended 30 April 2019 and other explanatory information (the "Interim Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of

presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 11 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

No historical financial statements for the Company

As at the date of this report, no statutory financial statements have been prepared for the Company since its date of incorporation.

Yours faithfully,

Ernst & Young

Certified Public Accountants

Hong Kong

30 October 2020

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December			Four months ended 30 April	
		2017	2018	2019	2019	2020
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
REVENUE	5	6,293,295	14,215,302	35,519,538	3,835,056	8,551,873
Cost of sales		(5,459,461)	(11,216,121)	(27,039,427)	(3,130,783)	(6,783,308)
GROSS PROFIT		833,834	2,999,181	8,480,111	704,273	1,768,565
Finance income		16,892	71,376	151,883	26,223	37,788
Other income and gains	5	131,031	36,789	95,375	63,190	43,487
Selling and distribution expenses		(502,524)	(752,994)	(1,073,899)	(356,507)	(264,031)
Administrative expenses		(521,753)	(1,119,107)	(1,125,445)	(354,543)	(341,578)
Other expenses		(46,152)	(69,630)	(199,371)	(3,376)	(27,651)
Fair value gains on investment properties	15	17,285	13,978	22,406	18,163	854
Finance costs	7	(220,316)	(432,110)	(777,570)	(154,350)	(178,579)
Share of profits and losses of:						
Joint ventures		1,208	(30,492)	(54,644)	(5,195)	42,235
Associates		(1,349)	(30,929)	11,502	(6,689)	(13,154)
(LOSS)/PROFIT BEFORE TAX	6	(291,844)	686,062	5,530,348	(68,811)	1,067,936
Income tax credit/(expense)	10	5,895	(258,122)	(2,321,393)	(46,803)	(467,591)
(LOSS)/PROFIT AFTER TAX FOR THE YEAR/PERIOD		<u>(285,949)</u>	<u>427,940</u>	<u>3,208,955</u>	<u>(115,614)</u>	<u>600,345</u>
Attributable to:						
Owners of the parent		(300,123)	325,047	2,312,283	(131,320)	582,070
Non-controlling interests		14,174	102,893	896,672	15,706	18,275
		<u>(285,949)</u>	<u>427,940</u>	<u>3,208,955</u>	<u>(115,614)</u>	<u>600,345</u>
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT						
Basic and diluted	12	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

	Notes	Year ended 31 December			Four months ended 30 April	
		2017	2018	2019	2019	2020
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
(LOSS)/PROFIT AFTER TAX FOR THE YEAR/PERIOD		(285,949)	427,940	3,208,955	(115,614)	600,345
OTHER COMPREHENSIVE INCOME						
Other comprehensive income that will be reclassified to profit or loss in subsequent periods:						
Revaluation gains on transfer from property, plant and equipment to investment properties	15	-	-	-	-	161,395
Income tax effect		-	-	-	-	(40,348)
Net other comprehensive income that will be reclassified to profit or loss in subsequent periods		-	-	-	-	121,047
OTHER COMPREHENSIVE INCOME FOR THE YEAR/PERIOD, NET OF TAX		-	-	-	-	121,047
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD		(285,949)	427,940	3,208,955	(115,614)	721,392
Attributable to:						
Owners of the parent		(300,123)	325,047	2,312,283	(131,320)	701,906
Non-controlling interests		14,174	102,893	896,672	15,706	19,486
		(285,949)	427,940	3,208,955	(115,614)	721,392

COMBINED STATEMENTS OF FINANCIAL POSITION

	<i>Notes</i>	31 December			30 April
		2017	2018	2019	2020
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT ASSETS					
Property, plant and equipment	13	622,093	593,613	539,236	147,814
Right-of-use assets	14	13,551	56,625	113,221	98,565
Investment properties	15	568,069	1,102,558	1,492,630	2,014,784
Intangible assets	16	6,575	9,868	11,672	11,952
Investments in joint ventures	17	359,334	341,201	712,680	1,071,696
Investments in associates	18	83,086	370,813	742,052	702,087
Deferred tax assets	19	921,582	1,702,789	1,960,579	2,095,252
Total non-current assets		2,574,290	4,177,467	5,572,070	6,142,150
CURRENT ASSETS					
Properties under development	20	51,665,579	88,598,436	92,688,528	98,795,266
Completed properties held for sale	21	3,872,130	3,114,046	5,393,412	3,919,951
Inventories		5,645	8,008	8,315	6,175
Trade and bills receivables	22	35,429	226,136	195,012	42,377
Contract assets	23	117,085	277,380	278,260	282,390
Due from related parties	40	2,504,108	4,161,637	5,560,849	4,178,402
Prepayments, deposits and other receivables	24	8,641,243	12,051,553	11,388,198	12,311,705
Tax recoverable		619,622	1,541,883	1,968,017	2,169,713
Financial assets at fair value through profit or loss	25	330,293	52,433	20,567	373,524
Restricted cash	26	2,375,494	4,074,584	4,207,533	4,971,242
Pledged deposits	26	195,133	670,560	342,651	617,363
Cash and cash equivalents	26	3,229,359	3,113,634	2,412,297	2,446,901
		73,591,120	117,890,290	124,463,639	130,115,009
Assets of a subsidiary classified as held for sale	39	–	–	591,983	–
Total current assets		73,591,120	117,890,290	125,055,622	130,115,009

	<i>Notes</i>	31 December			30 April
		2017	2018	2019	2020
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
CURRENT LIABILITIES					
Trade and bills payables	27	1,756,047	5,063,976	5,102,436	6,133,449
Other payables and accruals	28	4,975,785	3,759,979	4,898,470	4,645,376
Contract liabilities	29	36,934,913	74,573,736	77,901,721	80,170,382
Due to related parties	40	4,491,843	5,909,143	5,956,321	4,815,928
Interest-bearing bank and other borrowings	30	10,325,155	12,523,827	10,288,997	15,642,381
Senior notes	31	–	644,958	1,016,301	72,709
Asset-backed securities	32	1,710,080	2,416,926	205,551	–
Tax payable	10	467,512	566,218	1,923,178	2,260,371
Lease liabilities	14	7,078	30,812	50,744	52,078
		60,668,413	105,489,575	107,343,719	113,792,674
Liabilities directly associated with the assets classified as held for sale	39	–	–	41,638	–
Total current liabilities		60,668,413	105,489,575	107,385,357	113,792,674
NET CURRENT ASSETS		<u>12,922,707</u>	<u>12,400,715</u>	<u>17,670,265</u>	<u>16,322,335</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>15,496,997</u>	<u>16,578,182</u>	<u>23,242,335</u>	<u>22,464,485</u>

	<i>Notes</i>	31 December			30 April
		2017	2018	2019	2020
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT LIABILITIES					
Interest-bearing bank and other borrowings	30	13,839,170	13,479,396	17,016,525	15,021,475
Senior notes	31	–	–	–	1,477,719
Lease liabilities	14	7,751	27,931	74,846	71,623
Deferred tax liabilities	19	190,844	189,996	175,848	224,359
Total non-current liabilities		14,037,765	13,697,323	17,267,219	16,795,176
NET ASSETS		1,459,232	2,880,859	5,975,116	5,669,309
EQUITY					
Equity attributable to owners of the parent					
Share capital	33	–	–	–	–
Reserves	34	681,545	1,957,796	4,617,425	4,329,489
		681,545	1,957,796	4,617,425	4,329,489
Non-controlling interests		777,687	923,063	1,357,691	1,339,820
TOTAL EQUITY		1,459,232	2,880,859	5,975,116	5,669,309

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent						Total equity
	Share capital	Capital reserve	Statutory surplus reserve	(Accumulated losses)/retained profits	Total	Non-controlling interests	
	RMB'000 Note 33	RMB'000 Note 34(a)	RMB'000 Note 34(b)	RMB'000	RMB'000	RMB'000	
As at 1 January 2017	–	2,104,512	97,734	(1,023,268)	1,178,978	734,380	1,913,358
Loss and total comprehensive loss for the year	–	–	–	(300,123)	(300,123)	14,174	(285,949)
Capital contribution by the non-controlling shareholders of subsidiaries	–	–	–	–	–	169,014	169,014
Acquisition of non-controlling interests	–	(186,589)	–	–	(186,589)	24,451	(162,138)
Acquisition of subsidiaries	–	–	–	–	–	(17,199)	(17,199)
Acquisition of a subsidiary from the then equity holder of the subsidiary	–	(3,000)	–	–	(3,000)	–	(3,000)
Dividends distributed to non-controlling shareholders	–	–	–	–	–	(147,133)	(147,133)
Dividend distributed to the then equity holder of a subsidiary	–	–	–	(7,721)	(7,721)	–	(7,721)
Appropriations to statutory surplus reserve	–	–	57,423	(57,423)	–	–	–
As at 31 December 2017 and 1 January 2018	–	1,914,923*	155,157*	(1,388,535)*	681,545	777,687	1,459,232
Profit and total comprehensive income for the year	–	–	–	325,047	325,047	102,893	427,940
Capital contribution by the then equity holder of a subsidiary	–	400,000	–	–	400,000	–	400,000
Capital contribution by the non-controlling shareholders of subsidiaries	–	–	–	–	–	104,000	104,000
Acquisition of non-controlling interests	–	(54,120)	–	–	(54,120)	6,062	(48,058)
Acquisition of subsidiaries	–	–	–	–	–	4,140	4,140
Acquisition of subsidiaries from the then equity holder of the subsidiaries	–	583,895	–	–	583,895	1,875	585,770
Dividends distributed to non-controlling shareholders	–	–	–	–	–	(19,600)	(19,600)
Disposal of a subsidiary	–	–	–	–	–	4,543	4,543
Appropriations to statutory surplus reserve	–	–	95,285	(95,285)	–	–	–
Capital reduction by the non-controlling shareholders of subsidiaries	–	–	–	–	–	(129,748)	(129,748)
Disposal of partial interests in subsidiaries without losing control	–	21,429	–	–	21,429	71,211	92,640
As at 31 December 2018	–	2,866,127*	250,442*	(1,158,773)*	1,957,796	923,063	2,880,859

	Attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Capital reserve	Statutory surplus reserve	(Accumulated losses)/retained profits	Total			
	RMB'000 Note 33	RMB'000 Note 34(a)	RMB'000 Note 34(b)	RMB'000	RMB'000	RMB'000		
As at 31 December 2018 and 1 January 2019	–	2,866,127	250,442	(1,158,773)	1,957,796	923,063	2,880,859	
Profit and total comprehensive income for the year	–	–	–	2,312,283	2,312,283	896,672	3,208,955	
Capital contribution by the non-controlling shareholders of subsidiaries	–	–	–	–	–	24,875	24,875	
Acquisition of non-controlling interests	–	93,508	–	–	93,508	(105,508)	(12,000)	
Acquisition of subsidiaries	–	–	–	–	–	6,007	6,007	
Acquisition of subsidiaries from the then equity holder of the subsidiaries	–	242,175	–	–	242,175	–	242,175	
Dividends distributed to non-controlling shareholders	–	–	–	–	–	(206,637)	(206,637)	
Disposal of subsidiaries	–	–	–	–	–	(192,918)	(192,918)	
Appropriations to statutory surplus reserve	–	–	256,115	(256,115)	–	–	–	
Capital reduction by the non-controlling shareholders of subsidiaries	–	–	–	–	–	(6,000)	(6,000)	
Disposal of partial interests in subsidiaries without losing control	–	11,663	–	–	11,663	18,137	29,800	
As at 31 December 2019	–	3,213,473*	506,557*	897,395*	4,617,425	1,357,691	5,975,116	

	Attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Capital reserve	Statutory surplus reserve	Assets revaluation reserve	(Accumulated losses)/retained profits	Total		
	RMB'000 Note 33	RMB'000 Note 34(a)	RMB'000 Note 34(b)	RMB'000	RMB'000	RMB'000		
As at 31 December 2019 and 1 January 2020	–	3,213,473	506,557	–	897,395	4,617,425	1,357,691	5,975,116
Profit and total comprehensive income for the period	–	–	–	119,836	582,070	701,906	19,486	721,392
Capital contribution by the non-controlling shareholders of subsidiaries	–	–	–	–	–	–	8,000	8,000
Deemed distribution for acquisition of subsidiaries from the then equity holder of the subsidiaries	–	(1,023,675)	–	–	–	(1,023,675)	–	(1,023,675)
Disposal of partial interests in subsidiaries without losing control	–	33,833	–	–	–	33,833	37,867	71,700
Dividends distributed to non-controlling shareholders	–	–	–	–	–	–	(83,224)	(83,224)
At 30 April 2020	–	2,223,631*	506,557*	119,836*	1,479,465*	4,329,489	1,339,820	5,669,309

	Attributable to owners of the parent						Total equity
	Share capital	Capital reserve	Statutory surplus reserve	(Accumulated losses)/retained profits	Total	Non-controlling interests	
	<i>RMB'000</i> <i>Note 33</i>	<i>RMB'000</i> <i>Note 34(a)</i>	<i>RMB'000</i> <i>Note 34(b)</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
As at 31 December 2018 and 1 January 2019	-	2,866,127	250,442	(1,158,773)	1,957,796	923,063	2,880,859
Profit and total comprehensive income for the period	-	-	-	(131,320)	(131,320)	15,706	(115,614)
Capital contribution by the non-controlling shareholders of subsidiaries	-	-	-	-	-	24,875	24,875
Acquisition of subsidiaries from the then equity holder of the subsidiaries	-	(3,125)	-	-	(3,125)	-	(3,125)
Disposal of partial interests in subsidiaries without losing control	-	10,468	-	-	10,468	9,532	20,000
At 30 April 2019 (unaudited)	-	2,873,470	250,442	(1,290,093)	1,833,819	973,176	2,806,995

* These reserve accounts represent the total combined reserves of RMB681,545,000, RMB1,957,796,000, RMB4,617,425,000 and RMB4,329,489,000 in the combined statements of financial position as at 31 December 2017, 2018 and 2019 and 30 April 2020 respectively.

COMBINED STATEMENTS OF CASH FLOWS

Notes	Year ended 31 December			Four months ended 30 April	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/profit before tax	(291,844)	686,062	5,530,348	(68,811)	1,067,936
Adjustments for:					
Depreciation of items of property, plant and equipment	6, 13	47,548	51,788	57,622	26,033
Depreciation of right-of-use assets	6, 14	3,525	13,633	44,767	14,576
Amortisation of intangible assets	6, 16	723	937	3,649	322
Gain on bargain purchase	5, 36	(22,437)	-	-	-
Gain on disposal of subsidiaries	5, 37	-	(9,969)	(4,032)	-
Gain on re-measurement of the previously held equity interests in joint ventures and associates		(60,824)	(1,558)	-	-
Share of profits and losses of joint ventures		(1,208)	30,492	54,644	5,195
Share of profits and losses of associates		1,349	30,929	(11,502)	6,689
Changes in fair value of investment properties	15	(17,285)	(13,978)	(22,406)	(18,163)
(Gain)/loss on disposal of items of property, plant and equipment		(189)	928	(157)	(835)
(Gain)/loss on disposal of an associate		(15,130)	-	-	-
Investment income from financial assets at fair value through profit or loss		(2,279)	(11,547)	(1,938)	(169)
Impairment of investments in a joint venture		-	-	53,000	-
Impairment of financial assets	6	4,671	487	13,574	1,625
Fair value gains on financial assets at fair value through profit or loss		(492)	(521)	(72)	-
Finance costs		220,316	432,110	777,570	154,350
Interest income		(16,400)	(70,855)	(151,811)	(26,223)
		(149,956)	1,138,938	6,343,256	94,589
Increase in properties under development and completed properties held for sale		(29,093,311)	(31,707,886)	(1,822,213)	(2,599,771)
(Increase)/decrease in inventories		(455)	(2,363)	(307)	278
Increase in land development for sale		-	-	(20,902)	-
Decrease/(increase) in amounts due from related parties		296,481	508,733	(275,081)	(40,931)
(Increase)/decrease in contract assets		(74,026)	(160,295)	(880)	6,845
Increase in restricted cash		(2,338,376)	(1,699,090)	(134,159)	(498,102)
(Increase)/decrease in pledged deposits		(176,117)	(406,530)	327,909	250,244
Decrease/(increase) in trade and bills receivables		16,342	(203,288)	17,115	197,378
(Increase)/decrease in prepayments, deposits and other receivables		(5,538,787)	(3,440,717)	1,104,621	191,310
Increase/(decrease) in trade and bills payables		44,675	3,339,019	63,497	(2,605,061)
(Decrease)/increase in other payables, and accruals		(1,168,778)	(1,877,560)	158,714	4,422,661
Increase in contract liabilities		26,497,224	37,866,779	3,604,704	9,629,401
Increase/(decrease) in amounts due to related parties		1,421,434	1,568,344	309,368	(2,809,102)
Cash (used in)/generated from operations		(10,263,650)	4,924,084	9,675,642	6,239,739
Interest received		16,400	96,145	157,339	30,645
Interest paid		(1,284,774)	(3,666,087)	(4,707,333)	(912,328)
Tax paid		(800,372)	(1,863,527)	(1,608,878)	(728,908)
Net cash flows (used in)/generated from operating activities		(12,332,396)	(509,385)	3,516,770	4,629,148

Notes	Year ended 31 December			Four months ended 30 April	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES					
37	–	(1,376)	(33,096)	–	(1,011)
	–	25,000	–	–	–
	–	–	–	–	25,000
	121,279	341,840	48,824	30,592	14,578
	16,398	21,244	10,879	1,792	3,326
	–	–	–	–	101
	17,227	–	–	–	–
	(83,668)	(45,148)	(14,602)	(9,203)	(6,328)
	(2,878)	(4,230)	(5,453)	(1,478)	(1,555)
	–	(520,511)	(367,666)	(81,724)	–
36	623,722	(211,481)	(558,845)	(27,353)	(36,222)
	(254,529)	(52,650)	(484,650)	(169,050)	(50,000)
	(12,000)	(341,400)	(401,888)	–	–
40	(4,663,254)	(6,578,991)	(5,996,142)	(3,012,748)	(4,958,001)
40	2,212,205	4,412,729	4,811,583	2,559,838	5,261,804
	(392,911)	(51,912)	(14,950)	(4,007)	(364,305)
	(3,000)	–	(3,125)	(3,125)	(59,833)
Net cash flows used in investing activities	(2,421,409)	(3,006,886)	(3,009,131)	(716,466)	(172,446)
CASH FLOWS FROM FINANCING ACTIVITIES					
	–	580,770	245,300	–	–
	–	400,000	–	–	–
	169,014	104,000	24,875	24,875	8,000
	–	(129,748)	(6,000)	–	–
	(62,720)	(19,600)	(31,727)	–	(83,224)
	–	(39,058)	(5,000)	(5,000)	–
	–	–	–	–	(78,535)
	–	92,640	29,800	20,000	71,700
40	12,488,344	14,446,939	8,728,616	499,393	400,093
40	(9,577,421)	(15,149,293)	(9,610,921)	(2,203,697)	(187,947)
	(4,152)	(73,049)	–	(3,562)	(60,000)
	–	4,152	–	–	17,414
	–	602,162	994,918	–	1,408,112
31	–	42,444	3,754	(12,652)	27,953
31	–	–	(648,360)	(2,759)	(951,765)
	20,519,692	17,892,313	17,488,881	5,435,863	8,443,380
	(8,096,683)	(16,053,415)	(16,186,582)	(6,246,396)	(5,432,546)
	1,710,080	3,783,610	1,059,550	949,650	–
	–	(3,076,764)	(3,270,925)	(1,696,919)	(205,551)
	(1,000)	(7,557)	(21,996)	(2,084)	(4,920)
Net cash flows generated from/(used in) financing activities	17,145,154	3,400,546	(1,205,817)	(3,243,288)	3,372,164

	Notes	Year ended 31 December			Four months ended 30 April	
		2017	2018	2019	2019	2020
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		2,391,349	(115,725)	(698,178)	669,394	31,445
Cash and cash equivalents at beginning of year/period		838,010	3,229,359	3,113,634	3,113,634	2,412,297
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		<u>3,229,359</u>	<u>3,113,634</u>	<u>2,415,456</u>	<u>3,783,028</u>	<u>2,443,742</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and bank balances	26	5,799,986	7,858,778	6,962,481	8,779,592	8,035,506
Less: Restricted cash	26	2,375,494	4,074,584	4,207,533	4,572,686	4,971,242
Pledged deposits	26	195,133	670,560	342,651	423,878	617,363
CASH AND CASH EQUIVALENTS AS STATED IN THE COMBINED STATEMENTS OF FINANCIAL POSITION		<u>3,229,359</u>	<u>3,113,634</u>	<u>2,412,297</u>	<u>3,783,028</u>	<u>2,446,901</u>
Cash and cash equivalents attributable to a subsidiary held for sale	39	–	–	3,159	–	(3,159)
CASH AND CASH EQUIVALENTS AS STATED IN THE COMBINED STATEMENTS OF CASH FLOWS		<u>3,229,359</u>	<u>3,113,634</u>	<u>2,415,456</u>	<u>3,783,028</u>	<u>2,443,742</u>

STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	<i>Note</i>	31 December 2019	30 April 2020
		<i>RMB'000</i>	<i>RMB'000</i>
CURRENT ASSETS			
Cash and cash equivalents		—	—
		_____	_____
NET ASSETS		—	—
		=====	=====
EQUITY			
Share capital	33	—	—
Reserves		—	—
		_____	_____
TOTAL EQUITY		—	—
		=====	=====

Note: Except for the issuance of shares, the Company had no transactions during the Relevant Periods.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Shinsun Holdings (Group) Co., Ltd., (the “Company”) is an exempted company incorporated in the Cayman Islands on 13 December 2019. The registered office address of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company. During the Relevant Periods, the subsidiaries now comprising the Group were involved in property development, property leasing, hotel operation and the provision of property management services (the “Listing Business”). The controlling shareholder of the Group is Mr. Chen Guoxiang (the “Controlling Shareholder”).

The Company and its subsidiaries (together, the “Group”) underwent the Reorganisation which was completed on 20 May 2020 as set out in the paragraph headed “Reorganisation” in the section headed “Our History and Reorganisation” in the Prospectus. Apart from the Reorganisation, the Company has not commenced any business or operation since its incorporation.

As at the date of this report, the Company had direct or indirect interests in more than 200 subsidiaries, all of which are private limited liability companies, the particulars of the principal subsidiaries are set out below:

Name of subsidiaries	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered/issued share capital	Effective percentage of equity interest attributable to the Company	Principal activities
('000)					
<u>Directly held:</u>					
Silver Rock Group Holdings Limited	(3)	British Virgin Islands/ 6 February 2020	US\$50	100%	Investment holding
Shinsun International Holdings Limited	(3)	British Virgin Islands/ 2 January 2020	US\$50	100%	Investment holding
<u>Indirectly held:</u>					
Golden Stone Hong Kong Limited	(3)	Hong Kong/ 27 February 2020	HK\$10	100%	Investment holding
Shinsun Hong Kong Limited	(3)	Hong Kong/ 24 February 2020	HK\$10	100%	Investment holding
浙江祥紳商務諮詢有限公司 Zhejiang Xiangshen Business Consulting Co., Ltd.	(3)	PRC*/Mainland China/ 18 March 2020	RMB10,000	100%	Investment holding
諸暨卓杰企業管理有限公司 Zhuji Zhuojie Business Management Co., Ltd.	(3)	PRC/Mainland China/ 27 December 2019	RMB25,000	100%	Investment holding
祥生地產集團有限公司 Shinsun Property Group Co., Ltd.	(10)	PRC/Mainland China/ 4 January 1995	RMB1,580,000	100%	Property development
香港祥生發展有限公司 Xiang Sheng Development Limited	(3)	Hong Kong/ 2 January 2018	HK\$1,000	100%	Investment holding
祥生控股有限公司 Xiang Sheng Holding Limited	(3)	British Virgin Islands/ 28 February 2018	US\$50	100%	Investment holding
浙江祥生宜悅企業管理有限公司 Zhejiang Shinsun Yiyue Management Co., Ltd.	(3)	PRC/Mainland China/ 24 December 2015	RMB50,000	100%	Investment holding
諸暨祥生祥合置業有限公司 Zhuji Shinsun Xianghe Real Estate Co., Ltd.	(10)	PRC/Mainland China/ 9 February 2017	RMB70,000	51%	Property development
諸暨祥生新合置業有限公司 Zhuji Shinsun Xinhe Real Estate Co., Ltd.	(10)	PRC/Mainland China/ 24 July 2013	RMB130,000	100%	Property development
諸暨祥生祥安置業有限公司 Zhuji Shinsun Xiang'an Real Estate Co., Ltd.	(6)	PRC/Mainland China/ 15 December 2016	RMB39,000	100%	Property development
諸暨祥生宜景置業有限公司 Zhuji Shinsun Yijing Real Estate Co., Ltd.	(6)	PRC/Mainland China/ 6 February 2017	RMB98,039	100%	Property development

Name of subsidiaries	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered/issued share capital	Effective percentage of equity interest attributable to the Company	Principal activities
			('000)		
杭州祥生弘景房地產開發有限公司 Hangzhou Shinsun Hongjing Real Estate Development Co., Ltd.	(6)	PRC/Mainland China/ 11 July 2016	RMB100,000	100%	Property development
海甯祥生房地產開發有限公司 Haining Shinsun Real Estate Development Co., Ltd.	(7)	PRC/Mainland China/ 18 April 2016	RMB50,000	60%	Property development
杭州祥生弘盛房地產開發有限公司 Hangzhou Shinsun Hongsheng Real Estate Development Co., Ltd.	(8)	PRC/Mainland China/ 12 October 2016	RMB100,000	100%	Property development
諸暨祥生祥瑞置業有限公司 Zhuji Shinsun Xiangrui Real Estate Co., Ltd.	(11)	PRC/Mainland China/ 15 December 2016	RMB80,000	100%	Property development
湖州祥生置業有限公司 Huzhou Shinsun Real Estate Co., Ltd.	(2,4)	PRC/Mainland China/ 28 October 2015	RMB30,000	100%	Property development
湖州祥生宜越房地產開發有限公司 Huzhou Shinsun Yiyue Real Estate Development Co., Ltd.	(6)	PRC/Mainland China/ 20 January 2017	RMB30,000	100%	Property development
嘉興祥生房地產開發有限公司 Jiaxing Shinsun Real Estate Development Co., Ltd.	(9)	PRC/Mainland China/ 19 July 2016	RMB30,000	100%	Property development
嘉興祥生弘景房地產開發有限公司 Jiaxing Shinsun Hongjing Real Estate Development Co., Ltd.	(4)	PRC/Mainland China/ 29 August 2016	RMB43,000	100%	Property development
紹興祥生弘景房地產開發有限公司 Shaoxing Shinsun Hongjing Real Estate Development Co., Ltd.	(10)	PRC/Mainland China/ 14 February 2017	RMB50,000	80%	Property development
紹興祥生弘遠房地產開發有限公司 Shaoxing Shinsun Hongyuan Real Estate Development Co., Ltd.	(10)	PRC/Mainland China/ 14 February 2017	RMB50,000	80%	Property development
舟山祥生置業有限公司 Zhoushan Shinsun Real Estate Co., Ltd.	(10)	PRC/Mainland China/ 10 December 2015	RMB30,000	100%	Property development
舟山祥生弘遠房地產開發有限公司 Zhoushan Shinsun Hongyuan Real Estate Development Co., Ltd.	(11)	PRC/Mainland China/ 13 January 2017	RMB100,000	100%	Property development
上海聚博房地產開發有限公司 Shanghai Jubo Real Estate Development Co., Ltd.	(2,10)	PRC/Mainland China/ 5 August 2004	RMB100,000	80%	Property development
泰興市祥瑞置業有限公司 Taixing Xiangrui Real Estate Co., Ltd.	(17)	PRC/Mainland China/ 22 January 2015	RMB200,000	70%	Property development
連雲港祥生連報房地產開發有限公司 Lianyungang Shinsun Lianbao Real Estate Development Co., Ltd.	(3)	PRC/Mainland China/ 6 May 2016	RMB50,000	90%	Property development
滁州長城祥生置業有限公司 Chuzhou Great Wall Shinsun Real Estate Co., Ltd.	(11)	PRC/Mainland China/ 7 March 2014	RMB50,000	100%	Property development
滁州祥生房地產開發有限公司 Chuzhou Shinsun Real Estate Development Co., Ltd.	(17)	PRC/Mainland China/ 14 April 2016	RMB50,000	100%	Property development
明光祥生置業有限公司 Mingguang Shinsun Real Estate Co., Ltd.	(3)	PRC/Mainland China/ 15 October 2015	RMB50,000	100%	Property development
定遠縣祥生置業有限公司 Dingyuan Shinsun Real Estate Co., Ltd.	(5)	PRC/Mainland China/ 20 September 2016	RMB30,000	100%	Property development

Name of subsidiaries	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered/issued share capital ('000)	Effective percentage of equity interest attributable to the Company	Principal activities
宣城民生新鎮發展有限公司 Xuancheng Minsheng New Town Development Co., Ltd.	(2,5)	PRC/Mainland China/ 27 November 2013	RMB100,000	100%	Property development
諸暨祥生祥潤置業有限公司 Zhuji Shinsun Xiangrun Real Estate Co., Ltd.	(6)	PRC/Mainland China/ 15 December 2016	RMB56,000	100%	Property development
南平祥生房地產開發有限公司 Nanping Shinsun Real Estate Development Co., Ltd.	(17)	PRC/Mainland China/ 17 August 2012	RMB100,000	100%	Property development
紹興祥生暨越置業有限公司 Shaoxing Shinsun Jiyue Real Estate Co., Ltd.	(3)	PRC/Mainland China/ 15 October 2014	RMB20,000	70%	Property development
舟山祥生投資發展有限公司 Zhoushan Shinsun Investment Development Co., Ltd.	(3)	PRC/Mainland China/ 3 February 2010	RMB20,000	100%	Property development
上海元宇置業有限公司 Shanghai Yuanyu Real Estate Co., Ltd.	(12)	PRC/Mainland China/ 30 December 2004	RMB20,000	67.8%	Property development
上海祥丹置業有限公司 Shanghai Xiangdan Real Estate Co., Ltd.	(13)	PRC/Mainland China/ 23 December 2009	RMB10,000	67.8%	Property development
泰興祥雲置業有限公司 Taixing Xiangyun Real Estate Co., Ltd.	(3)	PRC/Mainland China/ 11 March 2009	RMB50,000	55%	Property development
泰州祥生置業有限公司 Taizhou Shinsun Real Estate Co., Ltd.	(6)	PRC/Mainland China/ 29 July 2004	RMB50,000	100%	Property development
武漢祥生房地產開發有限公司 Wuhan Shinsun Real Estate Development Co., Ltd.	(5)	PRC/Mainland China/ 27 August 2002	RMB100,000	100%	Property development
仙桃祥榮房地產開發有限公司 Xiantao Xiangrong Real Estate Development Co., Ltd.	(3)	PRC/Mainland China/ 21 January 2011	RMB50,000	100%	Property development
洪湖市祥生置業有限公司 Honghu Shinsun Real Estate Co., Ltd.	(3)	PRC/Mainland China/ 11 August 2004	RMB30,000	100%	Property development
濟南祥順置業有限公司 Jinan Xiangshun Real Estate Co., Ltd.	(3)	PRC/Mainland China/ 23 January 2013	RMB100,000	60%	Property development
遼寧祥生越都置業有限公司 Liaoning Shinsun Yuedu Real Estate Co., Ltd.	(14)	PRC/Mainland China/ 21 August 2008	RMB20,000	51%	Property development
岫岩祥越房地產開發有限公司 Xiuyan Xiangyue Real Estate Development Co., Ltd.	(15)	PRC/Mainland China/ 15 July 2011	RMB20,000	51%	Property development
浙江祥偉旅遊開發有限公司 Zhejiang Xiangwei Tourism Development Co., Ltd.	(3)	PRC/Mainland China/ 23 January 2017	RMB50,000	65%	Property development and cultural tourism
諸暨市祥生弘源置業有限公司 Zhuji Shinsun Hongyuan Real Estate Co., Ltd.	(3)	PRC/Mainland China/ 31 July 2012	RMB104,000	51%	Property development
諸暨市祥生百越置業有限公司 Zhuji Shinsun Baiyue Real Estate Co., Ltd.	(3)	PRC/Mainland China/ 22 May 2013	RMB20,000	70%	Property development
杭州祥迪投資管理有限公司 Hangzhou Xiangdi Investment Management Co., Ltd.	(3)	PRC/Mainland China/ 30 March 2016	RMB1,100	100%	Investment holding
寧波祥生房地產開發有限公司 Ningbo Shinsun Real Estate Development Co., Ltd.	(17)	PRC/Mainland China/ 10 March 2017	RMB50,000	100%	Property development

Name of subsidiaries	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered/issued share capital ('000)	Effective percentage of equity interest attributable to the Company	Principal activities
連雲港祥生連報弘景房地產開發有限公司 Lianyungang Shinsun Lianbao Hongjing Real Estate Development Co., Ltd.	(3)	PRC/Mainland China/ 6 March 2017	RMB50,000	100%	Property development
宣城祥生房地產開發有限公司 Xuancheng Shinsun Real Estate Development Co., Ltd.	(11)	PRC/Mainland China/ 24 March 2017	RMB50,000	100%	Property development
海鹽祥生弘景房地產開發有限公司 Haiyan Shinsun Hongjing Real Estate Development Co., Ltd.	(4)	PRC/Mainland China/ 7 March 2017	RMB20,000	100%	Property development
滁州祥生弘順置業有限公司 Chuzhou Shinsun Real Estate Co., Ltd.	(5)	PRC/Mainland China/ 3 March 2017	RMB50,000	100%	Property development
衢州祥生房地產開發有限公司 Quzhou Shinsun Real Estate Development Co., Ltd.	(3)	PRC/Mainland China/ 5 May 2017	RMB50,000	80%	Property development
浙江祥生廣場商貿有限公司 Zhejiang Shinsun Plaza Trading Co., Ltd.	(5)	PRC/Mainland China/ 26 May 2006	RMB50,000	100%	Hotel management
諸暨祥生祥祺置業有限公司 Zhuji Shinsun Xiangqi Real Estate Co., Ltd.	(11)	PRC/Mainland China/ 13 March 2017	RMB75,000	53%	Property development
諸暨祥生祥躍置業有限公司 Zhuji Shinsun Xiangyue Real Estate Co., Ltd.	(10)	PRC/Mainland China/ 20 April 2017	RMB50,000	100%	Property development
溫嶺祥生房地產開發有限公司 Taizhou Wenling Shinsun Real Estate Development Co., Ltd.	(10)	PRC/Mainland China/ 24 April 2017	RMB56,000	100%	Property development
浙江祥景旅遊產業發展有限公司 Zhejiang Xiangjing Tourism Development Co., Ltd.	(3)	PRC/Mainland China/ 4 May 2017	RMB50,000	100%	Property management and cultural tourism
蕪湖祥生房地產開發有限公司 Wuhu Shinsun Real Estate Development Co., Ltd.	(10)	PRC/Mainland China/ 18 May 2017	RMB50,000	51%	Property development
衢州祥生弘景房地產開發有限公司 Quzhou Shinsun Hongjing Real Estate Development Co., Ltd.	(3)	PRC/Mainland China/ 12 May 2017	RMB50,000	80%	Property development
諸暨祥生祥鵬置業有限公司 Zhuji Shinsun Xiangpeng Real Estate Co., Ltd.	(10)	PRC/Mainland China/ 23 May 2017	RMB62,500	100%	Property development
杭州春園健康養老服務有限公司 Hangzhou Chunyuan Health Care Service Co., Ltd.	(3)	PRC/Mainland China/ 12 October 2016	RMB60,000	55%	Investment holding
安吉祥生置業有限公司 Anji Shinsun Real Estate Co., Ltd.	(2,20)	PRC/Mainland China/ 4 May 2017	RMB125,000	100%	Property development
浙江台州祥生房地產開發有限公司 Zhejiang Taizhou Shinsun Real Estate Development Co., Ltd.	(19)	PRC/Mainland China/ 8 March 2017	RMB50,000	100%	Property development
湖州祥生弘景房地產開發有限公司 Huzhou Shinsun Hongjing Real Estate Development Co., Ltd.	(4)	PRC/Mainland China/ 5 April 2017	RMB50,000	100%	Property development
南通祥生弘景房地產開發有限公司 Nantong Shinsun Hongjing Real Estate Development Co., Ltd.	(17)	PRC/Mainland China/ 9 June 2017	RMB50,000	100%	Property development
衢州祥生弘遠房地產開發有限公司 Quzhou Shinsun Hongyuan Real Estate Development Co., Ltd.	(3)	PRC/Mainland China/ 26 June 2017	RMB50,000	80%	Property development

Name of subsidiaries	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered/issued share capital	Effective percentage of equity interest attributable to the Company	Principal activities
			('000)		
宣城祥生弘景房地產開發有限公司 Xuancheng Shinsun Hongjing Real Estate Development Co., Ltd.	(18)	PRC/Mainland China/ 16 June 2017	RMB50,000	100%	Property development
鄒城市祥生房地產開發有限公司 Zoucheng Shinsun Real Estate Development Co., Ltd.	(10)	PRC/Mainland China/ 14 June 2017	RMB30,000	100%	Property development
鄒城市祥弘房地產開發有限公司 Zoucheng Xianghong Real Estate Development Co., Ltd.	(10)	PRC/Mainland China/ 14 June 2017	RMB20,000	100%	Property development
浙江景越置業有限公司 Zhejiang Jingyue Real Estate Co., Ltd.	(3)	PRC/Mainland China/ 6 January 2017	RMB50,000	100%	Property development
南通祥生弘遠房地產開發有限公司 Nantong Shinsun Hongyuan Real Estate Development Co., Ltd.	(9)	PRC/Mainland China/ 30 June 2017	RMB50,000	100%	Property development
龍游祥生弘盛房地產開發有限公司 Longyou Shinsun Hongsheng Real Estate Development Co., Ltd.	(3)	PRC/Mainland China/ 12 July 2017	RMB50,000	100%	Property development
杭州暨元企業管理有限公司 Hangzhou Jiyuan Management Co., Ltd.	(3)	PRC/Mainland China/ 5 May 2017	RMB1,000	100%	Investment holding
諸暨市祥雲企業管理諮詢有限公司 Zhuji Xiangyun Management Consulting Co., Ltd.	(3)	PRC/Mainland China/ 20 June 2013	RMB30,000	100%	Investment holding
諸暨市祥生企業管理諮詢有限公司 Zhuji Shinsun Management Consulting Co., Ltd.	(3)	PRC/Mainland China/ 13 January 2015	RMB70,000	100%	Investment holding
諸暨市祥鵬企業管理有限公司 Zhuji Xiangpeng Management Co., Ltd.	(3)	PRC/Mainland China/ 10 November 2015	RMB5,000	100%	Investment holding
諸暨市祥潤企業管理有限公司 Zhuji Xiangrun Management Co., Ltd.	(3)	PRC/Mainland China/ 15 October 2015	RMB5,000	100%	Investment holding
溫州祥生地產集團有限公司 Wenzhou Shinsun Real Estate Group Co., Ltd.	(10)	PRC/Mainland China/ 11 August 2017	RMB50,000	100%	Property development
宿遷祥生連報房地產開發有限公司 Suqian Shinsun Lianbao Real Estate Development Co., Ltd.	(10)	PRC/Mainland China/ 7 August 2017	RMB50,000	100%	Property development
廣德祥遠房地產開發有限公司 Guangde Xiangyuan Real Estate Development Co., Ltd.	(16)	PRC/Mainland China/ 18 August 2017	RMB98,039	51%	Property development
天臺祥生房地產開發有限公司 Tiantai Shinsun Real Estate Development Co., Ltd.	(10)	PRC/Mainland China/ 15 August 2017	RMB50,000	100%	Property development
杭州兆朗投資管理有限公司 Hangzhou Zhaolang Investment Management Co., Ltd.	(3)	PRC/Mainland China/ 12 June 2016	RMB250,000	100%	Investment holding
杭州弈翔企業管理諮詢有限公司 Hangzhou Yixiang Management Consulting Co., Ltd.	(3)	PRC/Mainland China/ 28 April 2016	RMB5,000	100%	Investment holding
諸暨祥生祥泰置業有限公司 Zhuji Shinsun Xiangtai Real Estate Co., Ltd.	(10)	PRC/Mainland China/ 29 August 2017	RMB30,000	100%	Property development
杭州元博企業管理有限公司 Hangzhou Yuanbo Management Co., Ltd.	(3)	PRC/Mainland China/ 24 February 2017	RMB17,500	100%	Investment holding
杭州暨成企業管理有限公司 Hangzhou Jicheng Management Co., Ltd.	(3)	PRC/Mainland China/ 24 February 2017	RMB1,000	100%	Investment holding

Name of subsidiaries	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered/issued share capital ('000)	Effective percentage of equity interest attributable to the Company	Principal activities
杭州暨東企業管理有限公司 Hangzhou Jidong Management Co., Ltd.	(3)	PRC/Mainland China/ 5 May 2017	RMB10,000	100%	Investment holding
杭州暨聯企業管理有限公司 Hangzhou Jilian Management Co., Ltd.	(3)	PRC/Mainland China/ 5 May 2017	RMB1,000	100%	Investment holding
慈溪祥生弘景房地產開發有限公司 Cixi Shinsun Hongjing Real Estate Development Co., Ltd.	(5)	PRC/Mainland China/ 5 September 2017	RMB50,000	100%	Property development
紹興祥生弘盛房地產開發有限公司 Shaoxing Shinsun Hongsheng Real Estate Development Co., Ltd.	(10)	PRC/Mainland China/ 15 September 2017	RMB50,000	100%	Property development
安吉三特田野牧歌旅遊開發有限公司 Anji Sante Tianye Muge Tourism Development Co., Ltd.	(3)	PRC/Mainland China/ 21 November 2014	RMB50,000	100%	Property development and cultural tourism
台州市路橋祥生房地產開發有限公司 Taizhou Luqiao Shinsun Real Estate Development Co., Ltd.	(5)	PRC/Mainland China/ 18 September 2017	RMB50,000	100%	Property development
宿州祥生房地產開發有限公司 Suzhou Shinsun Real Estate Development Co., Ltd.	(17)	PRC/Mainland China/ 30 September 2017	RMB50,000	100%	Property development
紹興祥生弘瑞房地產開發有限公司 Shaoxing Shinsun Hongrui Real Estate Development Co., Ltd.	(17)	PRC/Mainland China/ 26 October 2017	RMB50,000	100%	Property development
安吉祥生弘景房地產開發有限公司 Anji Shinsun Hongjing Real Estate Development Co., Ltd.	(20)	PRC/Mainland China/ 23 October 2017	RMB50,000	100%	Property development
岳陽雄城置業有限公司 Yueyang Xiongcheng Real Estate Co., Ltd.	(2,5)	PRC/Mainland China/ 22 August 2007	RMB48,235	100%	Property development
臨海祥生房地產開發有限公司 Linhai Shinsun Real Estate Development Co., Ltd.	(3)	PRC/Mainland China/ 20 October 2017	RMB50,000	100%	Property development
常德祥生曙光房地產開發有限公司 Changde Shinsun Shuguang Real Estate Development Co., Ltd.	(3)	PRC/Mainland China/ 2 November 2017	RMB30,000	70%	Property development
宣城祥生弘盛房地產開發有限公司 Xuancheng Shinsun Hongsheng Real Estate Development Co., Ltd.	(10)	PRC/Mainland China/ 13 November 2017	RMB50,000	100%	Property development
杭州暨山企業管理有限公司 Hangzhou Jishan Management Co., Ltd.	(2,3)	PRC/Mainland China/ 27 September 2017	RMB1,961	100%	Investment holding
杭州吉景企業管理有限公司 Hangzhou Jijing Management Co., Ltd.	(3)	PRC/Mainland China/ 9 October 2017	RMB1,000	100%	Investment holding
浙江風升旅遊開發有限公司 Zhejiang Fengsheng Tourism Development Co., Ltd.	(3)	PRC/Mainland China/ 16 December 2016	RMB200,000	70%	Property leasing and cultural tourism
張家港祥生弘遠房地產開發有限公司 Zhangjiagang Shinsun Hongyuan Real Estate Development Co., Ltd.	(17)	PRC/Mainland China/ 4 December 2017	RMB20,000	100%	Property development
溫州多弗祥生置業有限公司 Wenzhou Duofu Shinsun Real Estate Co., Ltd.	(17)	PRC/Mainland China/ 28 November 2017	RMB50,000	100%	Property development

Name of subsidiaries	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered/issued share capital	Effective percentage of equity interest attributable to the Company	Principal activities
			('000)		
龍遊祥生弘瑞房地產開發有限公司 Longyou Shinsun Hongrui Real Estate Development Co., Ltd.	(5)	PRC/Mainland China/ 7 December 2017	RMB50,000	100%	Property development
桐鄉祥生房地產開發有限公司 Tongxiang Shinsun Real Estate Development Co., Ltd.	(2,9)	PRC/Mainland China/ 19 December 2017	RMB571,430	100%	Property development
杭州祥生弘達房地產開發有限公司 Hangzhou Shinsun Hongda Real Estate Development Co., Ltd.	(9)	PRC/Mainland China/ 15 December 2017	RMB50,000	100%	Property development
定遠縣祥生弘景房地產開發有限公司 Dingyuan Shinsun Hongjing Real Estate Development Co., Ltd.	(5)	PRC/Mainland China/ 20 December 2017	RMB20,000	51%	Property development
包頭祥生房地產開發有限公司 Baotou Shinsun Real Estate Development Co., Ltd.	(17)	PRC/Mainland China/ 20 December 2017	RMB30,000	100%	Property development
杭州暨發企業管理有限公司 Hangzhou Jifa Management Co., Ltd.	(3)	PRC/Mainland China/ 28 November 2017	RMB1,000	100%	Investment holding
杭州勢通企業管理有限公司 Hangzhou Shitong Management Co., Ltd.	(3)	PRC/Mainland China/ 28 November 2017	RMB1,000	100%	Investment holding
杭州朗仕企業管理有限公司 Hangzhou Langshi Management Co., Ltd.	(3)	PRC/Mainland China/ 27 November 2017	RMB1,000	100%	Investment holding
杭州宇坤企業管理有限公司 Hangzhou Yukun Management Co., Ltd.	(3)	PRC/Mainland China/ 27 November 2017	RMB35,000	100%	Investment holding
江西中城祥生地產開發有限公司 Jiangxi Zhongcheng Shinsun Real Estate Development Co., Ltd.	(17)	PRC/Mainland China/ 20 December 2017	RMB50,000	60%	Property development
杭州祥生弘程房地產開發有限公司 Hangzhou Shinsun Hongcheng Real Estate Development Co., Ltd.	(2,9)	PRC/Mainland China/ 31 January 2018	RMB1,076,923	100%	Property development
泰興市泰瑞置業有限公司 Taixing Tairui Real Estate Co., Ltd.	(9)	PRC/Mainland China/ 22 January 2018	RMB592,875	100%	Property development
撫州祥生房地產開發有限公司 Fuzhou Shinsun Real Estate Development Co., Ltd.	(17)	PRC/Mainland China/ 12 March 2018	RMB50,000	100%	Property development
揚州祥生弘景房地產開發有限公司 Yangzhou Shinsun Hongjing Real Estate Development Co., Ltd.	(17)	PRC/Mainland China/ 27 February 2018	RMB50,000	100%	Property development
杭州奧朗企業管理有限公司 Hangzhou Aolang Management Co., Ltd.	(3)	PRC/Mainland China/ 5 January 2018	RMB1,000	100%	Investment holding
杭州朗亞企業管理有限公司 Hangzhou Langya Management Co., Ltd.	(3)	PRC/Mainland China/ 27 December 2017	RMB2,000	100%	Investment holding
諸暨祥生祥韻置業有限公司 Zhuji Shinsun Xiangyun Real Estate Co., Ltd.	(9)	PRC/Mainland China/ 7 March 2018	RMB50,505	100%	Property development
諸暨祥生祥坤置業有限公司 Zhuji Shinsun Xiangkun Real Estate Co., Ltd.	(17)	PRC/Mainland China/ 7 March 2018	RMB50,000	100%	Property development
杭州暨達企業管理有限公司 Hangzhou Jida Management Co., Ltd.	(3)	PRC/Mainland China/ 24 February 2017	RMB1,000	100%	Investment holding
諸暨祥生景輝置業有限公司 Zhuji Shinsun Jinghui Real Estate Co., Ltd.	(17)	PRC/Mainland China/ 19 March 2018	RMB50,000	70%	Property development

Name of subsidiaries	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered/issued share capital	Effective percentage of equity interest attributable to the Company	Principal activities
			('000)		
諸暨祥生未來城置業有限公司 Zhuji Shinsun Future City Real Estate Co., Ltd.	(17)	PRC/Mainland China/ 2 April 2018	RMB50,000	100%	Property development
東台市祥生弘景房地產開發有限公司 Dongtai Shinsun Hongjing Real Estate Development Co., Ltd.	(2,17)	PRC/Mainland China/ 26 March 2018	RMB50,000	100%	Property development
天臺祥生弘景房地產開發有限公司 Tiantai Shinsun Hongjing Real Estate Development Co., Ltd.	(17)	PRC/Mainland China/ 27 March 2018	RMB50,000	100%	Property development
天長市祥生房地產開發有限公司 Tianchang Shinsun Real Estate Development Co., Ltd.	(5)	PRC/Mainland China/ 30 March 2018	RMB50,000	100%	Property development
蘇州祥生弘景房地產開發有限公司 Suzhou Shinsun Hongjing Real Estate Development Co., Ltd.	(17)	PRC/Mainland China/ 2 April 2018	RMB50,000	100%	Property development
聊城市祥生房地產開發有限公司 Liaocheng Shinsun Real Estate Development Co., Ltd.	(9)	PRC/Mainland China/ 2 April 2018	RMB50,000	100%	Property development
紹興祥生弘越房地產開發有限公司 Shaoxing Shinsun Hongyue Real Estate Development Co., Ltd.	(3)	PRC/Mainland China/ 20 April 2018	RMB50,000	100%	Property development
濟南祥弘房地產開發有限公司 Jinan Xianghong Real Estate Development Co., Ltd.	(17)	PRC/Mainland China/ 18 May 2018	RMB50,000	100%	Property development
廣德祥盛房地產開發有限公司 Guangde Xiangsheng Real Estate Development Co., Ltd.	(17)	PRC/Mainland China/ 24 May 2018	RMB50,000	100%	Property development
衢州祥生弘瑞房地產開發有限公司 Quzhou Shinsun Hongrui Real Estate Development Co., Ltd.	(9)	PRC/Mainland China/ 24 May 2018	RMB50,000	100%	Property development
杭州伊磊企業管理有限公司 Hangzhou Yilei Management Co., Ltd.	(2,3)	PRC/Mainland China/ 23 May 2018	RMB1,000	100%	Investment holding
杭州正全企業管理有限公司 Hangzhou Zhengquan Management Co., Ltd.	(3)	PRC/Mainland China/ 23 May 2018	RMB1,000	100%	Investment holding
杭州正然企業管理有限公司 Hangzhou Zhengran Management Co., Ltd.	(3)	PRC/Mainland China/ 23 May 2018	RMB10,000	100%	Investment holding
杭州祥生弘越房地產開發有限公司 Hangzhou Shinsun Hongyue Real Estate Development Co., Ltd.	(2,9)	PRC/Mainland China/ 26 July 2018	RMB1,180,000	100%	Property development
天長市祥瑞房地產開發有限公司 Tianchang Xiangrui Real Estate Development Co., Ltd.	(5)	PRC/Mainland China/ 15 May 2018	RMB50,000	51%	Property development
郎溪祥盛房地產開發有限公司 Langxi Xiangsheng Real Estate Development Co., Ltd.	(17)	PRC/Mainland China/ 8 June 2018	RMB50,000	100%	Property development
安吉祥生弘遠房地產開發有限公司 Anji Shinsun Hongyuan Real Estate Development Co., Ltd.	(9)	PRC/Mainland China/ 2 July 2018	RMB50,000	100%	Property development
諸暨祥生弘坤置業有限公司 Zhuji Shinsun Hongkun Real Estate Co., Ltd.	(17)	PRC/Mainland China/ 5 July 2018	RMB20,000	100%	Property development

Name of subsidiaries	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered/issued share capital	Effective percentage of equity interest attributable to the Company	Principal activities
			('000)		
麗水祥生房地產開發有限公司 Lishui Shinsun Real Estate Development Co., Ltd.	(17)	PRC/Mainland China/ 22 June 2018	RMB50,000	100%	Property development
麗水祥生弘景房地產開發有限公司 Lishui Shinsun Hongjing Real Estate Development Co., Ltd.	(17)	PRC/Mainland China/ 21 June 2018	RMB50,000	100%	Property development
麗水祥生弘遠房地產開發有限公司 Lishui Shinsun Hongyuan Real Estate Development Co., Ltd.	(2,17)	PRC/Mainland China/ 10 July 2018	RMB50,000	100%	Property development
呼和浩特祥生房地產開發有限公司 Huhehaote Shinsun Real Estate Development Co., Ltd.	(17)	PRC/Mainland China/ 18 July 2018	RMB10,000	100%	Property development
諸暨祥生弘達置業有限公司 Zhuji Shinsun Hongda Real Estate Co., Ltd.	(17)	PRC/Mainland China/ 20 July 2018	RMB20,000	100%	Property development
舟山祥生弘盛房地產開發有限公司 Zhoushan Shinsun Hongsheng Real Estate Development Co., Ltd.	(17)	PRC/Mainland China/ 15 August 2018	RMB58,824	100%	Property development
南京祥生世紀房地產開發有限公司 Nanjing Shinsun Century Real Estate Development Co., Ltd.	(5)	PRC/Mainland China/ 7 August 2018	RMB92,000	100%	Property development
上海立黎達企業管理有限公司 Shanghai Lilida Management Co., Ltd.	(3)	PRC/Mainland China/ 28 May 2018	RMB2,000	100%	Investment holding
蕪湖祥駿房地產開發有限公司 Wuhu Xiangjun Real Estate Development Co., Ltd.	(5)	PRC/Mainland China/ 31 August 2018	RMB50,000	100%	Property development
南京暨越企業管理有限公司 Nanjing Jiyue Management Co., Ltd.	(3)	PRC/Mainland China/ 4 September 2018	RMB50,000	100%	Investment holding
杭州暨杭企業管理有限公司 Hangzhou Jihang Management Co., Ltd.	(3)	PRC/Mainland China/ 19 June 2018	RMB1,000	100%	Investment holding
杭州暨濱企業管理有限公司 Hangzhou Jibin Management Co., Ltd.	(2,3)	PRC/Mainland China/ 15 June 2018	RMB30,000	100%	Investment holding
杭州暨富企業管理有限公司 Hangzhou Jifu Management Co., Ltd.	(3)	PRC/Mainland China/ 26 July 2018	RMB1,000	100%	Investment holding
杭州暨潤企業管理有限公司 Hangzhou Jirun Management Co., Ltd.	(3)	PRC/Mainland China/ 19 June 2018	RMB1,000	100%	Investment holding
浙江諸暨祥生旅遊文化發展有限公司 Zhejiang Zhuji Shinsun Tourism Cultural Development Co., Ltd.	(3)	PRC/Mainland China/ 13 July 2018	RMB100,000	100%	Property management and cultural tourism
浙江諸暨祥生智慧農業有限公司 Zhejiang Zhuji Shinsun Intelligence Agriculture Co., Ltd.	(3)	PRC/Mainland China/ 4 September 2018	RMB5,000	100%	Investment holding
馬鞍山祥生房地產開發有限公司 Ma'anshan Shinsun Real Estate Development Co., Ltd.	(1,5)	PRC/Mainland China/ 15 November 2018	RMB50,000	26.01%	Property development
杭州暨通企業管理有限公司 Hangzhou Jitong Management Co., Ltd.	(3)	PRC/Mainland China/ 27 September 2017	RMB10,000	100%	Investment holding
天臺祥生商業管理有限公司 Tiantai Shinsun Commercial Management Co., Ltd.	(5)	PRC/Mainland China/ 16 May 2018	RMB1,000	100%	Investment holding

Name of subsidiaries	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered/issued share capital	Effective percentage of equity interest attributable to the Company	Principal activities
			('000)		
杭州勝安企業管理有限公司 Hangzhou Sheng'an Management Co., Ltd.	(3)	PRC/Mainland China/ 12 October 2018	RMB1,000	100%	Investment holding
諸暨市萬裕房地產開發有限公司 Zhuji Wanyu Real Estate Development Co., Ltd.	(3)	PRC/Mainland China/ 18 May 2017	RMB35,000	70%	Property development
杭州騫翔企業管理諮詢有限公司 Hangzhou Qianxiang Management Consulting Co., Ltd.	(3)	PRC/Mainland China/ 30 October 2015	RMB5,000	100%	Investment holding
諸暨祥生弘潤置業有限公司 Zhuji Shinsun Hongrun Real Estate Co., Ltd.	(2,5)	PRC/Mainland China/ 3 July 2013	RMB422,000	100%	Property development
德清祥生置業有限公司 Deqing Shinsun Real Estate Co., Ltd.	(2,17)	PRC/Mainland China/ 27 July 2018	RMB70,000	60%	Property development
上海祥生聚朋企業管理有限公司 Shanghai Shinsun Julang Management Co., Ltd.	(3)	PRC/Mainland China/ 16 April 2019	RMB20,000	100%	Investment holding
杭州暨涵企業管理有限公司 Hangzhou Jihan Enterprise Management Co., Ltd.	(2,3)	PRC/Mainland China/ 3 April 2019	RMB50,000	100%	Investment holding
諸暨祥生宜瑞置業有限公司 Zhuji Shinsun Yirui Real Estate Co., Ltd.	(5)	PRC/Mainland China/ 28 April 2019	RMB20,000	100%	Property development
衢州市柯城區九龍谷房地產開發有限公司 Quzhou Kecheng Jiulonggu Real Estate Development Co., Ltd.	(3)	PRC/Mainland China/ 13 September 2018	RMB5,000	100%	Property development
北京聯祥科技發展有限公司 Beijing Lianxiang Technology Development Co., Ltd.	(3)	PRC/Mainland China/ 22 April 2019	RMB10,000	100%	Investment holding
杭州博盟企業管理諮詢有限公司 Hangzhou Bomeng Management Consulting Co., Ltd.	(3)	PRC/Mainland China/ 21 May 2019	RMB1,000	100%	Investment holding
杭州暨傑企業管理有限公司 Hangzhou Jijie Management Co., Ltd.	(3)	PRC/Mainland China/ 3 April 2019	RMB1,000	100%	Investment holding
杭州網軒企業管理諮詢有限公司 Hangzhou Wangxuan Management Consulting Co., Ltd.	(3)	PRC/Mainland China/ 21 May 2019	RMB1,000	100%	Investment holding
杭州至煊企業管理諮詢有限公司 Hangzhou Zhixuan Management Consulting Co., Ltd.	(3)	PRC/Mainland China/ 21 May 2019	RMB1,000	100%	Investment holding
杭州翰仕企業管理諮詢有限公司 Hangzhou Hanshi Management Consulting Co., Ltd.	(3)	PRC/Mainland China/ 21 May 2019	RMB1,000	100%	Investment holding
廣德祥弘房地產開發有限公司 Guangde Xianghong Real Estate Development Co., Ltd.	(2,5)	PRC/Mainland China/ 28 June 2019	RMB70,000	100%	Property development
濟南祥越置業有限公司 Jinan Xiangyue Real Estate Co., Ltd.	(5)	PRC/Mainland China/ 2 July 2019	RMB20,000	51%	Property development
宣城祥生雲境房地產開發有限公司 Xuancheng Shinsun Yunjing Real Estate Development Co., Ltd.	(5)	PRC/Mainland China/ 18 July 2019	RMB50,000	100%	Property development
諸暨祥生弘澤置業有限公司 Zhuji Shinsun Hongze Real Estate Co., Ltd.	(3)	PRC/Mainland China/ 12 July 2019	RMB30,000	100%	Property development
杭州尚盛實業有限公司 Hangzhou Shangsheng Industrial Co., Ltd.	(3)	PRC/Mainland China/ 29 April 2019	RMB2,000	90%	Wholesale and retail

Name of subsidiaries	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered/issued share capital	Effective percentage of equity interest attributable to the Company	Principal activities
			('000)		
廣德祥越房地產開發有限公司 Guangde Xiangyue Real Estate Development Co., Ltd.	(3)	PRC/Mainland China/ 20 August 2019	RMB50,000	100%	Property development
杭州祥生宜信房地產開發有限公司 Hangzhou Shinsun Yixin Real Estate Development Co., Ltd.	(2,3)	PRC/Mainland China/ 9 October 2019	RMB50,000	100%	Property development
湖北凱祥房地產開發有限公司 Hubei Kaixiang Real Estate Development Co., Ltd.	(3)	PRC/Mainland China/ 18 January 2018	RMB30,000	80%	Property development
杭州祥生弘遠房地產開發有限公司 Hangzhou Shinsun Hongyuan Real Estate Development Co., Ltd.	(6)	PRC/Mainland China/ 21 October 2015	RMB30,000	100%	Property development
杭州濱旺企業管理諮詢有限公司 Hangzhou Binwang Management Consulting Co., Ltd.	(3)	PRC/Mainland China/ 16 July 2019	RMB1,000	100%	Investment holding
撫州祥生建設發展有限公司 Fuzhou Shinsun Construction Development Co., Ltd.	(5)	PRC/Mainland China/ 12 November 2018	RMB50,000	62.5%	Property development and cultural tourism
仙居祥生房地產開發有限公司 Xianju Shinsun Real Estate Development Co., Ltd.	(2,5)	PRC/Mainland China/ 8 May 2019	RMB20,000	100%	Property development
紹興祥生弘豐房地產開發有限公司 Shaoxing Shinsun Hongfeng Real Estate Development Co., Ltd.	(2,5)	PRC/Mainland China/ 12 June 2019	RMB50,000	100%	Property development
合肥市祥生置業有限公司 Hefei Shinsun Real Estate Co., Ltd.	(3)	PRC/Mainland China/ 14 March 2019	RMB20,000	100%	Property development
杭州祥生弘騰房地產開發有限公司 Hangzhou Shinsun Hongteng Real Estate Development Co., Ltd.	(2,3)	PRC/Mainland China/ 21 June 2019	RMB50,000	100%	Property development
寧波聯祥科技發展有限公司 Ningbo Lianxiang Technology Development Co., Ltd.	(2,3)	PRC/Mainland China/ 5 June 2019	RMB100,000	100%	Investment holding
杭州濱宏企業管理有限公司 Hangzhou Binhong Management Co., Ltd.	(2,3)	PRC/Mainland China/ 12 July 2019	RMB1,000	100%	Investment holding
鄭城市祥宜房地產開發有限公司 Zoucheng Xiangyi Real Estate Development Co., Ltd.	(5)	PRC/Mainland China/ 25 June 2019	RMB887,000	100%	Property development
溫州祥生廣和置業有限公司 Wenzhou Shinsun Guanghe Real Estate Co., Ltd.	(2,5)	PRC/Mainland China/ 25 October 2019	RMB50,000	100%	Property development
遂昌祥生房地產開發有限公司 Suichang Shinsun Real Estate Development Co., Ltd.	(5)	PRC/Mainland China/ 25 September 2019	RMB50,000	100%	Property development
衡陽杉杉奧特萊斯置業有限公司 Hengyang Shanshan Outlets Real Estate Co., Ltd.	(5)	PRC/Mainland China/ 5 March 2019	RMB60,000	90%	Property development
諸暨市東和旅遊管理有限公司 Zhuji Donghe Tourism Management Co., Ltd.	(3)	PRC/Mainland China/ 12 March 2019	RMB5,000	60%	Property development and cultural tourism
呼和浩特祥遠房地產開發有限公司 Huhehaote Xiangyuan Real Estate Development Co., Ltd.	(5)	PRC/Mainland China/ 22 May 2019	RMB50,000	100%	Property development

Name of subsidiaries	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered/issued share capital (‘000)	Effective percentage of equity interest attributable to the Company	Principal activities
呼和浩特祥信房地產開發有限公司 Huhehaote Xiangxin Real Estate Development Co., Ltd.	(5)	PRC/Mainland China/ 22 May 2019	RMB50,000	100%	Property development
呼和浩特祥安房地產開發有限公司 Hohhot Xiang'an Real Estate Development Co., Ltd.	(5)	PRC/Mainland China/ 22 May 2019	RMB50,000	100%	Property development
呼和浩特祥博房地產開發有限公司 Huhehaote Xiangbo Real Estate Development Co., Ltd.	(5)	PRC/Mainland China/ 22 May 2019	RMB50,000	100%	Property development
杭州恒朔企業管理有限公司 Hangzhou Hengshuo Management Co., Ltd.	(3)	PRC/Mainland China/ 7 May 2019	RMB1,000	100%	Investment holding
杭州祥生弘圖房地產開發有限公司 Hangzhou Shinsun Hongtu Real Estate Development Co., Ltd.	(3)	PRC/Mainland China/ 23 March 2020	RMB628,764	100%	Property development
杭州祥生弘治房地產開發有限公司 Hangzhou Shinsun Hongzhi Real Estate Development Co., Ltd.	(3)	PRC/Mainland China/ 23 March 2020	RMB720,483	100%	Property development
天長市祥昌房地產開發有限公司 Tianchang Xiangchang Real Estate Development Co., Ltd.	(3)	PRC/Mainland China/ 17 January 2020	RMB20,000	60%	Property development
浙江祥生弘創建築科技有限公司 Zhejiang Shinsun Hongchuang Construction Technology Co., Ltd.	(3)	PRC/Mainland China/ 31 May 2018	RMB100,000	100%	Investment holding
杭州祥義公寓管理有限公司 Hangzhou Xiangyi Apartment Management Co., Ltd.	(2,3)	PRC/Mainland China/ 14 November 2019	RMB20,000	100%	Property leasing
南通市祥琪房地產開發有限公司 Nantong Xiangqi Real Estate Development Co., Ltd.	(3)	PRC/Mainland China/ 19 May 2020	RMB50,000	100%	Property development
寧波祥生弘輝房地產開發有限公司 Ningbo Shinsun Honghui Development Co., Ltd.	(3)	PRC/Mainland China/ 21 May 2020	RMB100,000	100%	Property development
南昌祥合房地產開發有限公司 Nanchang Xianghe Real Estate Development Co., Ltd.	(3)	PRC/Mainland China/ 10 June 2020	RMB50,000	100%	Property development
定遠祥駿房地產開發有限公司 Dingyuan Xiangjun Real Estate Development Co., Ltd.	(3)	PRC/Mainland China/ 12 June 2020	RMB20,000	100%	Property development

Notes:

* The People's Republic of China ("PRC").

- (1) This entity is subsidiary of a non-wholly-owned subsidiary of the Company and, accordingly, is accounted for as subsidiary by virtue of the Company's control over it.
- (2) The equity interests in these entities legally held by the Group are less than the beneficiary interests which are attributable to the trust financing arrangements with the third party financing institutes. The Group legally transferred partial equity interests of these subsidiaries as collateral as at the date of this report to the trust financing institutes. Under such trust financing arrangements, the Group was obliged to purchase equity interests at a fixed amount on a future date upon repayment of the borrowings from the trust financing entities.

Meanwhile, the Group retains the power to operate and manage these entities in the ordinary course of business. In this regard, considering the facts that the substance of the arrangements is to collateralise some equity interests in these entities for the borrowings for project development and the Group retains the practical ability to govern the financial and operating policies of these project entities so as to obtain benefits from the operating activities of these project entities, the directors of the Company are of the view that the financial position and operating results of these entities should be combined into the Group's financial statements, irrespective of the equity transfers from the legal perspective.

- (3) No audited financial statements have been prepared for these entities since their dates of incorporation as these subsidiaries are not required by the local government to prepare statutory accounts.
- (4) The statutory financial statements of these entities for the years ended 31 December 2017 and 2018 prepared in accordance with PRC Generally Accepted Accounting Principles ("PRC GAAP") and regulations were audited by Baker Tilly China Certified Public Accountants (天職國際會計師事務所(特殊普通合夥)), a certified public accounting firm registered in the PRC.
- (5) The statutory financial statements of these entities for the year/period ended 31 December 2019 prepared in accordance with PRC GAAP and regulations were audited by Baker Tilly China Certified Public Accountants (天職國際會計師事務所(特殊普通合夥)) a certified public accounting firm registered in the PRC.
- (6) The statutory financial statements of these entities for the year/period ended 31 December 2017 prepared in accordance with PRC GAAP and regulations were audited by Baker Tilly China Certified Public Accountants (天職國際會計師事務所(特殊普通合夥)), a certified public accounting firm registered in the PRC.
- (7) The statutory financial statements of this entity for the years ended 31 December 2017 and 2018 prepared in accordance with PRC GAAP and regulations were audited by Zhejiang Henghui Certified Public Accountants Co., Ltd. (浙江恒惠會計師事務所有限公司) and Baker Tilly China Certified Public Accountants (天職國際會計師事務所(特殊普通合夥)), respectively, certified public accounting firms registered in the PRC.
- (8) The statutory financial statements of this entity for the years ended 31 December 2017 and 2018 prepared in accordance with PRC GAAP and regulations were audited by Zhejiang Henghui Certified Public Accountants Co., Ltd. (浙江恒惠會計師事務所有限公司) and Zhejiang New-Zhongtian Certified Public Accountants Co., Ltd. (浙江新中天會計師事務所有限公司), respectively, certified public accounting firms registered in the PRC.
- (9) The statutory financial statements of these entities for the year/period ended 31 December 2018 prepared in accordance with PRC GAAP and regulations were audited by Baker Tilly China Certified Public Accountants (天職國際會計師事務所(特殊普通合夥)), a certified public accounting firm registered in the PRC.
- (10) The statutory financial statements of these entities for the years/period ended 31 December 2017, and years ended 31 December 2018 and 2019 prepared in accordance with PRC GAAP and regulations were audited by Baker Tilly China Certified Public Accountants (天職國際會計師事務所(特殊普通合夥)), a certified public accounting firm registered in the PRC.
- (11) The statutory financial statements of these entities for the years ended 31 December 2017 and 2019 prepared in accordance with PRC GAAP and regulations were audited by Baker Tilly China Certified Public Accountants (天職國際會計師事務所(特殊普通合夥)), a certified public accounting firm registered in the PRC.
- (12) The statutory financial statements of this entity for the years ended 31 December 2017, 2018 and 2019 prepared in accordance with PRC GAAP and regulations were audited by Zhuji Tianyang Certified Public Accountants Co., Ltd. (諸暨天陽會計師事務所有限公司), a certified public accounting firm registered in the PRC.
- (13) The statutory financial statements of this entity for the year ended 31 December 2018 prepared in accordance with PRC GAAP and regulations were audited by Shanghai Zhiyuan Certified Public Accountants Co., Ltd. (上海知源會計師事務所有限公司), a certified public accounting firm registered in the PRC.

- (14) The statutory financial statements of this entity for the years ended 31 December 2017 and 2018 prepared in accordance with PRC GAAP and regulations were audited by Liaoning Yong Xin Da Certified Public Accountants Co., Ltd. (遼寧永信達會計師事務所有限公司), a certified public accounting firm registered in the PRC.
- (15) The statutory financial statements of this entity for the year ended 31 December 2018 prepared in accordance with PRC GAAP and regulations were audited by Xiuyan Yucheng Certified Public Accountants Co., Ltd. (岫岩玉城會計師事務所有限責任公司), a certified public accounting firm registered in the PRC.
- (16) The statutory financial statements of this entity for the year ended 31 December 2017 prepared in accordance with PRC GAAP and regulations were audited by Anhui Zhonghui Certified Public Accountants Co., Ltd. (安徽中輝會計師事務所有限公司), and for the years ended 31 December 2018 and 2019 were audited by and Baker Tilly China Certified Public Accountants (天職國際會計師事務所(特殊普通合夥)), certified public accounting firms registered in the PRC.
- (17) The statutory financial statements of these entities for the years ended 31 December 2018 and 2019 prepared in accordance with PRC GAAP and regulations were audited by Baker Tilly China Certified Public Accountants (天職國際會計師事務所(特殊普通合夥)), a certified public accounting firm registered in the PRC.
- (18) The statutory financial statements of this entity for the years ended 31 December 2017 and 2019 prepared in accordance with PRC GAAP and regulations were audited by Anhui Zhonghui Certified Public Accountants Co., Ltd. (安徽中輝會計師事務所有限公司) and Baker Tilly China Certified Public Accountants (天職國際會計師事務所(特殊普通合夥)), respectively, certified public accounting firms registered in the PRC.
- (19) The statutory financial statements of this entity for the years ended 31 December 2017, 2018 and 2019 prepared in accordance with PRC GAAP and regulations were audited by Taizhou Tianyi Certified Public Accountants Co., Ltd. (台州天一會計師事務所有限公司), Taizhou Mingzheng Certified Public Accountants (台州明政會計師事務所) and Baker Tilly China Certified Public Accountants (天職國際會計師事務所(特殊普通合夥)), respectively, certified public accounting firms registered in the PRC.
- (20) The statutory financial statements of these entities for the year ended 31 December 2017 prepared in accordance with PRC GAAP and regulations were audited by Huzhou Zhongtianhe Certified Public Accountants Co., Ltd. (湖州中天和會計師事務所(普通合夥)), a certified public accounting firm registered in the PRC.

The English names of the companies registered in Mainland China referred to above in this note represent management's best efforts in translating the Chinese names of those companies as no English names have been registered or are available.

2.1 BASIS OF PRESENTATION

Pursuant to the Reorganisation, as more fully explained in the paragraph headed "Reorganisation" in the section headed "History, Reorganisation and Corporate Structure" in the Prospectus, the Company became the holding company of the companies now comprising the Group on 20 May 2020. The companies now comprising the Group were under the common control of the Controlling Shareholder before and after the Reorganisation. Accordingly, for the purpose of this report, the Historical Financial Information has been prepared on a combined basis by applying the principles of pooling of interests method as if the Reorganisation had been completed at the beginning of the Relevant Periods.

The combined statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for the Relevant Periods included the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries and/or businesses first came under the common control of the Controlling Shareholder, where this is a shorter period. The combined statements of financial position of the Group as of 31 December 2017, 2018 and 2019 and 30 April 2020 have been prepared to present the assets and liabilities of the subsidiaries using the existing book values from the Controlling Shareholder's perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

Equity interests in subsidiaries held by parties other than the Controlling Shareholder, and changes therein, prior to the Reorganisation are presented as non-controlling interests in equity in applying the principles of pooling of interests method.

Profit or loss is attributed to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

All intra-group transactions and balances have been eliminated on combination in full.

2.2 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise all standards and interpretations approved by the International Accounting Standards Board (the "IASB"). All IFRSs effective for the accounting period commencing from 1 January 2020, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

The Historical Financial Information has been prepared under the historical cost convention, except for investment properties and financial assets at fair value through profit or loss ("FVTPL") which have been measured at fair value.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in this Historical Financial Information. The Group intends to adopt them, if applicable, when they become effective.

Amendments to IFRS 3	<i>Reference to the Conceptual Framework²</i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
IFRS 17	<i>Insurance Contracts⁵</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current⁵</i>
Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use²</i>
Amendments to IAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract²</i>
Annual Improvements to IFRSs 2018-2020	<i>Minor amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16 and IAS 41²</i>
Amendments to IFRS 16	<i>Covid-19-Related Rent Concessions⁴</i>

¹ Effective for annual periods beginning on or after 1 January 2021

² Effective for annual periods beginning on or after 1 January 2022

³ No mandatory effective date yet determined but available for adoption

⁴ Effective for annual periods beginning on or after 1 June 2020

⁵ Effective for annual periods beginning on or after 1 January 2023

Further information about those IFRSs that are expected to be applicable to the Group is described below.

In May 2020, the IASB issued amendments to IFRS 3 to replace a reference to the *Framework for the Preparation and Presentation of Financial Statements* issued in 1989 with a reference to the *Conceptual Framework for Financial Reporting* issued in March 2018 without significantly changing its requirements. In addition, the amendments add an exemption to the recognition principle for liabilities within the scope of IAS 37 or IFRIC 21. The amendments also clarify existing guidance for contingent assets. The Group expects to adopt the amendments prospectively from 1 January 2022 and does not expect any financial impact upon initial adoption of the amendments.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB in December 2015 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to IAS 1 clarify the criteria for determining whether to classify a liability as current or non-current. The amendments specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists. The amendments clarify the situations that are considered settlement of a liability. The new guidance will be effective for annual periods starting on or after 1 January 2022. Early application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 16 prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. The amendments are required to be applied retrospectively with the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings of that earliest period presented. The amendments are not expected to have any significant impact on the Group's financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

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 described in the accounting policy for subsidiaries above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. The results of subsidiaries are included in the Company's statements of profit or loss and other comprehensive income to the extent of dividends received and receivable. The Company's investments in subsidiaries that are not classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are stated at cost less any impairment losses.

Business combinations and goodwill

Business combinations other than those under common control are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed 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. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests

and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Investments in associates and joint ventures

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

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

The Group's investments in associates and joint ventures are stated in the combined statements of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the combined profit or loss and combined other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, respectively, the Group recognises its share of any

changes, when applicable, in the combined statements of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred.

Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Fair value measurement

The Group measures its investment properties and financial assets at FVTPL at fair value at the end of each of the Relevant Periods. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Historical Financial Information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Relevant Periods.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets, contract assets, deferred tax assets, properties under development, completed properties held for sale, investment properties and a subsidiary classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5, as further explained in the accounting policy for “Non-current assets and disposal groups held for sale”. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	3.33-5.00%
Motor vehicles	25.00-33.33%
Office equipment and electronic devices	20.00-33.33%
Leasehold improvements	Over the shorter of the lease terms and useful lives

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress mainly represents equipment under installation and car campaign under construction, which are stated at cost less any impairment losses, and are not depreciated. Cost comprises the direct costs of construction and installation. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings (including leasehold property interests held as a right-of-use asset which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of each of the Relevant Periods.

Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under “Property, plant and equipment and depreciation” for owned property and/or accounts for such property in accordance with the policy stated under “Right-of-use assets” for property held as a right-of-use asset up to the date of change in use, and any difference at that date between the carrying amount and the fair value

of the property is accounted for as a revaluation in accordance with the policy stated under "Property, plant and equipment and depreciation" above. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in profit or loss.

Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups (other than investment properties and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. The cost of finished goods comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable selling expenses and related tax.

Properties under development

Properties under development are intended to be held for sale after completion.

Properties under development are stated at the lower of cost comprising land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period and net realisable value.

Properties under development are classified as current assets unless those will not be realised in the normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

Completed properties held for sale

Completed properties held for sale are stated in the statements of financial position at the lower of cost and net realisable value. Cost is determined by an apportionment of the total costs of land and buildings attributable to the unsold properties. Net realisable value takes into account the price ultimately expected to be realised, less estimated costs to be incurred in selling the properties.

Allocation of property development costs

Land costs are allocated to each unit according to their respective saleable gross floor areas ("GFA") to the total saleable GFA. Construction costs relating to units were identified and allocated specifically. Common construction costs have been allocated according to the saleable GFA similar to land costs.

Land development for sale

Development cost of land development for sale comprises the aggregate cost of development, materials and supplies, capitalised borrowing costs on related borrowing funds during the period of construction and other costs directly attributable to such land development for sale.

Land development for sale is stated at the lower of cost and net realisable value. Net realisable value takes into account the Group's share of proceeds derived from the sale of land development for sale by government authorities, less costs to completion and the costs to be incurred in realising the revenue derived from the sale of land development for sale based on prevailing market conditions.

Any excess of cost over the net realisable value of individual items of land development for sale is recognised in profit or loss as an allowance.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software is stated at cost less any impairment loss and is amortised on the straight-line basis over its estimated useful life of 2 to 10 years, which is based on the expected period of usage and economic benefits brought by the software.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Office buildings	2 to 6 years
Motor vehicles	5 years

(b) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

(c) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of offices equipment (i.e., those 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 leases of low-value assets to leases of office equipment that is considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

At the commencement date, the cost of the leased assets is capitalised at the present value of the lease payments and related payments (including the initial direct costs) and presented as a receivable at an amount equal to the net investment in the lease. The finance income of such leases is recognised in profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Investments and other financial assets

Initial recognition and measurement

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

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

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

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

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

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

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

Financial assets at FVTPL

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

This category includes equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Derecognition of financial assets

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

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for the expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

In certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade and bills receivables which apply the simplified approach as detailed below.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade and bills receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade and bills receivables and contract assets that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Financial liabilities*Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include lease liabilities, interest-bearing bank and other borrowings, senior notes, asset-backed securities, trade and bills payables, other payables, and amounts due to related parties.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Loans and borrowings

After initial recognition, interest-bearing bank and other borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Cash and cash equivalents

For the purpose of the combined statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the combined statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in profit or loss.

Income tax

Income tax comprises current and deferred taxes. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each the Relevant Periods and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

a. Sale of properties

Revenue is recognised when or as the control of the asset is transferred to the customer.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant.

For a property development and sales contract for which the control of the property is transferred at a point in time, revenue is recognised when the customer obtains the physical possession, or the legal title of the completed property and the Group has the present right to payment and the collection of the consideration is probable.

b. Property management services

Property management service income derived from the provision of property maintenance and management services is recognised when the relevant services are rendered, and the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

c. Management consulting services

Consulting service income derived from the provision of support services in connection with the development of property projects is recognised when the relevant services are rendered, and the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

d. Hotel services

Hotel revenue is recognised when the services have been rendered.

Revenue from other sources

Rental income

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts over the expected life of the financial instrument of the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to Group and the amount of the dividend can be measured reliably.

Contract liabilities

A contract liability is recognised when a payment is received, or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract assets

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

- (a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.
- (b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.
- (c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to profit or loss on a systematic basis that is consistent with the pattern of the revenue to which the asset related is recognised. Other contract costs are expensed as incurred.

Employee retirement benefits*Pension scheme*

The employees of the Company and its subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain proportion of these payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

Items included in the financial information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Historical Financial Information is presented in RMB, which is the Company's functional currency, because the Group's principal operations are carried out in the PRC. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each of the Relevant Periods. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

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

Classification between investment properties and completed properties held for sale

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both.

Significant financing component

In determining the transaction price of property sales, the Group adjusts the promised amount of consideration for the effects of the timing value of money if the timing of payments agreed by the parties to the contract provides the Group with a significant benefit of financing.

Certain advance payments received from customers provide a significant financing benefit to the Group. Although the Group is required by the government to place all deposits and periodic payments received from the pre-completion sales in a stakeholder account, the Group is able to benefit from those advance payments as it can withdraw money from that account to pay for construction costs on the project. The advance payments received in effect reduce the Group's need to rely on other sources of financing.

The amount of the financing component is estimated at the inception of the contract. After contract inception, the discount rate is not updated for changes in interest rates or other circumstances, such as a change in credit risk. The period of financing is from the time that the payment is received until the transfer of goods to the customers is completed.

Classification of subsidiaries, joint ventures and associates

The classification of an investment as a subsidiary, a joint venture or an associate is based on whether the Group is determined to have control, joint control or significant influence over the investee, which involves judgements through the analysis of various factors, including the Group's representation on the chief decision-making authorities of an investee, such as board of directors' meetings and shareholders' meetings, as well as other facts and circumstances. The Group has entered into voting right entrustment agreements or articles of associations with the equity holders of some entities, pursuant to which the equity holders have agreed to entrust their voting rights attached to certain equity interests in these entities to the Group. Consequently, the Group considers that it controls these entities, notwithstanding the fact that it does not hold majority equity interest. Accordingly, these entities have been accounted for as subsidiaries during the Relevant Periods. As disclosed in note 1 (2) to the Historical Financial Information, the Group legally transferred partial interests of some entities as collateral to independent trust financing institutes under financing arrangements, pursuant to which, the Group was obliged to repurchase the equity interests held by trust companies at a fixed amount upon repayment of the borrowings. The Group is exposed to variable returns from its involvement and has the ability to affect those returns through its power over the relevant activities of these entities in the ordinary course of business. The trust financing institutes earn fixed returns from their investments and their rights in these entities are considered protective in nature. In this regard, the investments from trust financing institutes are treated as liabilities of the Group and these investees are considered as subsidiaries.

Estimation uncertainty

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

Provision for properties under development and completed properties held for sale

The Group's properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. Based on the Group's historical experience and the nature of the subject properties, the Group makes estimates of the selling prices, the costs of completion of properties under development, and the costs to be incurred in selling the properties based on prevailing market conditions.

If there is an increase in costs to completion or a decrease in net sales value, the net realisable value will decrease and this may result in a provision for properties under development and completed properties held for sale. Such provision requires the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the periods in which such estimate is changed will be adjusted accordingly.

PRC corporate income tax ("CIT")

The Group is subject to corporate income taxes in the PRC. As a result of the fact that certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimate and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realise.

PRC land appreciation tax ("LAT")

The Group is subject to LAT in the PRC. The provision for LAT is based on management's best estimates according to the understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not finalised its LAT calculation and payments with the tax authorities for certain of its property development projects. The final outcome could be different from the amounts that were initially recorded, and any differences will impact on the LAT expenses and the related provision in the period in which the differences realise.

Estimate of fair value of investment properties

Investment properties carried at fair value were revalued at each reporting date based on the appraised market value provided by independent professional valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimation, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of each of the Relevant Periods.

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, and carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are included in note 19 to the Historical Financial Information.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group has four reportable operating segments which are property development, property leasing, hotel operations and the provision of property management services. The property leasing segment, hotel operations segment and the provision of property management services segment have no significant contribution to the revenue and net assets. The Group's chief operating decision maker, for the purpose of resource allocation and performance assessment, focuses on the operating results of the Group as a whole, and accordingly no further operating segment analysis thereof is presented.

Geographical information

No geographical information by segment is presented as the Group's revenue from the external customers is derived solely from its operation in Mainland China and no non-current assets of the Group are located outside Mainland China.

Information about major customers

No revenue from sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue for each of the Relevant Periods.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue and other income and gains is as follows:

	Year ended 31 December			Four months ended 30 April	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Revenue from contracts with customers	6,279,253	14,200,739	35,506,919	3,831,267	8,535,805
Revenue from other sources					
Property lease income	14,042	14,563	12,619	3,789	16,068
	6,293,295	14,215,302	35,519,538	3,835,056	8,551,873

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December			Four months ended 30 April	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Types of goods or services:					
Sale of properties	6,165,676	14,077,218	35,372,157	3,786,450	8,515,084
Property management services	3,502	2,696	3,781	1,115	1,172
Hotel operation	110,075	111,853	107,088	38,787	13,560
Management consulting services	–	8,972	23,893	4,915	5,989
Total revenue from contracts with customers	6,279,253	14,200,739	35,506,919	3,831,267	8,535,805

	Year ended 31 December			Four months ended 30 April	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Timing of revenue recognition:					
Properties transferred at a point in time	6,165,676	14,077,218	35,372,157	3,786,450	8,515,084
Services transferred over time	113,577	123,521	134,762	44,817	20,721
Total revenue from contracts with customers	<u>6,279,253</u>	<u>14,200,739</u>	<u>35,506,919</u>	<u>3,831,267</u>	<u>8,535,805</u>

Information relating to the amounts of revenue recognised in each of the Relevant Periods that were included in the contract liabilities at the beginning of each of the Relevant Periods is included in note 29 to the Historical Financial Information.

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of properties

The performance obligation is satisfied upon delivery of the properties and the Group has already received the payment or has the right to receive the payment properly.

Property management services

For property management services, the Group recognises revenue when the services are provided on a monthly basis and the Group has a right to invoice which corresponds directly with the value of performance completed. The Group has elected the practical expedient not to disclose the remaining performance obligations for these types of contracts. The majority of the property management service contracts do not have a fixed term. The term of the contracts for pre-delivery and property management services is generally set to expire when the counterparties notify the Group that the services are no longer required.

Management consulting services

For management consulting services, the Group recognises revenue in the amount that equals to the right to invoice which corresponds directly with the value to the customer of the Group's performance to date. The Group has elected the practical expedient not to disclose the remaining performance obligations for these types of contracts. The majority of the management consulting service contracts do not have a fixed term. The term of the contracts for pre-delivery and consulting services is generally set to expire when the counterparties notify the Group that the services are no longer required.

Hotel operation

For hotel services, the Group recognises revenue over time as services are rendered and short-term advances are normally required before rendering the services. The performance obligation of hotel accommodation is recognised upon the provision of the accommodation services and other ancillary services. The performance obligation of food and beverage operations of hotels is satisfied when the control of the food and beverage products is transferred, being at the point when the customer purchases the food and beverage items at the food and beverage operations. Payment of the transaction is due immediately at the point when the customer purchases the food and beverage.

An analysis of other income and gains is as follows:

	Year ended 31 December			Four months ended 30 April	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Other income and gains					
Gain on bargain purchase (note 36)	22,437	-	-	-	-
Gain on disposal of an associate	15,130	-	-	-	-
Gain on disposal of subsidiaries (note 37)	-	9,969	4,032	-	1,058
Subsidy income	22,725	4,019	70,756	56,736	24,351
Deposit forfeiture	1,445	2,168	2,593	1,084	2,060
Investment income from financial assets at fair value through profit or loss	2,279	11,547	1,938	169	83
Gain on disposal of items of property, plant and equipment	388	485	1,438	967	1,197
Gain on remeasurement of previously held equity interests in joint ventures and associates	60,824	1,558	-	-	-
Foreign exchange differences, net	-	-	-	834	10,459
Others	5,803	7,043	14,618	3,400	4,279
	<u>131,031</u>	<u>36,789</u>	<u>95,375</u>	<u>63,190</u>	<u>43,487</u>

6. (LOSS)/PROFIT BEFORE TAX

The Group's (loss)/profit before tax is arrived at after charging/(crediting):

	Year ended 31 December			Four months ended 30 April	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Cost of inventories sold (note 21)	5,399,693	11,154,733	26,975,106	3,115,590	6,770,162
Cost of services provided	59,768	61,388	64,321	15,193	13,146
Impairment of financial assets (note 22, 24)	4,671	487	13,574	1,625	(1,125)
Depreciation of property, plant and equipment (note 13)	47,548	51,788	57,622	26,033	24,797
Depreciation of right-of-use assets (note 14)	3,525	13,633	44,767	14,576	14,656
Amortisation of intangible assets (note 16)	723	937	3,649	322	1,110
Lease payments not included in the measurement of lease liabilities (note 14(d))	4,267	18,360	16,288	14,741	3,950
Auditor's remuneration	959	2,680	3,200	–	12,470
Employee benefit expense (including directors' and chief executive's remuneration in note 8):					
Wages and salaries	235,191	604,813	777,907	254,536	284,673
Pension scheme contributions	41,115	103,492	125,086	42,808	28,288

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December			Four months ended 30 April	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Interest on bank and other borrowings	1,374,575	2,559,191	3,223,183	693,812	1,081,827
Interest on senior notes (note 31)	–	34,942	62,359	25,170	49,827
Interest on asset-backed securities	22,099	203,549	255,634	96,157	15,464
Interest on lease liabilities (note 14)	1,358	1,561	7,340	1,184	3,031
Interest expense arising from revenue contracts	481,717	672,109	928,918	368,080	369,994
	1,879,749	3,471,352	4,477,434	1,184,403	1,520,143
Less: Interest capitalised	(1,659,433)	(3,039,242)	(3,699,864)	(1,030,053)	(1,341,564)
	220,316	432,110	777,570	154,350	178,579

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

The Company did not have any chief executive, executive directors, non-executive directors and independent non-executive directors before 13 December 2019, the date of incorporation of the Company.

Mr. Chen Guoxiang, Mr. Chen Hongni, Ms. Yao Xiaozhen and Mr. Zhao Leiyi were appointed as executive directors of the Company on 21 May 2020. Mr. Wong Kon Man, Ms. Ma Hongman and Mr. Ding Jiangang were appointed as independent non-executive directors of the Company on 20 October 2020.

Certain of the Company's directors received remuneration from the subsidiaries now comprising the Group for their appointment as directors of these subsidiaries. The remuneration of each of these directors as recorded in the financial statements of the subsidiaries is set out below:

	Year ended 31 December			Four months ended 30 April	
	2017	2018	2019	2019	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i>
Salaries, allowances and benefits in kind	1,390	16,490	12,871	4,183	3,683
Pension scheme contributions	183	312	378	146	116
Total	<u>1,573</u>	<u>16,802</u>	<u>13,249</u>	<u>4,329</u>	<u>3,799</u>

(a) Independent non-executive directors

	Salaries, allowances and benefits in kind	Pension scheme contributions	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Year ended 31 December 2017			
Independent non-executive directors:			
– Mr. Wong Kon Man	–	–	–
– Ms. Ma Hongman	–	–	–
– Mr. Ding Jiangang	–	–	–
	<u>–</u>	<u>–</u>	<u>–</u>
Year ended 31 December 2018			
Independent non-executive directors:			
– Mr. Wong Kon Man	–	–	–
– Ms. Ma Hongman	–	–	–
– Mr. Ding Jiangang	–	–	–
	<u>–</u>	<u>–</u>	<u>–</u>

	Salaries, allowances and benefits in kind	Pension scheme contributions	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Year ended 31 December 2019			
Independent non-executive directors:			
– Mr. Wong Kon Man	–	–	–
– Ms. Ma Hongman	–	–	–
– Mr. Ding Jiangang	–	–	–
	<u>–</u>	<u>–</u>	<u>–</u>
	<u>–</u>	<u>–</u>	<u>–</u>
Four months ended 30 April 2020			
Independent non-executive directors:			
– Mr. Wong Kon Man	–	–	–
– Ms. Ma Hongman	–	–	–
– Mr. Ding Jiangang	–	–	–
	<u>–</u>	<u>–</u>	<u>–</u>
	<u>–</u>	<u>–</u>	<u>–</u>
Four months ended 30 April 2019 (unaudited)			
Independent non-executive directors:			
– Mr. Wong Kon Man	–	–	–
– Ms. Ma Hongman	–	–	–
– Mr. Ding Jiangang	–	–	–
	<u>–</u>	<u>–</u>	<u>–</u>
	<u>–</u>	<u>–</u>	<u>–</u>

(b) Executive directors

	Salaries, allowances and benefits in kind	Pension scheme contributions	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Year ended 31 December 2017			
Executive directors:			
– Mr. Chen Guoxiang	400	7	407
– Mr. Chen Hongni	–	–	–
– Ms. Yao Xiaozhen	542	88	630
– Mr. Zhao Leiyl	448	88	536
	<u>1,390</u>	<u>183</u>	<u>1,573</u>
Year ended 31 December 2018			
Executive directors:			
– Mr. Chen Guoxiang	1,350	–	1,350
– Mr. Chen Hongni	4,342	108	4,450
– Ms. Yao Xiaozhen	6,103	124	6,227
– Mr. Zhao Leiyl	4,695	80	4,775
	<u>16,490</u>	<u>312</u>	<u>16,802</u>
Year ended 31 December 2019			
Executive directors:			
– Mr. Chen Guoxiang	1,350	–	1,350
– Mr. Chen Hongni	4,683	87	4,770
– Ms. Yao Xiaozhen	3,771	142	3,913
– Mr. Zhao Leiyl	3,067	149	3,216
	<u>12,871</u>	<u>378</u>	<u>13,249</u>
Four months ended 30 April 2020			
Executive directors:			
– Mr. Chen Guoxiang	450	–	450
– Mr. Chen Hongni	1,567	19	1,586
– Ms. Yao Xiaozhen	833	49	882
– Mr. Zhao Leiyl	833	48	881
	<u>3,683</u>	<u>116</u>	<u>3,799</u>
Four months ended 30 April 2019 (unaudited)			
Executive directors:			
– Mr. Chen Guoxiang	450	–	450
– Mr. Chen Hongni	1,567	29	1,596
– Ms. Yao Xiaozhen	1,150	58	1,208
– Mr. Zhao Leiyl	1,017	58	1,075
	<u>4,184</u>	<u>145</u>	<u>4,329</u>

Mr. Chen Guoxiang is the chairman and an executive director of the Company. There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Relevant Periods.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees for the years ended 31 December 2017, 2018 and 2019 and the four months ended 30 April 2019 included 3, 3, 2, and 3 directors, respectively, details of whose remuneration are set out in note 8 above. For the four months ended 30 April 2020, since there were two employees enjoyed the same total amount of remunerations as the fifth highest, the disclosure below includes six employees in total. The six highest paid employees for the four months ended 30 April 2020 included 3 directors, details of whose remuneration are set out in note 8 above. Details of the remuneration for the years ended 31 December 2017, 2018 and 2019 and the four months ended 30 April 2019 and 2020 of the remaining 2, 2, and 3, 2, and 3 highest paid employees who are neither a director nor chief executive of the Company, respectively, are as follows:

	Year ended 31 December			Four months ended 30 April	
	2017	2018	2019	2019	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i>
Salaries, allowances and benefits in kind	1,095	5,715	11,667	2,250	2,500
Pension scheme contributions	168	107	398	116	154
Total	1,263	5,822	12,065	2,366	2,654

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 December			Four months ended 30 April	
	2017	2018	2019	2019	2020
	(unaudited)				
HK\$500,001 to HK\$1,000,000	2	–	–	–	3
HK\$1,000,001 to HK\$1,500,000	–	–	–	2	–
HK\$1,500,001 to HK\$2,000,000	–	–	–	–	–
HK\$2,000,001 to HK\$2,500,000	–	–	–	–	–
HK\$2,500,001 to HK\$3,000,000	–	–	–	–	–
HK\$3,000,001 to HK\$3,500,000	–	2	–	–	–
HK\$3,500,001 to HK\$4,000,000	–	–	–	–	–
HK\$4,000,001 to HK\$4,500,000	–	–	1	–	–
HK\$4,500,001 to HK\$5,000,000	–	–	2	–	–
Total	2	2	3	2	3

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Company and the Group's subsidiaries incorporated in the Cayman Islands and British Virgin Islands are not subject to any income tax. The Group's subsidiaries incorporated in Hong Kong are not liable for income tax as it did not have any assessable profits arising in Hong Kong during the Relevant Periods and the four months ended 30 April 2019.

Subsidiaries of the Group operating in Mainland China are subject to the PRC corporate income tax with a tax rate of 25% for the Relevant Periods and the four months ended 30 April 2019.

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures, including land costs, borrowing costs and other property development expenditures. The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The LAT provision is subject to the final review and approval by the local tax bureau.

	Year ended 31 December			Four months ended 30 April	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Current tax:					
PRC corporate income tax	500,293	901,296	1,596,364	228,962	353,434
PRC LAT	118,397	138,881	995,483	37,696	244,740
Deferred tax (note 19)	(624,585)	(782,055)	(270,454)	(219,855)	(130,583)
Total tax(credit)/charge for the year/period	<u>(5,895)</u>	<u>258,122</u>	<u>2,321,393</u>	<u>46,803</u>	<u>467,591</u>

A reconciliation of income tax expense applicable to (loss)/profit before tax at the statutory rate for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the income tax expense at the effective income tax rate for each of the Relevant Periods and the four months ended 30 April 2019 is as follows:

	31 December			Four months ended 30 April	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
(Loss)/profit before tax	<u>(291,844)</u>	<u>686,062</u>	<u>5,530,348</u>	<u>(68,811)</u>	<u>1,067,936</u>
At the statutory income tax rate	(72,961)	171,516	1,382,587	(17,203)	266,984
Expenses not deductible for tax*	13,517	37,243	89,166	16,651	11,489
Income not subject to tax**	(18,808)	(60,351)	(247)	(173)	(381)
Profits and losses attributable to joint ventures and associates	35	15,355	10,786	2,971	(7,270)
Deductible temporary differences and tax losses utilised from previous years	(40,148)	(38,116)	(28,979)	(917)	(6,234)
Tax losses not recognised	20,518	14,120	78,046	12,960	15,775
Unrecognised deductible temporary differences	3,154	14,194	43,422	4,242	3,673
Provision for LAT	118,397	138,881	995,483	37,696	244,740
Tax effect on LAT	(29,599)	(34,720)	(248,871)	(9,424)	(61,185)
Tax (credit)/charge at the Group's effective rate	<u>(5,895)</u>	<u>258,122</u>	<u>2,321,393</u>	<u>46,803</u>	<u>467,591</u>

* Expenses not deductible for tax mainly comprised of entertainment expense and employee's welfare exceeding the deduction limits, charges without invoices and impairment of investment in joint venture, which are not deductible before tax under the Enterprise Income Tax Law of the PRC.

** Income not subject to tax mainly arises from gain on acquisition of subsidiaries and dissolution of loss-making subsidiaries.

The share of tax charges attributable to joint ventures and associates amounted to RMB1,454,000, RMB913,000 and RMB13,785,000, RMB1,606,000 (unaudited) and RMB20,868,000 for the years ended 31 December 2017, 2018 and 2019 and the four months ended 30 April 2019 and 2020, respectively. The share of tax credit attributable to joint ventures and associates amounted to RMB1,501,000, RMB21,387,000 and RMB28,166,000, RMB5,567,000 (unaudited) and RMB11,175,000 for the years ended 31 December 2017, 2018 and 2019 and the four months ended 30 April 2019 and 2020, respectively. These amounts are included in "Share of profits and losses of joint ventures and associates" in the combined statements of profit or loss and other comprehensive income.

Tax payable in the combined statements of financial position represents the following:

	At 31 December			At 30 April
	2017	2018	2019	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<u>Tax payable:</u>				
PRC corporate income tax	365,010	540,148	1,435,996	1,558,247
PRC LAT	102,502	26,070	487,182	702,124
	<u>467,512</u>	<u>566,218</u>	<u>1,923,178</u>	<u>2,260,371</u>

11. DIVIDENDS

No dividends have been paid or declared by the Company since its date of incorporation.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation and the basis of presentation of the results of the Group for the Relevant Periods as disclosed in note 2.1 to the Historical Financial Information.

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Motor vehicles	Office equipment and electronic devices	Construction in progress	Leasehold improvements	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2017						
At 1 January 2017:						
Cost	276,898	58,296	58,940	–	91,962	486,096
Accumulated depreciation	(40,799)	(42,751)	(35,647)	–	(42,085)	(161,282)
Net carrying amount	<u>236,099</u>	<u>15,545</u>	<u>23,293</u>	<u>–</u>	<u>49,877</u>	<u>324,814</u>
At 1 January 2017, net of accumulated depreciation	236,099	15,545	23,293	–	49,877	324,814
Additions	22,906	23,137	11,631	136	25,858	83,668
Acquisition of subsidiaries (<i>note 36</i>)	249,700	1,446	25,474	–	748	277,368
Disposals	(3,995)	(449)	(85)	–	(11,680)	(16,209)
Depreciation provided during the year (<i>note 6</i>)	(16,359)	(9,968)	(12,134)	–	(9,087)	(47,548)
At 31 December 2017, net of accumulated depreciation	<u>488,351</u>	<u>29,711</u>	<u>48,179</u>	<u>136</u>	<u>55,716</u>	<u>622,093</u>
At 31 December 2017:						
Cost	544,950	81,399	103,128	136	89,568	819,181
Accumulated depreciation	(56,599)	(51,688)	(54,949)	–	(33,852)	(197,088)
Net carrying amount	<u>488,351</u>	<u>29,711</u>	<u>48,179</u>	<u>136</u>	<u>55,716</u>	<u>622,093</u>

	Buildings	Motor vehicles	Office equipment and electronic devices	Construction in progress	Leasehold improvements	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2018						
At 1 January 2018:						
Cost	544,950	81,399	103,128	136	89,568	819,181
Accumulated depreciation	(56,599)	(51,688)	(54,949)	–	(33,852)	(197,088)
Net carrying amount	<u>488,351</u>	<u>29,711</u>	<u>48,179</u>	<u>136</u>	<u>55,716</u>	<u>622,093</u>
At 1 January 2018, net of accumulated depreciation	488,351	29,711	48,179	136	55,716	622,093
Additions	49	20,288	15,937	417	8,457	45,148
Acquisition of subsidiaries (<i>note 36</i>)	–	–	335	–	–	335
Transfers	–	–	136	(136)	–	–
Disposals	(6,020)	(624)	(3,392)	–	(12,136)	(22,172)
Disposal of subsidiaries (<i>note 37</i>)	–	–	(3)	–	–	(3)
Depreciation provided during the year (<i>note 6</i>)	(18,162)	(11,987)	(16,608)	–	(5,031)	(51,788)
At 31 December 2018, net of accumulated depreciation	<u>464,218</u>	<u>37,388</u>	<u>44,584</u>	<u>417</u>	<u>47,006</u>	<u>593,613</u>
At 31 December 2018:						
Cost	535,980	83,780	112,671	417	80,893	813,741
Accumulated depreciation	(71,762)	(46,392)	(68,087)	–	(33,887)	(220,128)
Net carrying amount	<u>464,218</u>	<u>37,388</u>	<u>44,584</u>	<u>417</u>	<u>47,006</u>	<u>593,613</u>

	Buildings	Motor vehicles	Office equipment and electronic devices	Construction in progress	Leasehold improvements	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2019						
At 1 January 2019:						
Cost	535,980	83,780	112,671	417	80,893	813,741
Accumulated depreciation	(71,762)	(46,392)	(68,087)	–	(33,887)	(220,128)
Net carrying amount	<u>464,218</u>	<u>37,388</u>	<u>44,584</u>	<u>417</u>	<u>47,006</u>	<u>593,613</u>
At 1 January 2019, net of accumulated depreciation	464,218	37,388	44,584	417	47,006	593,613
Additions	734	2,596	3,998	2,748	4,526	14,602
Acquisition of subsidiaries (<i>note 36</i>)	–	60	345	–	–	405
Transfers	–	–	417	(417)	–	–
Disposals	–	(2,078)	(1,391)	–	(7,253)	(10,722)
Disposal of subsidiaries (<i>note 37</i>)	–	(521)	(80)	–	(395)	(996)
Transfer to a subsidiary held for sale	–	(44)	–	–	–	(44)
Depreciation provided during the year (<i>note 6</i>)	(17,867)	(11,892)	(13,401)	–	(14,462)	(57,622)
At 31 December 2019, net of accumulated depreciation	<u>447,085</u>	<u>25,509</u>	<u>34,472</u>	<u>2,748</u>	<u>29,422</u>	<u>539,236</u>
At 31 December 2019:						
Cost	536,714	75,113	113,220	2,748	77,431	805,226
Accumulated depreciation	(89,629)	(49,604)	(78,748)	–	(48,009)	(265,990)
Net carrying amount	<u>447,085</u>	<u>25,509</u>	<u>34,472</u>	<u>2,748</u>	<u>29,422</u>	<u>539,236</u>

	Buildings	Motor vehicles	Office equipment and electronic devices	Construction in progress	Leasehold improvements	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
30 April 2020						
At 1 January 2020:						
Cost	536,714	75,113	113,220	2,748	77,431	805,226
Accumulated depreciation	(89,629)	(49,604)	(78,748)	–	(48,009)	(265,990)
Net carrying amount	<u>447,085</u>	<u>25,509</u>	<u>34,472</u>	<u>2,748</u>	<u>29,422</u>	<u>539,236</u>
At 1 January 2020, net of accumulated depreciation	447,085	25,509	34,472	2,748	29,422	539,236
Additions	–	4,811	648	75	794	6,328
Transferred to investment properties (note 15)	(359,905)	–	–	–	–	(359,905)
Disposals	(205)	(682)	(1,863)	–	(35)	(2,785)
Disposal of subsidiaries	–	(137)	(10,126)	–	–	(10,263)
Depreciation provided during the period (note 6)	(6,718)	(7,810)	(4,360)	–	(5,909)	(24,797)
At 30 April 2020, net of accumulated depreciation	<u>80,257</u>	<u>21,691</u>	<u>18,771</u>	<u>2,823</u>	<u>24,272</u>	<u>147,814</u>
At 30 April 2020:						
Cost	108,595	76,602	78,844	2,823	78,190	345,054
Accumulated depreciation	(28,338)	(54,911)	(60,073)	–	(53,918)	(197,240)
Net carrying amount	<u>80,257</u>	<u>21,691</u>	<u>18,771</u>	<u>2,823</u>	<u>24,272</u>	<u>147,814</u>

Certain of the Group's property, plant and equipment with amounts of approximately RMB286,922,000, RMB249,442,000, RMB250,130,000 and RMB5,631,000 as at 31 December 2017, 2018 and 2019 and 30 April 2020, respectively, have been pledged to secure bank and other borrowings granted to the Group (note 30). Certain of the Group's property, plant and equipment with amount of approximately RMB135,187,000 as at 30 April 2020, has been pledged to secure bank borrowings granted to the related parties (note 40).

14. LEASES

The Group as a lessee

The Group has lease contracts for office buildings and motor vehicles. Leases of office buildings generally have lease terms between 2 and 6 years, and leases of motor vehicles generally have lease terms of 5 years. Office equipment generally has lease terms of 12 months or less and/or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) *Right-of-use assets - Office buildings*

	31 December			30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at the beginning of the year/period	4,920	13,131	56,300	112,991
Additions	10,948	56,707	101,363	–
Acquisition of a subsidiary (note 36)	733	–	–	–
Depreciation provided during the year/period (note 6)	(3,470)	(13,538)	(44,672)	(14,623)
Carrying amount at the end of the year/period	<u>13,131</u>	<u>56,300</u>	<u>112,991</u>	<u>98,368</u>

(b) *Other right-of-use assets - Motor vehicles*

The carrying amounts of the Group's other right-of-use assets and the movements during the Relevant Periods are as follows:

	31 December			30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at the beginning of the year/period	–	420	325	230
Additions	475	–	–	–
Depreciation provided during the year/period (note 6)	(55)	(95)	(95)	(33)
Carrying amount at the end of the year/period	<u>420</u>	<u>325</u>	<u>230</u>	<u>197</u>

(c) Lease liabilities

The carrying amount of lease liabilities and the movements during the Relevant Periods are as follows:

	31 December			30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at the beginning of the year/period	5,272	14,829	58,743	125,590
New leases	9,824	51,471	88,843	–
Acquisition of a subsidiary (note 36)	733	–	–	–
Accretion of interest recognised during the year/period	1,358	1,561	7,340	3,031
Payments	(2,358)	(9,118)	(29,336)	(4,920)
Carrying amount at the end of the year/period	14,829	58,743	125,590	123,701
Analysed into:				
Current portion	7,078	30,812	50,744	52,078
Non-current portion	7,751	27,931	74,846	71,623

(d) The amounts recognised in profit or loss in relation to leases are as follows:

	Year ended 31 December			Four months ended 30 April	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Interest on lease liabilities (note 7)	1,358	1,561	7,340	1,184	3,031
Depreciation charge of right-of-use assets	3,525	13,633	44,767	14,576	14,656
Rental expense for short-term leases	4,201	18,093	15,936	14,434	3,787
Rental expense for leases of low-value assets	66	267	352	307	163
Total amount recognised in profit or loss	9,150	33,554	68,395	30,501	21,637

*(e) The total cash outflow for leases is disclosed in note 35 to the Historical Financial Information.***The Group as a lessor**

The Group leases its investment properties (note 15) under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the Relevant Periods was RMB14,042,000, RMB14,563,000, RMB12,619,000, RMB3,789,000 (unaudited) and RMB16,068,000 for the years ended 31 December 2017, 2018 and 2019 and the four months ended 30 April 2019 and 2020, respectively, details of which are included in note 5 to the Historical Financial Information.

At the end of each of the Relevant Periods, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	31 December			30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	14,400	15,397	16,462	57,829
After one year but within two years	13,886	14,751	12,502	78,120
After two years but within three years	13,717	11,335	10,908	77,038
After three years but within four years	10,356	9,789	10,908	30,031
After four years but within five years	9,789	9,789	9,825	26,919
After five years	51,707	41,918	32,092	94,381
	<u>113,855</u>	<u>102,979</u>	<u>92,697</u>	<u>364,318</u>

15. INVESTMENT PROPERTIES

	Completed	Under construction	Total
	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January 2017	502,114	–	502,114
Acquisition of subsidiaries (<i>note 36</i>)	48,670	–	48,670
Net gain from a fair value adjustment	17,285	–	17,285
Carrying amount at 31 December 2017 and 1 January 2018	568,069	–	568,069
Additions	–	520,511	520,511
Net gain from a fair value adjustment	13,489	489	13,978
Carrying amount at 31 December 2018 and 1 January 2019	581,558	521,000	1,102,558
Additions	–	367,666	367,666
Transferred from investment properties under construction	888,666	(888,666)	–
Net gain from a fair value adjustment	22,406	–	22,406
Carrying amount at 31 December 2019 and 1 January 2020	1,492,630	–	1,492,630
Additions	–	–	–
Transferred from property, plant and equipment (<i>note 13</i>)	359,905	–	359,905
Revaluation gains on transfer from property, plant and equipment to investment properties	161,395	–	161,395
Net gain from a fair value adjustment	854	–	854
Carrying amount at 30 April 2020	<u>2,014,784</u>	<u>–</u>	<u>2,014,784</u>

The Group's investment properties are situated in Mainland China. The Group's investment properties were revalued on 31 December 2017, 2018 and 2019 and 30 April 2020 based on valuations performed by Jones Lang LaSalle (JLL), an independent professionally qualified valuer, at RMB568,069,000, RMB1,102,558,000, RMB1,492,630,000 and RMB2,014,784,000, respectively. The Group appoints an external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's chief financial officer has discussions with the valuer on the valuation assumptions and valuation results when the valuation is performed for financial reporting.

Certain of the Group's investment properties with carrying amounts of approximately RMB196,040,000, RMB200,818,000, RMB203,081,000 and RMB244,700,000 as at 31 December 2017, 2018 and 2019 and 30 April 2020, respectively, have been pledged to secure bank and other borrowings granted to the Group (note 30). Certain of the Group's investment properties with carrying amount of approximately RMB121,912,000 as at 30 April 2020, has been pledged to secure bank borrowings granted to the related parties (note 40).

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

Fair value measurement as at 31 December 2017 using			
Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Recurring fair value measurement for:			
Commercial properties			
Completed	–	–	568,069
	<u>–</u>	<u>–</u>	<u>568,069</u>
Fair value measurement as at 31 December 2018 using			
Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Recurring fair value measurement for:			
Commercial properties			
Under construction	–	–	521,000
Completed	–	–	581,558
	<u>–</u>	<u>–</u>	<u>1,102,558</u>
	<u>–</u>	<u>–</u>	<u>1,102,558</u>

Fair value measurement as at 31 December 2019 using

	Quoted prices in active markets (Level 1) <i>RMB'000</i>	Significant observable inputs (Level 2) <i>RMB'000</i>	Significant unobservable inputs (Level 3) <i>RMB'000</i>	Total <i>RMB'000</i>
Recurring fair value measurement for: Commercial properties Completed	–	–	1,492,630	1,492,630

Fair value measurement as at 30 April 2020 using

	Quoted prices in active markets (Level 1) <i>RMB'000</i>	Significant observable inputs (Level 2) <i>RMB'000</i>	Significant unobservable inputs (Level 3) <i>RMB'000</i>	Total <i>RMB'000</i>
Recurring fair value measurement for: Commercial properties Completed	–	–	2,014,784	2,014,784

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

Valuation technique	Significant unobservable inputs	Range or weighted average 31 December			30 April	
		2017	2018	2019	2020	
Commercial properties completed	Income approach	Expected rental value (per square metre and per month)	RMB14-132	RMB15-134	RMB15-138	RMB15-138
		Capitalisation rate	3.0%-6.0%	3.0%-6.0%	3.0%-6.0%	3.0%-6.0%
Commercial properties under construction	Comparison method	Expected rental value (per square metre and per month)	–	RMB60-138	–	–
		Capitalisation rate	–	3.0%-5.0%	–	–
		Expected profit margin	–	4%	–	–

The fair value of completed commercial properties is determined using the income approach by taking into account the rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the fair value at an appropriate capitalisation rate. Where appropriate, reference to the comparable sales transactions as available in the relevant market has also been considered.

A significant increase (decrease) in the estimated rental value would result in a significant increase (decrease) in the fair value of the investment properties. A significant increase (decrease) in the capitalisation rate would result in a significant decrease (increase) in the fair value of the investment properties.

The fair value of most of the commercial properties under construction is determined using the comparison method, with reference to comparable rental prices as available in the relevant market to derive the fair value of the properties assuming they were completed and, where appropriate, after deducting the following items:

- Estimated construction cost, marketing cost, management fees, finance costs and professional fees to be expensed to complete the properties that would be incurred by a market participant;
- Estimated profit margin that a market participant would require to hold and develop the properties to completion.

A higher expected rental value would result in a higher fair value of the investment properties under construction.

A higher capitalisation rate would result in a lower fair value of the investment properties under construction.

A higher expected profit margin would result in a lower fair value of the investment properties under construction.

16. INTANGIBLE ASSETS

	31 December			30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Software				
At the beginning of the year/period				
Cost	4,504	7,631	11,861	17,306
Accumulated amortisation	(333)	(1,056)	(1,993)	(5,634)
Net carrying amount	<u>4,171</u>	<u>6,575</u>	<u>9,868</u>	<u>11,672</u>
Carrying amount at beginning of the year/period	4,171	6,575	9,868	11,672
Additions	2,878	4,230	5,453	1,555
Acquisition of subsidiaries (note 36)	249	–	–	–
Disposal of a subsidiary (note 37)	–	–	–	(64)
Disposal	–	–	–	(101)
Amortisation provided during the year/period (note 6)	(723)	(937)	(3,649)	(1,110)
Carrying amount at the end of the year/period	<u>6,575</u>	<u>9,868</u>	<u>11,672</u>	<u>11,952</u>
At the end of the year/period:				
Cost	7,631	11,861	17,306	18,455
Accumulated amortisation	(1,056)	(1,993)	(5,634)	(6,503)
Net carrying amount	<u>6,575</u>	<u>9,868</u>	<u>11,672</u>	<u>11,952</u>

17. INVESTMENTS IN JOINT VENTURES

	At 31 December			At 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Share of net assets	123,470	105,337	529,816	888,832
Goodwill on acquisition	235,864	235,864	235,864	235,864
Impairment	–	–	(53,000)	(53,000)
Carrying amount of the investment	359,334	341,201	712,680	1,071,696

The Group's receivable and payable balances with joint ventures are disclosed in note 40 to the Historical Financial Information.

(a) Particulars of the Group's principal joint ventures, all of which principally operate in Mainland China:

Name of companies	Place and year of registration	Nominal value of registered share capital ('000)	Percentage of ownership interest attributable to the Group	Principal activities
洪湖市祥生置業有限公司* Honghu Shinsun Real Estate Co., Ltd. ("Honghu Shinsun Real Estate")	Hubei, PRC 2004	RMB30,000	50%	Property development
溫州祥生多弗置業有限公司 (note 7) Wenzhou Shinsun Duofu Real Estate Co., Ltd. ("Wenzhou Shinsun Duofu")	Zhejiang, PRC 2017	RMB50,000	50%	Property development
仙桃祥榮房地產開發有限公司* Xiantao Xiangrong Real Estate Development Co., Ltd. ("Xiantao Xiangrong")	Hubei, PRC 2011	RMB50,000	45%	Property development
湖北祥生仙苑國際大酒店管理有限公司* Hubei Xiangsheng Xianyuan International Hotel Management Co., Ltd. ("Shinsun Fairyland Hotel Management")	Hubei, PRC 2012	RMB40,000	45%	Hotel management
湖州交投祥生房地產開發有限公司 Huzhou Jiaotou Shinsun Real Estate Development Co., Ltd. ("Huzhou Jiaotou Shinsun")	Zhejiang, PRC 2017	RMB50,000	50%	Property development

Name of companies	Place and year of registration	Nominal value of registered share capital (‘000)	Percentage of ownership interest attributable to the Group	Principal activities
湖州吳興交投祥生置業有限公司 Huzhou Wuxing Jiaotou Shinsun Real Estate Co., Ltd. (“Huzhou Wuxing Jiaotou”)	Zhejiang, PRC 2017	RMB50,000	50%	Property development
浙江發現島文化旅遊有限公司 (note 1) Zhejiang Faxian Dao Cultural Tourism Co., Ltd. (“Zhejiang Faxian Dao Cultural Tourism”)	Zhejiang, PRC 2014	RMB100,000	60%	Property development and cultural tourism
杭州祥生宜景房地產開發有限公司 Hangzhou Shinsun Yijing Real Estate Development Co., Ltd. (“Hangzhou Shinsun Yijing”)	Zhejiang, PRC 2017	RMB50,000	40%	Property development
揚州祥生可宇置業有限公司 (note 1) Yangzhou Shinsun Keyu Real Estate Co., Ltd. (“Yangzhou Shinsun Keyu”)	Jiangsu, PRC 2007	RMB50,000	61%	Property development
杭州仁遠房地產開發有限公司 (note 2) Hangzhou Renyuan Real Estate Development Co., Ltd. (“Hangzhou Renyuan”)	Zhejiang, PRC 2018	RMB50,000	29%	Property development
南京市頤輝置業有限公司 (note 4) Nanjing Yihui Real Estate Co., Ltd. (“Nanjing Yihui”)	Jiangsu, PRC 2018	RMB500,000	30%	Property development
寧波祥生弘盛房地產開發有限公司 Ningbo Shinsun Hongsheng Real Estate Development Co., Ltd. (“Ningbo Shinsun Hongsheng”)	Zhejiang, PRC 2019	RMB100,000	50%	Property development
宿遷祥宿房地產開發有限公司 Suqian Xiangsu Real Estate Development Co., Ltd. (“Suqian Xiangsu”)	Jiangsu, PRC 2019	RMB20,000	50%	Property development
諸暨祥生弘瑞置業有限公司 (note 1) Zhuji Shinsun Hongrui Real Estate Co., Ltd. (“Zhuji Shinsun Hongrui”)	Zhejiang, PRC 2018	RMB20,000	51%	Property development
諸暨祥生祥駿置業有限公司 (note 3) Zhuji Shinsun Xiangjun Real Estate Co., Ltd. (“Zhuji Shinsun Xiangjun”)	Zhejiang, PRC 2019	RMB400,000	31%	Property development

Name of companies	Place and year of registration	Nominal value of registered share capital	Percentage of ownership interest attributable to the Group	Principal activities
		('000)		
諸暨市萬祥房地產開發有限公司 (note 5) Zhuji Wanxiang Real Estate Development Co., Ltd. (“Zhuji Wanxiang”)	Zhejiang, PRC 2018	RMB20,000	35%	Property development
江西福田益壽投資開發有限公司 Jiangxi Futian Yishou Investment Development Co., Ltd. (“Jiangxi Futian Yishou Investment Development”)	Jiangxi, PRC 2015	RMB50,000	50%	Property development
安慶金世祥房地產開發有限公司 (note 6) Anqing Jinshixiang Real Estate Development Co., Ltd. (“Anqing Jinshixiang Real Estate”)	Anhui, PRC 2019	RMB100,000	33%	Property development
諸暨祥生弘鵬置業有限公司 (note 1) Zhuji Shinsun Hongpeng Real Estate Co., Ltd. (“Zhuji Shinsun Hongpeng Real Estate”)	Zhejiang, PRC 2019	RMB300,000	50.1%	Property development
杭州鴻煊企業管理諮詢有限公司 (note 8) Hangzhou Hongxuan Enterprise Management Consulting Co., Ltd. (“Hangzhou Hongxuan”)	Zhejiang, PRC 2017	RMB65,000	33%	Investment holding
寧波融輝置業有限公司 (note 8) Ningbo Ronghui Real Estate Co., Ltd. (“Ningbo Ronghui Real Estate”)	Zhejiang, PRC 2019	RMB20,000	33%	Property development
臨海紫元銀通置業有限公司 (note 9) Linhai Ziyuan Yintong Real Estate Co., Ltd (“Linhai Ziyuan”)	Zhejiang, PRC 2014	RMB20,000	58.5%	Property development

* Honghu Shinsun Real Estate, Xiantao Xiangrong and Shinsun Fairyland Hotel Management were the then joint ventures of the Group and have become the subsidiaries of the Group since May 2017, further details of which are included in note 36 to the Historical Financial Information.

Note 1: Pursuant to the investment framework agreement and the articles of association of these companies, all shareholder resolutions of these companies shall be resolved by all shareholders on a unanimous basis. Therefore, these companies were accounted for as joint ventures of the Group during the Relevant Periods.

Note 2: During the Relevant Periods, Hangzhou Renyuan had four shareholders holding 29%, 50%, 20% and 1% equity interests, respectively. Pursuant to the articles of association of Hangzhou Renyuan, all shareholders' resolutions of Hangzhou Renyuan shall be resolved by four shareholders on a unanimous basis. Therefore, Hangzhou Renyuan was accounted for as a joint venture of the Group notwithstanding that the Group only held a 29% equity interest during the Relevant Periods.

- Note 3:* During the Relevant Periods, Zhuji Shinsun Xiangjun had four shareholders holding 31%, 49%, 10.5% and 9.5% equity interests, respectively. Pursuant to the articles of association of Zhuji Shinsun Xiangjun, all shareholders' resolutions of Zhuji Shinsun Xiangjun shall be resolved by the four shareholders on a unanimous basis. Therefore, Zhuji Shinsun Xiangjun was accounted for as a joint venture of the Group notwithstanding that the Group only held a 31% equity interest during the Relevant Periods.
- Note 4:* During the Relevant Periods, Nanjing Yihui had three shareholders holding 30%, 35% and 35% equity interests, respectively. Pursuant to the articles of association of Nanjing Yihui, all shareholders' resolutions of Nanjing Yihui shall be resolved by the three shareholders on a unanimous basis. Therefore, Nanjing Yihui was accounted for as a joint venture of the Group notwithstanding that the Group only held a 30% equity interest during the Relevant Periods.
- Note 5:* During the Relevant Periods, Zhuji Wanxiang had two shareholders holding 35% and 65% equity interests, respectively. Pursuant to the articles of association of Zhuji Wanxiang, all shareholders' resolutions of Zhuji Wanxiang shall be resolved by the two shareholders on a unanimous basis. Therefore, Zhuji Wanxiang was accounted for as a joint venture of the Group notwithstanding that the Group only held a 35% equity interest during the Relevant Periods.
- Note 6:* During the Relevant Periods, Anqing Jinshixiang Real Estate had three shareholders holding 33%, 33% and 34% equity interests, respectively. Pursuant to the articles of association of Anqing Jinshixiang Real Estate, all shareholders' resolutions of Anqing Jinshixiang Real Estate shall be resolved by the three shareholders on a unanimous basis. Therefore, Anqing Jinshixiang Real Estate was accounted for as a joint venture of the Group notwithstanding that the Group only held a 33% equity interest during the Relevant Periods.
- Note 7:* Wenzhou Shinsun Duofu was a joint venture of the Group in 2017. Pursuant to the share transfer agreement dated 18 June 2018, the Group disposed of its 50% equity interest in Wenzhou Shinsun Duofu to 溫州多弗地產集團有限公司 ("Wenzhou Duofu Real Estate Group Co., Ltd.").
- Note 8:* On 17 December 2019, the Group acquired 33% of Hangzhou Hongxuan. Pursuant to the articles of association of Hangzhou Hongxuan, all shareholder resolutions of Hangzhou Hongxuan would be resolved by three shareholders on a unanimous basis. Ningbo Ronghui Real Estate was the wholly-owned subsidiary of Hangzhou Hongxuan. Therefore, Hangzhou Hongxuan and Ningbo Ronghui Real Estate were accounted for as joint ventures of the Group. Pursuant to the share transfer agreement dated January 2020, the Group disposed of its 33% equity interest in Hangzhou Hongxuan. Accordingly, Hangzhou Hongxuan and Ningbo Ronghui Real Estate were no longer joint ventures of the Group thereafter.
- Note 9:* Linhai Ziyuan was a subsidiary of the Group and has become the joint venture of the Group since April 2020. For details, please refer to note 37 (I).

The English names of the companies registered in Mainland China referred to above in this note represent management's best efforts in translating the Chinese names of those companies as no English names have been registered or are available.

- (b) Zhejiang Fa Xian Dao Cultural Tourism is considered as material joint venture of the Group during the Relevant Periods, principally engaged in a property development in Mainland China and is accounted for using the equity method.

The following table illustrates the summarised financial information of Zhejiang Fa Xian Dao Cultural Tourism:

	At 31 December			At 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	675	510	447	586
Other current assets	496,911	403,249	424,423	427,801
Current assets	497,586	403,759	424,870	428,387
Non-current assets, excluding goodwill	20,256	15,660	15,758	13,739
Goodwill on acquisition of the joint venture (less cumulative impairment)	235,864	235,864	182,864	182,864
Current financial liabilities (excluding trade and other payables and provisions)	–	–	(4,293)	–
Other current liabilities	(404,861)	(308,712)	(336,648)	(342,736)
Current liabilities	(404,861)	(308,712)	(340,941)	(342,736)
Non-current financial liabilities (excluding trade and other payables and provisions)	(13,256)	(8,823)	–	–
Non-current liabilities	(13,256)	(8,823)	–	–
Net asset	335,589	337,748	282,551	282,254
Net asset, excluding goodwill	99,725	101,884	99,687	99,390
Reconciliation to the Group's interest in the joint venture:				
Proportion of the Group's ownership	60%	60%	60%	60%
Group's share of net assets of the joint venture, excluding goodwill	59,835	61,130	59,812	59,634
Goodwill on acquisition (less cumulative impairment)	235,864	235,864	182,864	182,864
Carrying amount of the investment	295,699	296,994	242,676	242,498

	Year ended 31 December			Four months ended 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	17,635	5,841	–	576
Profit/(loss) for the year/period	6,948	2,159	(2,197)	(297)
The above profit for the year/period includes the following:				
Depreciation and amortisation	(18)	(18)	(18)	(6)
Interest income	3	3	2	–
Interest expense	(597)	(7)	(360)	(2)
Income tax expense	–	–	–	–

The Group entered into an agreement with 浙江博地旅遊有限公司 (Zhejiang Bodi Tourism Co., Ltd.) to jointly develop a tourism complex beside Tai Lake in May 2017. In 2019, due to the change of land planning of the local government, the development was suspended. The directors of the Company assessed the recoverable amount as at 31 December 2019 based on the land price of the neighbouring regions and provided impairment provision of RMB53,000,000.

- (c) The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	Year ended 31 December			Four months ended 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Share of the joint ventures' profits and losses for the year/period	(2,961)	(31,787)	(53,326)	42,413
Share of the joint ventures' total comprehensive loss/(income) for the year/period	(2,961)	(31,787)	(53,326)	42,413
Aggregate carrying amount of the Group's investments in the joint ventures	63,635	44,207	470,004	829,198

The joint ventures have been accounted for using the equity method in this Historical Financial Information.

Except for the impairment of the investment in Zhejiang Fa Xian Dao Cultural Tourism as disclosed in note (b) above, the projects of joint ventures are still under development and have not yet recognised revenue, the directors of the Company expect that these projects will be profitable in the future and no provision for impairment for other investments in joint ventures was necessary as at 31 December 2017, 2018 and 2019 and 30 April 2020.

18. INVESTMENTS IN ASSOCIATES

	At 31 December			At 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Share of net assets	83,086	370,813	742,052	702,087

The Group's receivable and payable balances with associates are disclosed in note 40 to the Historical Financial Information.

(a) Particulars of the Group's principal associates, all of which principally operate in Mainland China:

Name of companies	Place and year of registration	Nominal value of registered share capital ('000)	Percentage of ownership interest attributable to the Group	Principal activities
溫州多弗祥生置業有限公司* Wenzhou Duofu Shinsun Real Estate Co., Ltd. ("Wenzhou Duofu Shinsun Real Estate")	Zhejiang, PRC 2017	RMB50,000	49%	Property development
杭州祥生弘瑞房地產開發有限公司 Hangzhou Shinsun Hongrui Real Estate Development Co., Ltd. ("Hangzhou Shinsun Hongrui Real Estate")	Zhejiang, PRC 2017	RMB50,000	49%	Property development
諸暨鴻迪祥生房地產開發有限公司** Zhuji Hongdi Shinsun Real Estate Development Co., Ltd. ("Zhuji Hongdi Shinsun Real Estate")	Zhejiang, PRC 2010	RMB100,000	20%	Property development
寧波中城聯合物業有限公司*** Ningbo Zhongcheng United Property Co., Ltd. ("Ningbo Zhongcheng United Property")	Zhejiang, PRC 2016	RMB125,000	20%	Wholesale/retail
泰興祥生置業有限公司 Taixing Shinsun Real Estate Co., Ltd. ("Taixing Shinsun Real Estate")	Jiangsu, PRC 2007	RMB20,000	20%	Property development
諸暨溪園文旅小鎮投資有限公司 Zhuji Xiyuan Cultural Tourism Investment Co., Ltd. ("Zhuji Xiyuan Cultural Tourism Investment")	Zhejiang, PRC 2017	RMB100,000	30%	Cultural tourism
定遠縣遠碧房地產開發有限公司 Dingyuan Yuanbi Real Estate Development Co., Ltd. ("Dingyuan Yuanbi Real Estate")	Anhui, PRC 2017	RMB200,000	49%	Property development
如東新碧房地產開發有限公司 Rudong Xinbi Real Estate Development Co., Ltd. ("Rudong Xinbi Real Estate")	Jiangsu, PRC 2017	RMB20,000	49%	Property development
天長市新碧房地產開發有限公司 Tianchang Xinbi Real Estate Development Co., Ltd. ("Tianchang Xinbi Real Estate")	Anhui, PRC 2017	RMB120,000	49%	Property development
寧波祥生弘遠房地產開發有限公司 Ningbo Shinsun Hongyuan Real Estate Development Co., Ltd. ("Ningbo Shinsun Hongyuan")	Zhejiang, PRC 2018	RMB400,000	49%	Property development

Name of companies	Place and year of registration	Nominal value of registered share capital (‘000)	Percentage of ownership interest attributable to the Group	Principal activities
寧波圓盛企業管理諮詢有限公司 Ningbo Yuansheng Enterprise Management Consulting Co., Ltd. (“Ningbo Yuansheng Enterprise Management”)	Zhejiang, PRC 2019	RMB612,000	49%	Investment holding
鎮江科生房地產開發有限公司 Zhenjiang Kesheng Real Estate Development Co., Ltd. (“Zhenjiang Kesheng Real Estate”)	Jiangsu, PRC 2019	RMB255,018	40%	Property development

* On 19 June 2018, the Group acquired 51% of equity interests of Wenzhou Duofu Shinsun Real Estate from Wenzhou Duofu Real Estate Group Co., Ltd. and thereafter accounted for Wenzhou Duofu Shinsun Real Estate as a wholly-owned subsidiary. For details, please refer to note 36.

** During the Relevant Periods, 浙江諸暨祥生宏宇房地產開發有限公司 (Zhejiang Zhuji Shinsun Hongyu Real Estate Development Co., Ltd., “Zhuji Hongyu”) was a subsidiary of the Group and held 20% equity interests of Zhuji Hongdi Shinsun Real Estate. Pursuant to the share transfer agreement dated 30 December 2019, the Group disposed of its 51% equity interest in Zhuji Hongyu to 諸暨國躍企業管理諮詢有限公司 (Zhuji Guoyue Management Consulting Co., Ltd). Accordingly, Zhuji Hongdi Shinsun Real Estate was no longer an associate of the Group thereafter.

*** During the Relevant Periods, Ningbo Zhongcheng United Property was an associate of the Group. Pursuant to the share transfer agreement dated 19 January 2020, the Group disposed of its 20% equity interest in Ningbo Zhongcheng United Property to 寧波中城新能源產業投資管理有限公司 (Ningbo Zhongcheng New Energy Industry Investment Management Co., Ltd). Accordingly, Ningbo Zhongcheng United Property was no longer an associate of the Group thereafter.

The English names of the companies registered in Mainland China referred to above in this note represent management’s best efforts in translating the Chinese names of those companies as no English names have been registered or are available.

(b) The following table illustrates the aggregate financial information of the Group’s associates that are not individually material:

	Year ended 31 December			Four months ended 30 April
	2017	2018	2019	2020
	RMB’000	RMB’000	RMB’000	RMB’000
Share of the associates’ profits and losses for the year/period	(1,349)	(30,929)	11,502	(13,154)
Share of the associates’ total comprehensive (loss)/income for the year/period	(1,349)	(30,929)	11,502	(13,154)
Aggregate carrying amount of the Group’s investments in the associates	83,086	370,813	742,052	702,087

The associates have been accounted for using the equity method in this Historical Financial Information.

As at 31 December 2017, 2018 and 2019 and 30 April 2020, the projects of associates are still under construction and have not yet recognised revenue, the directors of the Company expects that the projects will be profitable in the future and no provision for impairment for investments in associates was necessary.

19. DEFERRED TAX ASSETS AND LIABILITIES

The movements in deferred tax assets and liabilities during the Relevant Periods are as follows:

Deferred tax assets

	Losses available for offsetting against future taxable profits	Expenses for offsetting against future taxable profits	Impairment of assets	Unrealised revenue in contract liabilities	Accrued LAT	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2017	77,912	550	978	188,969	–	268,409
Acquisition of subsidiaries (note 36)	3,212	–	1,048	46,368	271	50,899
Deferred tax credited/(charged) to profit or loss during the year (note 10)	19,396	9,879	(1,541)	596,784	1,332	625,850
At 31 December 2017 and 1 January 2018	100,520	10,429	485	832,121	1,603	945,158
Deferred tax credited to profit or loss during the year (note 10)	8,192	50,151	1,498	712,011	4,321	776,173
At 31 December 2018 and 1 January 2019	108,712	60,580	1,983	1,544,132	5,924	1,721,331
Acquisition of subsidiaries (note 36)	–	–	–	4,154	–	4,154
Deferred tax credited to profit or loss during the year (note 10)	62,707	17,497	603	93,422	94,251	268,480
At 31 December 2019 and 1 January 2020	171,419	78,077	2,586	1,641,708	100,175	1,993,965
Disposal of subsidiaries (note 37)	(4,073)	–	–	–	–	(4,073)
Deferred tax credited to profit or loss during the period (note 10)	8,087	3,523	1,653	58,384	44,398	116,045
At 30 April 2020	175,433	81,600	4,239	1,700,092	144,573	2,105,937

Deferred tax liabilities

	Fair value adjustments arising from financial assets at FVTPL	Fair value adjustments arising from investment properties	Fair value adjustments arising from business combinations	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2017	–	77,929	–	77,929
Deferred tax charged/(credited) to profit or loss during the year (note 10)	123	7,698	(6,556)	1,265
Acquisition of subsidiaries (note 36)	–	–	135,226	135,226
At 31 December 2017 and 1 January 2018	123	85,627	128,670	214,420
Deferred tax charged/(credited) to profit or loss during the year (note 10)	7	6,118	(12,007)	(5,882)
At 31 December 2018 and 1 January 2019	130	91,745	116,663	208,538
Acquisition of subsidiaries (note 36)	–	–	2,670	2,670
Deferred tax (credited)/charged to profit or loss during the year (note 10)	(112)	11,426	(13,288)	(1,974)
At 31 December 2019 and 1 January 2020	18	103,171	106,045	209,234
Deferred tax credited other comprehensive income during the period	–	40,348	–	40,348
Deferred tax charged/(credited) to profit or loss during the period (note 10)	1,520	1,585	(17,643)	(14,538)
At 30 April 2020	1,538	145,104	88,402	235,044

No deferred tax assets and liabilities have been offset in the combined statements of financial position. The following is an analysis of the deferred tax balances for financial reporting purposes:

	At 31 December			At 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognised in the combined statements of financial position	921,582	1,702,789	1,960,579	2,095,252
Net deferred tax liabilities recognised in the combined statements of financial position	(190,844)	(189,996)	(175,848)	(224,359)
	730,738	1,512,793	1,784,731	1,870,893

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

At 31 December 2017, 2018 and 2019 and 30 April 2020 no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors of the Company, the Group's fund will be retained in Mainland China for the expansion of the Group's operation, so it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amounts of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised amounted to approximately RMB69,885,000, RMB157,619,000, RMB413,833,000 and RMB489,299,000 as at 31 December, 2017, 2018 and 2019 and 30 April 2020, respectively.

Deferred tax assets have not been recognised in respect of the following items:

	At 31 December			At 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Tax losses	206,040	150,840	458,723	496,138
Deductible temporary differences	686,995	702,986	765,455	780,484
	893,035	853,826	1,224,178	1,276,622

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefits through future taxable profits is probable. As at 31 December 2017, 2018 and 2019 and 30 April 2020, the Group did not recognise deferred tax assets of approximately RMB51,510,000, RMB37,710,000, RMB114,681,000 and RMB124,035,000 in respect of losses.

The relevant tax losses can be carried forward to offset against future taxable income in one to five years.

20. PROPERTIES UNDER DEVELOPMENT

	31 December			30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at the beginning of the year/period	18,663,658	51,665,579	88,598,436	92,688,528
Additions	38,396,327	47,329,506	35,531,463	11,403,439
Disposal of subsidiaries (<i>note 37</i>)	–	–	(214,298)	–
Returned to the government*	–	–	(786,385)	–
Sale of properties under development	–	–	(187,425)	–
Transferred to completed properties held for sale (<i>note 21</i>)	(5,640,999)	(10,437,372)	(30,343,921)	(5,307,489)
Impairment losses transferred to completed properties held for sale (<i>note 21</i>)	246,593	40,723	90,658	10,788
Carrying amount at the end of the year/period	51,665,579	88,598,436	92,688,528	98,795,266

* According to the latest planning scheme of local government, two pieces of land which were originally acquired by the Group were taken back by the government

The movements in provision for impairment of properties under development are as follows:

	31 December			30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	647,995	401,402	360,679	270,021
Impairment losses transferred to completed properties held for sale (note 21)	(246,593)	(40,723)	(90,658)	(10,788)
At the end of the year/period	<u>401,402</u>	<u>360,679</u>	<u>270,021</u>	<u>259,233</u>

The Group's properties under development are situated on leasehold land in Mainland China.

Certain of the Group's properties under development with aggregate carrying amounts of approximately RMB32,493,650,000, RMB36,365,857,000 and RMB52,312,465,000 and RMB50,830,980,000 as at 31 December 2017, 2018 and 2019 and 30 April 2020, respectively, have been pledged to secure bank and other borrowings granted to the Group (note 30).

21. COMPLETED PROPERTIES HELD FOR SALE

	31 December			30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at the beginning of the year/period	3,700,937	3,872,130	3,114,046	5,393,412
Acquisition of subsidiaries (note 36)	176,480	–	–	–
Transferred from properties under development (note 20)	5,394,406	10,396,649	30,253,263	5,296,701
Disposal of subsidiaries (note 37)	–	–	(998,791)	–
Transferred to cost of inventories sold (note 6)	(5,399,693)	(11,154,733)	(26,975,106)	(6,770,162)
Carrying amount at the end of the year/period	<u>3,872,130</u>	<u>3,114,046</u>	<u>5,393,412</u>	<u>3,919,951</u>

The movements in provision for impairment of completed properties held for sale are as follows:

	31 December			30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	96,646	191,214	168,772	159,351
Impairment losses transferred from properties under development (note 20)	246,593	40,723	90,658	10,788
Impairment losses transferred to cost of sales	(152,025)	(63,165)	(100,079)	(20,162)
At the end of the year/period	<u>191,214</u>	<u>168,772</u>	<u>159,351</u>	<u>149,977</u>

The value of completed properties held for sale was assessed at the end of each of the Relevant Periods. An impairment exists when the carrying value exceeds its net realisable value. The net realisable value is determined by reference to the selling price based on the prevailing market price less applicable selling expenses.

22. TRADE AND BILLS RECEIVABLES

	At 31 December			At 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables	36,611	227,469	196,410	43,741
Impairment	(1,182)	(1,333)	(1,398)	(1,364)
	<u>35,429</u>	<u>226,136</u>	<u>195,012</u>	<u>42,377</u>

The Group's trade and bills receivables primarily consist of receivables from its property management services, management consulting services provided to its customers, property leasing and sale of properties.

An ageing analysis of the trade and bills receivables as at the end of each of the Relevant Periods, based on the invoice date and net of loss allowance, is as follows:

	31 December			30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	35,129	226,136	177,618	27,342
1 to 3 years	–	–	17,394	15,035
Over 3 years	300	–	–	–
	<u>35,429</u>	<u>226,136</u>	<u>195,012</u>	<u>42,377</u>

The following table sets out the information about the credit risk exposure on the Group's trade and bills receivables using a provision matrix as at 31 December 2017:

	Less than 1 year	1 to 3 years	Over 3 years	Total
Expected credit loss rate	0.5%	0.0%	76.9%	3.2%
Gross carrying amount (RMB'000)	35,311	–	1,300	36,611
Expected credit losses (RMB'000)	182	–	1,000	1,182

The following table sets out the information about the credit risk exposure on the Group's trade and bills receivables using a provision matrix as at 31 December 2018:

	Less than 1 year	1 to 3 years	Over 3 years	Total
Expected credit loss rate	0.0%	0.0%	100.0%	0.6%
Gross carrying amount (RMB'000)	226,169	–	1,300	227,469
Expected credit losses (RMB'000)	33	–	1,300	1,333

The following table sets out the information about the credit risk exposure on the Group's trade and bills receivables using a provision matrix as at 31 December 2019:

	<u>Less than 1 year</u>	<u>1 to 3 years</u>	<u>Over 3 years</u>	<u>Total</u>
Expected credit loss rate	0.1%	0.0%	100.0%	0.7%
Gross carrying amount (RMB'000)	177,716	17,394	1,300	196,410
Expected credit losses (RMB'000)	98	–	1,300	1,398

The following table sets out the information about the credit risk exposure on the Group's trade and bills receivables using a provision matrix as at 30 April 2020:

	<u>Less than 1 year</u>	<u>1 to 3 years</u>	<u>Over 3 years</u>	<u>Total</u>
Expected credit loss rate	0.1%	0.2%	100.0%	3.1%
Gross carrying amount (RMB'000)	27,383	15,058	1,300	43,741
Expected credit losses (RMB'000)	41	23	1,300	1,364

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The expected credit losses are calculated based on the migration rate, which is based on the historical data of payments of trade and bills receivables and management's expectation of bad debt.

The movements in the loss allowance for impairment of trade and bills receivables are as follows:

	<u>31 December</u>			<u>30 April</u>
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of year/period	214	1,182	1,333	1,398
Impairment losses (<i>note 6</i>)	968	151	65	(34)
Amount written off as uncollectible	–	–	–	–
At the end of year/period	<u>1,182</u>	<u>1,333</u>	<u>1,398</u>	<u>1,364</u>

23. CONTRACT ASSETS

	<u>At 31 December</u>			<u>At 30 April</u>
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Contract costs arising from sale of properties	<u>117,085</u>	<u>277,380</u>	<u>278,260</u>	<u>282,390</u>

Management expected that the contract costs, which represented primarily sales commission for obtaining property sale contracts, are recoverable. The Group has deferred the amounts paid and will charge them to profit or loss when the related revenue is recognised. For the years ended 31 December 2017, 2018 and 2019 and the four months ended 30 April 2020, the amounts amortised and charged to profit or loss were RMB28,734,000, RMB107,039,000, RMB230,666,000 and RMB80,051,000, respectively, and there was no impairment loss in relation to the remaining balance.

24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 31 December			At 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Prepaid taxes and other tax recoverables	1,350,378	3,546,459	4,177,935	4,232,141
Due from non-controlling shareholders of the subsidiaries	1,148,766	2,299,142	1,631,657	1,665,713
Progress prepayments for acquisition of land use rights for development	2,612,383	4,077,956	2,479,557	3,680,724
Other deposits	2,346,342	1,406,972	1,176,898	915,781
Deposits for land auction	347,600	106,824	1,051,830	800,513
Prepayments for construction cost	239,298	128,697	173,017	298,708
Outstanding receivables arising from the sale of equity interests	–	–	202,450	202,450
Advance to third parties related to land auction	215,199	140,427	73,489	73,489
Other receivables	396,007	360,142	449,940	469,670
	8,655,973	12,066,619	11,416,773	12,339,189
Less: Impairment	(14,730)	(15,066)	(28,575)	(27,484)
	<u>8,641,243</u>	<u>12,051,553</u>	<u>11,388,198</u>	<u>12,311,705</u>

Other receivables are unsecured, non-interest-bearing and have no fixed terms of repayment.

The movements in provision for impairment of receivables are as follows:

	31 December			30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	6,835	14,730	15,066	28,575
Acquisition of subsidiaries (note 36)	4,192	–	–	–
Impairment losses recognised (note 6)	3,703	336	13,509	(1,091)
At the end of the year/period	<u>14,730</u>	<u>15,066</u>	<u>28,575</u>	<u>27,484</u>

The internal credit rating of amounts due from non-controlling shareholders of the subsidiaries and other receivables was regarded as the grade of performing. The Group has assessed that the credit risk of these receivables has not increased significantly since initial recognition. The expected loss rate of these receivables is assessed to be 0.1%. The Group has evaluated the expected loss rate and gross carrying amount, measured the impairment based on the 12-month expected credit losses, and assessed that there were no expected credit losses.

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 31 December			At 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Unlisted equity investments, at fair value	–	3,036	3,038	–
Other unlisted investments, at fair value	330,293	49,397	17,529	373,524
	<u>330,293</u>	<u>52,433</u>	<u>20,567</u>	<u>373,524</u>

The above unlisted equity investments at the end of each of the Relevant Periods were classified as financial assets at fair value through profit or loss as they were held for trading.

The above other unlisted investments were wealth management products and funds product issued by financial institutions in the PRC. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

26. CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND PLEDGED DEPOSITS

	At 31 December			At 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances	5,799,986	7,858,778	6,962,481	8,035,506
Less: Restricted cash	2,375,494	4,074,584	4,207,533	4,971,242
Pledged deposits	195,133	670,560	342,651	617,363
Cash and cash equivalents	<u>3,229,359</u>	<u>3,113,634</u>	<u>2,412,297</u>	<u>2,446,901</u>

Pursuant to relevant regulations in the PRC, certain property development companies of the Group are required to place certain amounts of cash in designated bank accounts for specified use. As at 31 December 2017, 2018 and 2019 and 30 April 2020, such restricted cash amounted to RMB2,110,264,000, RMB3,588,741,000, RMB4,047,572,000 and RMB4,912,177,000, respectively. As at 31 December 2017, 2018 and 2019 and 30 April 2020, the restricted cash included construction loan mortgages amounting to RMB113,545,000, RMB292,353,000, RMB21,695,000 and RMB10,000, respectively. As at 31 December 2017, 2018 and 2019 and 30 April 2020, the time deposits amounted to nil, RMB100,100,000, RMB122,053,000 and RMB39,400,000, respectively. As at 31 December 2017, 2018 and 2019 and 30 April 2020, bank deposits of RMB60,000,000, nil, nil and nil, respectively, were pledged as collateral for issuance of bank acceptance notes. As at 31 December 2017, 2018 and 2019 and 30 April 2020, bank deposits of RMB91,685,000, RMB93,390,000, RMB16,213,000 and RMB19,655,000, respectively, were restricted as to use by the Group due to legal actions against the Group.

Bank deposits of RMB4,152,000, RMB73,049,000, RMB73,049,000 and RMB30,463,000 were pledged as security for bank and other borrowings as at 31 December 2017, 2018 and 2019 and 30 April 2020 (note 30), respectively. Bank deposits of RMB190,981,000, RMB597,511,000, RMB269,602,000 and RMB586,900,000 were pledged as security for purchasers' mortgage loans, construction of projects and notes payable as at 31 December 2017, 2018 and 2019 and 30 April 2020, respectively.

	At 31 December			At 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash equivalents				
Denominated in RMB	3,229,359	3,075,980	2,384,887	2,386,014
Denominated in US\$	–	37,654	27,410	60,887
	<u>3,229,359</u>	<u>3,113,634</u>	<u>2,412,297</u>	<u>2,446,901</u>

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximated to their fair values.

The internal credit rating of restricted cash, pledged deposits and cash and cash equivalents was regarded as the grade of performing. The Group has assessed that the credit risk of restricted cash, pledged deposits and cash and cash equivalents has not increased significantly since initial recognition and it has measured the impairment based on 12-month expected credit losses, and has assessed that the expected credit losses are immaterial.

27. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	At 31 December			At 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Less than 1 year	1,629,415	4,791,302	4,741,903	5,199,593
Over 1 year	126,632	272,674	360,533	933,856
	<u>1,756,047</u>	<u>5,063,976</u>	<u>5,102,436</u>	<u>6,133,449</u>

Trade and bills payables are unsecured and interest-free and are normally settled based on the progress of construction.

The fair values of trade and bills payables as at the end of each of the Relevant Periods approximated to their corresponding carrying amounts due to their relatively short maturity terms.

28. OTHER PAYABLES AND ACCRUALS

	At 31 December			At 30 April
	2017	2018	2019	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Due to non-controlling shareholders and predecessor shareholders of the subsidiaries	1,965,541	1,382,358	1,133,698	1,401,890
Deposits related to sales of properties	356,344	298,535	179,222	257,919
Outstanding payables arising from the acquisition of equity interests	298,644	219,644	1,251,623	1,215,391
Retention deposits related to construction	316,013	370,041	566,398	545,286
Interest payable	158,724	188,209	316,752	410,441
Payroll and welfare payable	111,523	357,622	338,136	158,678
Prepayments from third parties related to land auction	1,274,075	195,150	332,321	74,320
Other tax and surcharges	78,380	322,182	470,039	323,111
Others	416,541	426,238	310,281	258,340
	<u>4,975,785</u>	<u>3,759,979</u>	<u>4,898,470</u>	<u>4,645,376</u>

Other payables and advances from non-controlling shareholders and predecessor shareholders of subsidiaries are unsecured and repayable on demand. The fair values of other payables at the end of each of the Relevant Periods approximated to their corresponding carrying amounts.

29. CONTRACT LIABILITIES

The Group recognised the following revenue-related contract liabilities:

	At 31 December			At 30 April
	2017	2018	2019	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Contract liabilities	<u>36,934,913</u>	<u>74,573,736</u>	<u>77,901,721</u>	<u>80,170,382</u>

The Group receives payments from customers based on billing schedules as established in the property sales contracts. Payments are usually received in advance of the performance under the contracts which are mainly from property development and sales.

The following table shows the revenue recognised during the Relevant Periods related to contract liabilities which are carried forward.

	31 December			30 April
	2017	2018	2019	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue recognised that was included in the contract liability balance at the beginning of the year/period				
Sale of properties	4,569,393	12,860,021	34,305,603	8,296,425

The following table includes the transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) related to the sale of properties as at the end of each of the Relevant Periods.

	31 December			30 April
	2017	2018	2019	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Expected to be satisfied within 1 year	13,170,100	34,773,988	47,454,009	47,175,985
over 1 year	28,780,775	44,381,426	34,037,979	42,559,930
	41,950,875	79,155,414	81,491,988	89,735,915

30. INTEREST-BEARING BANK AND OTHER BORROWINGS

	At 31 December 2017			At 31 December 2018			At 31 December 2019			At 30 April 2020		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current												
Bank loans – secured	9.32	2018	126,500	–	–	–	4.57-5.87	2020	37,250	4.05-5.66	2021	34,250
Bank loans – unsecured	5.22	2018	20,000	5.44	2019	20,000	–	–	–	–	–	–
Other loans – secured	8.00-11.50	2018	1,993,105	8.00-15.22	2019	3,578,450	8.00-19.60	2020	5,886,700	9.26-17.00	2020-2021	7,278,030
Other loans – unsecured	–	–	–	9.50	2019	425,900	9.00-15.00	2020	144,800	10.00-12.00	2020	140,650
Current portion of long term bank loans – secured	5.46	2018	199,000	8.00	2019	268,000	5.39-9.20	2020	619,133	4.75-9.20	2020-2021	735,133
Current portion of long term bank loans – unsecured	12.00	2018	27,000	–	–	–	–	–	–	–	–	–
Current portion of other loans – secured	7.32-15.00	2018	7,839,550	7.00-15.00	2019	7,924,977	10.50-14.00	2020	2,801,114	9.50-14.50	2020-2021	7,149,318
Current portion of other loans – unsecured	20.00	2018	120,000	9.60-20.00	2019	306,500	16.54	2020	800,000	16.54	2020	305,000
			<u>10,325,155</u>			<u>12,523,827</u>			<u>10,288,997</u>			<u>15,642,381</u>
Non-current												
Bank loans – secured	4.41-12.00	2019-2023	6,547,733	4.41-9.20	2020-2023	8,482,914	5.15-9.50	2021-2024	8,345,655	4.41-9.60	2021-2024	9,288,935
Other loans – secured	7.00-15.00	2019-2026	6,454,000	8.00-13.00	2020-2026	3,804,982	8.00-14.50	2021-2026	8,319,370	8.00-13.50	2021-2026	5,701,040
Other loans – unsecured	9.00-16.54	2020	837,437	8.50-16.54	2020-2022	1,191,500	8.50-13.00	2021-2022	351,500	13.00	2021	31,500
			<u>13,839,170</u>			<u>13,479,396</u>			<u>17,016,525</u>			<u>15,021,475</u>
			<u>24,164,325</u>			<u>26,003,223</u>			<u>27,305,522</u>			<u>30,663,856</u>

Bank and other borrowings

	At 31 December			At 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Analysed into:				
Bank loans repayable:				
Within one year	372,500	288,000	656,383	769,383
In the second year	1,220,000	1,275,000	1,899,500	2,013,000
In the third to fifth years, inclusive	5,327,734	7,207,914	6,446,155	7,275,935
	<u>6,920,234</u>	<u>8,770,914</u>	<u>9,002,038</u>	<u>10,058,318</u>
Other borrowings repayable:				
Within one year	9,952,655	12,235,827	9,632,614	14,872,998
In the second year	5,501,500	2,441,100	7,413,670	4,403,440
In the third to fifth years	1,004,936	1,410,382	462,200	534,100
In the fifth years, inclusive	785,000	1,145,000	795,000	795,000
	<u>17,244,091</u>	<u>17,232,309</u>	<u>18,303,484</u>	<u>20,605,538</u>
	<u>24,164,325</u>	<u>26,003,223</u>	<u>27,305,522</u>	<u>30,663,856</u>

The Group's borrowings are denominated in RMB.

Certain of the Group's bank and other borrowings are secured by the pledges of the following assets with carrying values at the end of each of the Relevant Periods as follows:

	Notes	At 31 December			At 30 April
		2017	2018	2019	2020
		RMB'000	RMB'000	RMB'000	RMB'000
Property, plant and equipment	13	<u>286,922</u>	<u>249,442</u>	<u>250,130</u>	<u>5,631</u>
Investment properties	15	<u>196,040</u>	<u>200,818</u>	<u>203,081</u>	<u>244,700</u>
Properties under development	20	<u>32,493,650</u>	<u>36,365,857</u>	<u>52,312,465</u>	<u>50,830,980</u>
Pledged deposits	26	<u>4,152</u>	<u>73,049</u>	<u>73,049</u>	<u>30,463</u>

The management of the Company has assessed that the fair values of interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the fact that such borrowings were made between the Group and independent third party financial institutions based on prevailing market interest rates.

The Controlling Shareholder, Mr. Chen Guoxiang, has guaranteed certain of the bank and other borrowings of up to RMB15,062,339,000, RMB15,175,340,000, RMB16,797,859,000 and RMB15,290,843,000 as at 31 December 2017, 2018 and 2019 and 30 April 2020, respectively.

A family member of the Controlling Shareholder, Ms. Zhu Guoling, has guaranteed certain of the bank and other borrowings of up to RMB12,670,739,000, RMB13,968,687,000, RMB11,447,515,000 and RMB10,158,355,000 as at 31 December 2017, 2018 and 2019 and 30 April 2020, respectively.

A family member of the Controlling Shareholder, Mr. Chen Hongni, has guaranteed certain of the bank and other borrowings of up to RMB280,000,000 at 31 December 2017.

祥生實業集團有限公司 (“Shinsun Industrial Group Co., Ltd.”) has guaranteed certain of the bank and other borrowings of up to RMB3,080,005,000, RMB1,613,100,000, RMB349,740,000 and RMB910,000,000 as at 31 December 2017, 2018 and 2019 and 30 April 2020, respectively.

諸暨祥紳實業有限公司 (“Zhuji Xiangshen Industrial Co., Ltd.”) (formerly known as 上海祥紳實業有限公司, Shanghai Xiangshen Industrial Co., Ltd.) has guaranteed certain of the bank and other borrowings of up to RMB333,982,000, RMB1,099,700,000 and nil as at 31 December 2018 and 2019 and 30 April 2020, respectively.

上海聚聯投資有限公司 (“Shanghai Julian Investment Co., Ltd.”) has guaranteed certain of the bank and other borrowings of up to RMB785,000,000, RMB795,000,000 and RMB795,000,000 as at 31 December 2018 and 2019 and 30 April 2020, respectively.

河南昌建地產有限公司 (“Henan Changjian Real Estate Co., Ltd.”) has guaranteed certain of the bank and other borrowings of up to RMB100,000,000 at 30 April 2020.

The board of directors of the Company confirmed that all guarantees provided by the Controlling Shareholder, a family member of the Controlling Shareholder and companies controlled by the Controlling Shareholder will be fully released before the Listing.

31. SENIOR NOTES

Name of notes	1 January 2018	Issued in 2018	Exchange losses	Interest expense	Payment	31 December 2018
	Opening balance					Closing balance
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2018 Notes	–	602,162	42,444	34,942	(34,590)	644,958

Name of notes	1 January 2019	Issued in 2019	Exchange losses	Interest expense	Payment	31 December 2019
	Opening balance					Closing balance
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2018 Notes	644,958	–	3,754	40,976	(689,688)	–
2019 Notes	–	994,918	–	21,383	–	1,016,301

Name of notes	1 January 2020	Issued in 2020	Exchange losses	Interest expense	Payment	30 April 2020
	Opening balance					Closing balance
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2019 Notes	1,016,301	–	–	8,173	(951,765)	72,709
2020 Notes	–	1,408,112	27,953	41,654	–	1,477,719

On 11 June 2018, Xiang Sheng Holding Limited, a subsidiary of the Company and a special purpose vehicle set up for financing purpose by the Group, has completed the issue of senior notes due on 23 May 2019 (the "2018 Notes"). The 2018 Notes are denominated in US\$ amounting to US\$95,000,000 and bear interest at a rate of the higher of LIBOR rate plus 9% per annum and 11% per annum, are payable every three months beginning on (and including) the issue date, which is 11 June 2018.

On 23 May 2019, Xiang Sheng Holding Limited privately issued senior notes with a principal amount of RMB700,000,000 (the "2019 Notes"). The 2019 Notes are denominated in RMB and bear interest at a rate of 9.5% per annum, and repayable on 21 May 2020. On 20 December 2019, Xiang Sheng Holding Limited reached an agreement to issue additional senior notes based on the revised contract conditions, with a principal amount of RMB294,918,000 interest bearing at the rate of 9.5% per annum, and repayable on 12 February 2020.

On 23 January 2020 and 16 March 2020, Xiang Sheng Holding Limited privately issued US\$203 million aggregate principal amount of 12.5% senior notes due 2022 (the "2020 Notes"). The 2020 Notes bear interest at the rate of 12.5% per annum, and are guaranteed by Shinsun Property Group Co., Ltd. and Mr. Chen Guoxiang, the Controlling Shareholder.

The board of directors of the Company confirmed that all guarantees provided by the Controlling Shareholder will be fully released before the Listing.

32. ASSET-BACKED SECURITIES ("ABS")

Name of ABSs	Principal	Contractual interest rate per annum	Maturity	31 December 2017 Closing balance
	<i>RMB'000</i>	<i>(%)</i>		<i>RMB'000</i>
Shinsun Group Housing Residual Payment 01	1,710,080	8.00-9.00	2018	1,710,080

Name of ABSs	Principal	Contractual interest rate per annum	Maturity	31 December 2018 Closing balance
	<i>RMB'000</i>	<i>(%)</i>		<i>RMB'000</i>
Shinsun Group Housing Residual Payment 01	1,268,250	8.00-10.00	2018-2019	402,026
Shinsun Group Housing Residual Payment 02	977,250	8.00-10.30	2018-2019	650,839
Shinsun Group Housing Residual Payment 03	988,180	8.00-12.00	2018-2019	814,141
Shinsun Group Housing Residual Payment 04	549,930	8.30-9.70	2018-2019	549,920
				2,416,926

Name of ABSs	Principal	Contractual interest rate per annum	Maturity	31 December 2019 Closing balance
	<i>RMB'000</i>	<i>(%)</i>		<i>RMB'000</i>
Shinsun Group Housing Residual Payment 03	59,900	8.00-10.30	2019-2020	5,481
Shinsun Group Housing Residual Payment 04	949,650	8.30-9.70	2019-2020	150,070
Shinsun Group Housing Residual Payment 05	50,000	8.89	2020	50,000
				205,551

The balance represented proceeds received from issuance of asset-backed securities, to which the Group has collateralised certain future trade and bills receivables for the remaining receipts from the provision of the sale of properties. Under an assignment arrangement between the Group and the institutes issuing the assets-backed securities, as and when the Group receives the sales proceeds from customers, the Group would remit any cash flows it collects to these institutes.

33. SHARE CAPITAL

	At 30 April 2020
	<i>RMB</i>
Issued and fully paid:	
1 ordinary share of US\$1	–

The Company was incorporated in the Cayman Islands on 13 December 2019 with authorised share capital of US\$50,000 divided into 50,000 shares of US\$1 at par value each. On the date of incorporation, 1 ordinary share of US\$1 was allotted by the Company to a subscriber, and was transferred to Shinlight Limited, a company controlled by Chen Guoxiang. On 11 May 2020, each of issued and unissued shares of the Company was subdivided into 100 shares of US\$0.01 each. On 20 May 2020, the Company issued and allotted 10 shares to Golden Stone Development Limited (“Golden Stone”), a company incorporated in the BVI and wholly owned by the pre-IPO investor, Mr. Shou Bainian, with a consideration of one share of Silver Rock Group Holdings Limited (“Silver Rock”). On the same date, the Company issued and allotted 890 shares to Shinlight Limited, with a consideration of US\$200 million.

34. RESERVES

The amounts of the Group’s reserves and the movements therein for the years ended 31 December 2017, 2018 and 2019 and the four months ended 30 April 2020 are presented in the combined statements of changes in equity.

(a) Capital reserve

The capital reserve represents any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received for acquisition or disposal of non-controlling interests in subsidiaries, the issued capital of the then holding company of the companies now comprising the Group and the capital contributions from the equity holders of certain subsidiaries now comprising the Group before the completion of the corporate restructuring and the Reorganisation. This reserve also included gain or loss arising from acquisition of subsidiaries from the equity holders of the subsidiaries. Details of the movements in the capital reserve are set out in the combined statements of changes in equity.

(b) Statutory surplus reserve

In accordance with the PRC Company Law and the articles of association of the subsidiaries established in the PRC, the Group is required to appropriate 10% of its net profits after tax, as determined under PRC GAAP, to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of the Group, the statutory surplus reserve

may be used either to offset losses, or to be converted to increase share capital, provided that the balance after such conversion is not less than 25% of the registered capital of the Group. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

35. NOTES TO THE COMBINED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the Relevant Periods, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB11,423,000, RMB56,707,000, RMB101,363,000 and nil for the years ended 31 December 2017, 2018 and 2019 and the four months ended 30 April 2020, respectively, in respect of lease arrangements for office buildings and motor vehicles.

(b) Changes in liabilities arising from financing activities

	Assets- based securities	Interest- bearing bank and other borrowings	Senior notes	Due to related parties	Lease liabilities	Total liabilities from financing activities
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2017	–	11,384,316	–	235,193	5,272	11,624,781
Cash flows (used in)/from financing activities	1,710,080	12,423,009	–	2,910,922	(1,000)	17,043,011
New lease	–	–	–	–	9,824	9,824
Accrual of interest	–	–	–	–	1,358	1,358
Cash flows from non-financing activities	–	357,000	–	1,345,728	(625)	1,702,103
At 31 December 2017	1,710,080	24,164,325	–	4,491,843	14,829	30,381,077
Cash flows (used in)/from financing activities	706,846	1,838,898	644,606	(702,354)	(7,557)	2,480,439
New lease	–	–	–	–	51,471	51,471
Accrual of interest	–	–	34,942	–	1,561	36,503
Cash flows from non-financing activities	–	–	(34,590)	2,119,654	(1,561)	2,083,503
At 31 December 2018	2,416,926	26,003,223	644,958	5,909,143	58,743	35,032,993
Cash flows (used in)/from financing activities	(2,211,375)	1,302,299	350,312	(882,305)	(21,996)	(1,463,065)
New lease	–	–	–	–	88,843	88,843
Accrual of interest	–	–	62,359	–	7,340	69,699
Cash flows from non-financing activities	–	–	(41,328)	929,483	(7,340)	880,815
At 31 December 2019	<u>205,551</u>	<u>27,305,522</u>	<u>1,016,301</u>	<u>5,956,321</u>	<u>125,590</u>	<u>34,609,285</u>
At 31 December 2019	205,551	27,305,522	1,016,301	5,956,321	125,590	34,609,285
Cash flows from/(used in) financing activities	(205,551)	3,010,834	484,300	212,146	(4,920)	3,496,809
New lease	–	–	–	–	–	–
Accrual of interest	–	–	49,827	–	3,031	52,858
Cash flows from non-financing activities	–	347,500	–	(1,352,539)	–	(1,005,039)
At 30 April 2020	<u>–</u>	<u>30,663,856</u>	<u>1,550,428</u>	<u>4,815,928</u>	<u>123,701</u>	<u>37,153,913</u>

(c) Total cash outflow for leases

The total cash outflow for leases included in the statements of cash flows is as follows:

	Year ended 31 December			Four months ended 30 April
	2017	2018	2019	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within operating activities	4,267	18,360	16,288	3,950
Within financing activities	2,358	9,158	29,376	4,920
	<u>6,625</u>	<u>27,518</u>	<u>45,664</u>	<u>8,870</u>

36. ACQUISITION OF SUBSIDIARIES**(A) Business combination**

(a) Acquisition of Xiantao Xiangrong Real Estate Development Co., Ltd. (“Xiantao Xiangrong”), Honghu Shinsun Real Estate Co., Ltd. (“Honghu Shinsun”) and Hubei Shinsun Fairyland International Hotel (“Hubei Fairyland”)

The Group held 45%, 50% and 45% of the total equity interests in Xiantao Xiangrong, Honghu Shinsun and Hubei Fairyland (“the three companies”) which are engaged in property development and hotel services and were accounted for as joint ventures of the Group previously before the acquisition of controlling interests. On 9 May 2017, the Group entered into a share transfer agreement with 榮懷集團有限公司 (Ronghuai Group Co., Ltd., “Ronghuai Group”), who was previously another shareholder of the three companies. Pursuant to the share transfer agreement, Ronghuai Group transferred its equity interests of the three companies to the Group at a consideration of RMB1 for each, totally RMB3, so that the Group had ownership interest of 90%, 100% and 90% of Xiantao Xiangrong, Honghu Shinsun and Hubei Fairyland, respectively, after the completion of transaction on 9 May 2017. Hence, the Group obtained control over the three companies on the date of the agreement. In addition, Ronghuai Group transferred RMB144,067,000 due from Xiantao Xiangrong, one of the acquired companies, to Zhejiang Shinsun Plaza Trading Co., Ltd., a subsidiary of the Group. Ronghuai Group entered into the share transfer agreement to deleverage as to finance his own capital structure and adjusted his own development strategy, therefore the Group was able to complete the share purchase with a bargain price. Since the acquisition, the three companies contributed RMB94,080,000 to the Group’s revenue and a loss of RMB738,000 to the combined profit or loss for the year ended 31 December 2017. Had the combination taken place at 1 January 2017, the revenue and loss of the Group for the year ended 31 December 2017 would have been RMB6,309,384,000 and RMB289,172,000 respectively.

The fair values of the identifiable assets and liabilities of the acquired three companies as at the date of acquisition were as follows:

	Fair value Recognized on acquisition
	<i>RMB'000</i>
Property, plant and equipment (<i>note 13</i>)	275,326
Investment properties (<i>note 15</i>)	48,670
Intangible assets (<i>note 16</i>)	151
Deferred tax assets (<i>note 19</i>)	1,623
Properties under development (<i>note 20</i>)	169,900
Completed properties held for sale (<i>note 21</i>)	134,510
Inventories	1,828
Trade and bills receivables	1,792
Prepayments and other receivables	333,991
Tax recoverable	7,349
Restricted cash	17,176
Pledged deposits	4,381
Cash and cash equivalents	12,789
Trade and bills payables	(154,699)
Other payables and accruals	(437,320)
Amount due to the then-shareholder	(144,067)
Contract liabilities	(50,497)
Interest-bearing bank loans and other borrowings	(355,000)
Deferred tax liabilities (<i>note 19</i>)	(8,337)
	<hr/>
Total identifiable net assets at fair value	(140,434)
Less: Non-controlling interests measured as a proportionate share of the net identifiable assets at fair value at the acquisition date	(18,804)
	<hr/>
Net liabilities acquired	(121,630)
	<hr/> <hr/>
Add: Amount due from Xiantao Xiangrong, an acquired company assigned by its then-shareholder to the Group	144,067
Satisfied by fair value of investments in the joint ventures held before acquisition	–
Satisfied by cash	–
	<hr/>
Gains on bargain purchase recognised in other income and gains for the year ended 31 December 2017	22,437
	<hr/> <hr/>
An analysis of the cash flows in respect of the acquisition of subsidiaries is as follows:	
	<i>RMB'000</i>
Cash considerations	–
Add: Cash and cash equivalents acquired	12,789
	<hr/>
Net inflow of cash and cash equivalents included in cash flows from investing activities	12,789
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(b) **Acquisition of Hangzhou Yixiang Management Consulting Co., Ltd. (“Hangzhou Yixiang”) and its subsidiary Xuancheng Minsheng New Town Development Co., Ltd. (“Xuancheng Minsheng”)**

On 23 October 2017, the Group and 杭州工商信託股份有限公司 (Hangzhou Industrial & Commercial Trust Co., Ltd.), an independent third party to the Group, entered into a share transfer agreement, pursuant to which the Group acquired 100% equity interests in Hangzhou Yixiang and its subsidiary, Xuancheng Minsheng, for a total consideration of RMB3,000,000. Hangzhou Yixiang is engaged in business service in the PRC. The acquisition was part of the Group’s strategy to expand its market share of property development and operation. Since the acquisition, Hangzhou Yixiang and its subsidiary, Xuancheng Minsheng, contributed RMB217,226,000 to the Group’s revenue and a loss of RMB7,506,000 to the combined profit or loss for the year ended 31 December 2017. Had the combination taken place at 1 January 2017, the revenue and loss of the Group for the year ended 31 December 2017 would have been RMB6,297,164,000 and RMB229,004,000, respectively.

The fair values of the identifiable assets and liabilities of these acquired companies as at the date of acquisition were as follows:

	Fair value recognised on acquisition
	<i>RMB’000</i>
Property, plant and equipment (<i>note 13</i>)	1,548
Right-of-use assets (<i>note 14</i>)	733
Properties under development (<i>note 20</i>)	1,531,398
Completed properties held for sale (<i>note 21</i>)	41,970
Prepayments, deposits and other receivables	234,062
Tax recoverable	25,865
Cash and cash equivalents	718,369
Deferred tax assets (<i>note 19</i>)	44,231
Trade and bills payables	(34,268)
Other payables and accruals	(1,018,600)
Contract liabilities	(1,488,545)
Interest-bearing bank loans and other borrowings	(2,000)
Lease liabilities within one year (<i>note 14</i>)	(377)
Lease liabilities (<i>note 14</i>)	(356)
Deferred tax liabilities (<i>note 19</i>)	(51,030)
Total identifiable net assets at fair value	<u>3,000</u>
Net assets acquired	<u><u>3,000</u></u>
Satisfied by cash	<u><u>3,000</u></u>

An analysis of the cash flows in respect of the acquisition of subsidiary is as follows:

	<i>RMB’000</i>
Cash considerations	(3,000)
Add: Cash and cash equivalents acquired	<u>718,369</u>
Net inflow of cash and cash equivalents included in cash flows from investing activities	<u><u>715,369</u></u>

(c) Acquisition of Yueyang Xiongcheng Real Estate Co., Ltd. ("Yueyang Xiongcheng")

On 5 September 2017, the Group, 浙江雄城商貿股份有限公司 (Zhejiang Xiongcheng Trading Co., Ltd.) and 諸暨雄城物資配送有限公司 (Zhejiang Xiongcheng Material Distribution Co., Ltd.), two independent third parties to the Group, entered into a share transfer agreement, pursuant to which the Group acquired 100% equity interests in Yueyang Xiongcheng for a total consideration of RMB244,644,000. Yueyang Xiongcheng is engaged in property investment in the PRC. The acquisition was part of the Group's strategy to expand its market share of property development and operation. Since the acquisition, Yueyang Xiongcheng contributed nil to the Group's revenue and a loss of RMB633,000 to the combined profit or loss for the year ended 31 December 2017. Had the combination taken place at 1 January 2017, the revenue and loss of the Group for the year ended 31 December 2017 would have been RMB6,293,295,000 and RMB288,523,000, respectively.

The fair values of the identifiable assets and liabilities of the acquired company as at the date of acquisition were as follows:

	Fair value Recognized on acquisition
	<i>RMB'000</i>
Property, plant and equipment (<i>note 13</i>)	67
Deferred tax assets (<i>note 19</i>)	5,045
Properties under development (<i>note 20</i>)	476,252
Prepayments, deposits and other receivables	43,507
Cash and cash equivalents	5,925
Trade and bills payables	(4,724)
Other payables and accruals	(143,164)
Contract liabilities	(62,405)
Deferred tax liabilities (<i>note 19</i>)	(75,859)
	<hr/>
Total identifiable net assets at fair value	244,644
	<hr/>
Net assets acquired	244,644
	<hr/> <hr/>
Satisfied by cash	244,644
	<hr/> <hr/>

An analysis of the cash flows in respect of the acquisition of subsidiary is as follows:

	<i>RMB'000</i>
Cash considerations	(244,644)
Less: Other payables and accruals	(194,644)
Add: Cash and cash equivalents acquired	5,925
	<hr/>
Net outflow of cash and cash equivalents included in cash flows from investing activities	(44,075)
	<hr/> <hr/>

(d) Acquisition of Hubei Kaixiang Real Estate Development Co., Ltd. (“Hubei Kaixiang”)

On 20 September 2019, the Group and Bian Weisong and Bian Kailong, two independent individuals to the Group, entered into a share transfer agreement, pursuant to which the Group acquired 80% equity interests in Hubei Kaixiang for a total consideration of RMB24,000,000. Hubei Kaixiang is engaged in property investment in the PRC. The acquisition was part of the Group’s strategy to expand its market share of property development and operation. Since the acquisition, Hubei Kaixiang contributed nil to the Group revenue and a loss of RMB1,340,000 to the combined profit or loss for the year ended 31 December 2019. Had the combination taken place at 1 January 2019, the revenue and profit of the Group for the year ended 31 December 2019 would have been RMB35,519,538,000 and RMB3,198,346,000, respectively.

The fair values of the identifiable assets and liabilities of the acquired company as at the date of acquisition were as follows:

	Fair value recognised on acquisition
	<i>RMB'000</i>
Property, plant and equipment (<i>note 13</i>)	345
Deferred tax assets (<i>note 19</i>)	4,154
Properties under development (<i>note 20</i>)	269,971
Prepayments, deposits and other receivables	22,524
Tax recoverable	659
Cash and cash equivalents	23,416
Other payables and accruals	(133,554)
Contract liabilities	(154,838)
Deferred tax liabilities (<i>note 19</i>)	(2,670)
	<hr/>
Total identifiable net assets at fair value	30,007
Less: Non-controlling interests measured as a proportionate share of the net identifiable assets at fair value at the acquisition date	6,007
	<hr/>
Net assets acquired	<u>24,000</u>
	<hr/>
Satisfied by cash	<u>24,000</u>
	<hr/>

An analysis of the cash flows in respect of the acquisition of the subsidiary is as follows:

	<i>RMB'000</i>
Cash consideration	(24,000)
Add: Cash and cash equivalents acquired	23,416
	<hr/>
Net outflow of cash and cash equivalents included in cash flows from investing activities	<u>(584)</u>
	<hr/>

(B) Acquisition of assets and liabilities through acquisition of subsidiaries**(a) Acquisition of Hangzhou Chunyuan Health Industry Investment Co., Ltd. (“Chunyuan Health”)**

On 22 March 2017, the Group and 杭州合著健康管理有限公司 (Zhejiang Hezhu Health Management Co., Ltd.), an independent third party to the Group, entered into a share transfer agreement, pursuant to which the Group acquired 55% equity interests in Chunyuan Health for a total consideration of RMB1,650,000.

(b) Acquisition of Zhejiang Fengsheng Tourism Development Co., Ltd. (“Zhejiang Fengsheng Tourism”)

On 10 May 2017, the Group and 德清華瀚資產管理有限公司 (Deqing Huahan Asset Management Co., Ltd.), an independent third party to the Group, entered into a share transfer agreement, pursuant to which the Group acquired 70% equity interests in Zhejiang Fengsheng Tourism for a total consideration of RMB4,459,000.

(c) Acquisition of Anji Sante Tianye Muge Tourism Development Co., Ltd. (“Anji Sante”)

On 18 September 2017, the Group and 武漢三特田野牧歌旅遊開發有限公司 (Wuhan Sante Tianye Muge Tourism Development Co., Ltd.) and 武漢三特索道集團股份有限公司 (Wuhan Sante Cableway Group Co., Ltd.), independent third parties to the Group, entered into a share transfer agreement, pursuant to which the Group acquired 100% equity interests in Anji Sante for a total consideration of RMB63,750,000.

(d) Acquisition of 諸暨祥生中翔置業有限公司 (Zhuji Shinsun Zhongxiang Real Estate Co., Ltd., “Zhuji Shinsun Zhongxiang”, formerly known as 諸暨市中翔豐球置業有限公司, Zhuji Zhongxiang Fengqiu Real Estate Co., Ltd.)

On 16 March 2018, the Group and 浙江豐球光伏科技股份有限公司 (Zhejiang Fengqiu Solar Technology Co., Ltd.) and 浙江豐球泵業股份有限公司 (Zhejiang Fengqiu Pump Industry Co., Ltd.), independent third parties to the Group, entered into a share transfer agreement, pursuant to which the Group acquired 70% equity interests in Zhuji Shinsun Zhongxiang for a total consideration of RMB100,912,000.

(e) Acquisition of Wenzhou Duofu Shinsun Real Estate Co., Ltd. (“Wenzhou Duofu Shinsun”)

The Group held 49% of the total equity interests in Wenzhou Duofu Shinsun, which is engaged in property development and was accounted for as an associate of the Group previously. The remaining equity interest is held by 溫州多弗地產集團有限公司 (Wenzhou Duofu Real Estate Group Co., Ltd., “Wenzhou Duofu Group”). On 19 June 2018, the Group entered into a share transfer agreement with Wenzhou Duofu Group, pursuant to which Wenzhou Duofu Group transferred its entire equity interest of Wenzhou Duofu Shinsun to the Group at a total consideration of RMB25,500,000, so that the Group exercises 100% of the total voting rights of Wenzhou Duofu Shinsun.

(f) Acquisition of Zhuji Shinsun Hongrun Real Estate Co., Ltd. (“Zhuji Shinsun Hongrun”, formerly known as 浙江晟高房地產開發有限公司, Zhejiang Shenggao Real Estate Development Co., Ltd.)

On 17 January 2019, the Group and 浙江晟高控股有限公司 (Zhejiang Shenggao Holding Limited), an independent third party to the Group, entered into a share transfer agreement, pursuant to which the Group acquired 100% equity interests in Zhuji Shinsun Hongrun for a total consideration of RMB878,800,000.

(g) Acquisition of Quzhou Kecheng Jiulonggu Real Estate Development Co., Ltd. (“Quzhou Jiulonggu”)

On 18 May 2019, the Group and 衢州市柯城區國有資產經營有限責任公司 (Quzhou Kecheng State-Owned Assets Management Co., Ltd.), an independent third party to the Group, entered into a share transfer agreement, pursuant to which the Group acquired 100% equity interests in Quzhou Jiulonggu for a total consideration of RMB8,416,000.

(h) Acquisition of Hangzhou Shangsheng Industrial Co., Ltd. (“Hangzhou Shangsheng”) and its subsidiary, Hengyang ShanShan Outlets Real Estate Co., Ltd. (“ShanShan Outlets”)

On 2 July 2019, the Group and 湖州查博企業管理諮詢合夥企業(有限合夥) (Huzhou Tabo Management Consulting Partnership (Limited Partnership)) and 湖州創閣企業管理諮詢合夥企業(有限合夥) (Huzhou Chuange Management Consulting Partnership (Limited Partnership)), independent third parties to the Group, entered into a share transfer agreement, pursuant to which the Group acquired 90% equity interests in Hangzhou Shangsheng and its subsidiary, ShanShan Outlets, for a total consideration of RMB250,000,000.

(i) Acquisition of Linhai Ziyuan Yintong Real Estate Co., Ltd. (“Linhai Ziyuan”)

On 30 September 2019, the Group and 杭州紫元置業有限公司 (Hangzhou Ziyuan Real Estate Co., Ltd.) and 浙江銀通房地產集團有限公司 (Zhejiang Yintong Property Group Co., Ltd.), independent third parties to the Group, entered into a share transfer agreement, pursuant to which the Group acquired 100% equity interests in Linhai Ziyuan for a total consideration of RMB464,178,000.

- (j) *Acquisition of 浙江祥生弘創建築科技有限公司 (Zhejiang Shinsun Hongchuang Construction Technology Co., Ltd., "Shinsun Hongchuang") and its subsidiary, 杭州祥義公寓管理有限公司 (Hangzhou Xiangyi Apartment Management Co., Ltd., "Xiangyi Apartment")*

On 7 April 2020, the Group and Yao Xiaozhen and Zhejiang Xiangsheng Construction Co., Ltd., two related parties to the Group, entered into a share transfer agreement, pursuant to which the Group acquired 100% equity interests in Shinsun Hongchuang and its subsidiary, Xiangyi Apartment, for a total consideration of RMB51,000,000.

In the opinion of the Company's directors, the acquisition of these companies does not constitute a business. Therefore, the transactions were accounted for as acquisition of assets and liabilities through acquisition of subsidiaries rather than a business combination as defined in *IFRS 3 Business Combinations*.

The identifiable assets and liabilities of the acquired companies as at the dates of acquisition were as follows:

	2017 Amounts recognised on acquisition	2018 Amounts recognised on acquisition	2019 Amounts recognised on acquisition	April 2020 Amounts recognised on acquisition
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Property, plant and equipment (note 13)	427	335	60	–
Intangible assets (note 16)	98	–	–	–
Land development for sale	–	–	552,703	–
Properties under development (note 20)	66,342	1,427,738	1,790,499	–
Due from related parties	–	–	–	51,000
Prepayments, deposits and other receivables	10,790	11,599	85,399	347,516
Cash and cash equivalents	7,498	2,931	6,154	10
Trade and bills payables	–	(739)	–	–
Interest-bearing bank and other borrowings	–	–	–	(347,500)
Other payables and accruals	(13,691)	(1,287,009)	(833,421)	(26)
Total identifiable net assets	71,464	154,855	1,601,394	51,000
Less: Non-controlling interests	1,605	4,140	–	–
Net assets acquired	<u>68,859</u>	<u>150,715</u>	<u>1,601,394</u>	<u>51,000</u>
Consideration transferred, satisfied by:				
Cash consideration	69,859	126,412	1,601,394	51,000
Satisfied by fair value of investments in associates held before acquisition	–	24,303	–	–
	<u>69,859</u>	<u>150,715</u>	<u>1,601,394</u>	<u>51,000</u>

An analysis of the cash flows in respect of the acquisition of subsidiary is as follows:

	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash consideration	(69,859)	(126,412)	(1,601,394)	(51,000)
Less: Other payables and accruals	(2,000)	–	(1,101,979)	–
Due to related parties	–	–	–	(51,000)
Add: Cash and cash equivalents acquired	7,498	2,931	6,154	10
Net cash outflows	<u>(60,361)</u>	<u>(123,481)</u>	<u>(493,261)</u>	<u>10</u>

37. DISPOSAL OF SUBSIDIARIES

(a) 浙江祥磊澤義貿易有限公司 (Zhejiang Xianglei Zeyi Trading Co., Ltd., “Zhejiang Xianglei Zeyi”)

Pursuant to the share transfer agreement dated 25 December 2018, the Group disposed of its 100% equity interest in Zhejiang Xianglei Zeyi to Wang Hongzhen for a consideration of nil.

(b) 諸暨市祥生宏宇置業有限公司 (“Zhuji Shinsun Hongyu Real Estate Co., Ltd., “Shinsun Hongyu”)

Pursuant to the share transfer agreement dated 30 December 2019, the Group disposed of its 51% equity interest in Zhuji Shinsun Hongyu to Zhuji Guoyue Management Consulting Co., Ltd. for a consideration of RMB81,600,000.

(c) Zhejiang Zhuji Shinsun Hongyu Real Estate Development Co., Ltd., (“Zhuji Hongyu”)

Pursuant to the share transfer agreement dated 30 December 2019, the Group disposed of its 51% equity interest in Zhuji Hongyu to Zhuji Guoyue Management Consulting Co., Ltd. for a consideration of RMB68,850,000.

(d) 浙江諸暨祥生宏紳置業有限公司 (Zhejiang Zhuji Shinsun Hongshen Real Estate Co., Ltd., “Zhuji Shinsun Hongshen”)

Pursuant to the share transfer agreement dated 30 December 2019, the Group disposed of its 51% equity interest in Zhuji Shinsun Hongshen to Zhuji Guoyue Management Consulting Co., Ltd. for a consideration of RMB51,000,000.

(e) 杭州駿輝企業管理有限公司 (Hangzhou Junhui Management Co., Ltd., “Hangzhou Junhui”)

Pursuant to the share transfer agreement dated 31 May 2019, the Group disposed of its 100% equity interest in Hangzhou Junhui to 溫州市中梁祥置業有限公司 (Wenzhou Zhongliangxiang Real Estate Co., Ltd.) and 紹興科榮企業管理有限責任公司 (Shaoxing Kerong Management Co., Ltd.) for a consideration of nil.

(f) 湖州漢樾房地產開發有限公司 (Huzhou Hanyue Real Estate Development Co., Ltd., “Huzhou Hanyue”)

Pursuant to the share transfer agreement dated 30 December 2019, the Group disposed of its 75% equity interest in Huzhou Hanyue to 諸暨市中碩建設有限公司 (Zhuji Zhongshuo Construction Co., Ltd.) for a consideration of nil.

(g) Pursuant to the resolutions of the shareholders, the Group deregistered 慈溪祥生置業有限公司 (Cixi Shinsun Real Estate Co., Ltd.) and 諸暨祥生房地產銷售代理有限公司 (Zhuji Shinsun Real Estate Agency Co., Ltd.) in 2018.

(h) Pursuant to the resolutions of the shareholders, the Group deregistered 杭州祥生安慶實業有限公司 (Hangzhou Shinsun Anxia Industrial Co., Ltd.), 香河祥生房地產開發有限公司 (Xianghe Shinsun Real Estate Development Co., Ltd.), 諸暨祥生中翔置業有限公司 (Zhuji Shinsun Real Estate Co., Ltd.), 杭州澄壘投資發展有限公司 (Hangzhou Chengken Investment Development Co., Ltd.) and 陝西祥生旅遊文化發展有限公司 (Shaanxi Shinsun Tourism Cultural Development Co., Ltd.) in 2019.

(i) 湖北祥生仙苑國際大酒店管理有限公司 (Hubei Xiangsheng Xianyuan International Hotel Management Co., Ltd., "Shinsun Fairyland Hotel Management")

Pursuant to the share transfer agreement dated 24 March 2020, the Group disposed of its 100% equity interest in Shinsun Fairyland Hotel Management to Zhejiang Xiangsheng Hotel Management Co., Ltd. for a consideration of RMB22,000,000.

(j) 岫岩滿族自治縣祥生越都物業有限公司 (Xiuyan Manchu Autonomous County Xiangsheng Yuedu Property Co., Ltd., "Xiangsheng Yuedu")

Pursuant to the share transfer agreement dated 20 March 2020, the Group disposed of its 51% equity interest in Xiangsheng Yuedu Property to Zhejiang Shinsun Property Services Co., Ltd. for a consideration of RMB255,000, and disposed of its 49% equity interest in Xiangsheng Yuedu to 浙江諸暨越都貿易有限公司 (Zhejiang Zhuji Yuedu Trading Co., Ltd.) for a consideration of RMB245,000.

(k) 諸暨祥生幽憩居酒店有限公司 (Zhuji Xiangsheng Youqiju Hotel Co., Ltd., "Xiangsheng Youqiju Hotel")

Pursuant to the share transfer agreement dated 14 January 2020, the Group disposed of its 100% equity interest in Xiangsheng Youqiju Hotel to Zhejiang Xiangsheng Hotel Management Co., Ltd. for a consideration of RMB5,000,000.

(l) 臨海紫元銀通置業有限公司 (Linhai Ziyuan Yintong Real Estate Co., Ltd., "Linhai Ziyuan")

On 9 April 2020, the Group entered into two share transfer agreements with Hangzhou The Second Construction Co., Ltd. and Linhai Zhongsheng Property Development Co., Ltd., pursuant to which the Group disposed of its 10% and 31.5% equity interests in Linhai Ziyuan for a consideration of RMB46,418,000 and RMB146,216,000, respectively, and the Group retained 58.5% equity interest in Linhai Ziyuan.

According to the updated articles of association of Linhai Ziyuan, all shareholder resolutions shall be passed by shareholders representing two thirds of the voting rights. Therefore, Linhai Ziyuan was accounted for an investment in joint venture after the share transfer.

The carrying values of the assets and liabilities on the dates of disposal were as follows:

	31 December		30 April
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
Net assets disposed of:			
Property, plant and equipment (note 13)	3	996	10,290
Intangible assets (note 16)	–	–	64
Investment in an associate	–	42,150	–
Deferred tax assets (note 19)	–	–	4,073
Inventories	–	–	730
Land development for sale	–	–	575,592
Properties under development (note 20)	–	214,298	–
Completed properties held for sale (note 21)	–	998,791	–
Trade and bills receivables	12,430	500	2,128
Due from related companies	–	60,428	12,661
Prepayments, deposits and other receivables	36,446	450,655	19,077
Tax recoverable	–	838	–
Financial assets at fair value through profit or loss	–	2	3,000
Restricted cash	–	1,210	–
Cash and cash equivalents	1,376	33,096	6,011
Trade and bills payables	(31,829)	(25,037)	(5,898)
Other payables, deposits received and accruals	(29,492)	(1,272,533)	(45,534)
Contract liabilities	(3,384)	(52,084)	(313)
Due to related parties	–	(10,652)	(90,998)
Tax payable	(62)	(52,322)	(1,726)
	(14,512)	390,336	489,157
Less: Non-controlling interests	(4,543)	192,918	–
The carrying values attributable to the Group	(9,969)	197,418	489,157
Gain on disposal of subsidiaries (note 5)	9,969	4,032	1,058
Satisfied by:			
Cash	–	201,450	220,134
Investment in a joint venture	–	–	270,081

An analysis of the cash flows of cash and cash equivalents in respect of disposal of subsidiaries is as follows:

	31 December		30 April
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
Cash consideration	–	201,450	220,134
Less: Prepayments, deposits and other receivables (unsettled consideration)	–	201,450	192,879
Less: Due from related companies (unsettled consideration)	–	–	22,255
Less: Cash and cash equivalents disposed of	1,376	33,096	6,011
Net outflow of cash and cash equivalents in respect of the disposal of subsidiaries	(1,376)	(33,096)	(1,011)

38. CONTINGENT LIABILITIES

At the end of each of the Relevant Periods, contingent liabilities not provided for in the Historical Financial Information were as follows:

		At 31 December			At
		2017	2018	2019	30 April
		RMB'000	RMB'000	RMB'000	2020
				RMB'000	
Guarantees given to banks in connection with facilities granted to purchasers of the Group's properties	(1)	<u>13,642,478</u>	<u>17,930,409</u>	<u>37,028,811</u>	<u>36,635,585</u>
Guarantees given to banks in connection with facilities granted to related parties and a third party	(2)	<u>27,450</u>	<u>736,744</u>	<u>4,137,450</u>	<u>3,540,450</u>

- (1) The Group provided guarantees in respect of mortgage facilities granted by certain banks to the purchasers of the Group's completed properties held for sale. Pursuant to the terms of the guarantee arrangements, in the case of default on mortgage payments by the purchasers, the Group is responsible for repaying the outstanding mortgage principals together with any accrued interest and penalties owed by the defaulted purchasers to those banks.

Under the above arrangement, the related properties were pledged to the banks as collateral for the mortgage loans, and upon default on mortgage repayments by these purchasers, the banks are entitled to take over the legal titles and will realise the pledged properties through open auction.

The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon the issuance and registration of property ownership certificates to the purchasers, which will generally be available within half a year to two years after the purchasers take possession of the relevant properties.

The Group did not incur any material losses during the Relevant Periods in respect of the guarantees provided for mortgage facilities granted to purchasers of the Group's completed properties held for sale. The directors of the Company considered that in the case of default on payments, the net realisable value of the related properties would be sufficient to repay the outstanding mortgage loans together with any accrued interest and penalty, and therefore, no provision has been made in connection with the guarantees.

- (2) The Group provided guarantees to banks and other institutions in connection with borrowings made to the related parties. The directors of the Company consider that no provision is needed in respect of the guarantees provided to the related parties as of 31 December 2017, 31 December 2018, 31 December 2019 and 30 April 2020 since the fair value is immaterial.

The board of directors of the Company confirmed that all guarantees provided to companies controlled by the Controlling Shareholder will be fully released before the Listing.

39. A SUBSIDIARY HELD FOR SALE

In 2019, the Group had been having negotiation with 杭州二建建設有限公司 (Hangzhou The Second Construction Co., Ltd.) and 臨海市中晟房地產開發有限公司 (Linhai Zhongsheng Property Development Co., Ltd.) on the sale of equity interests of 臨海紫元銀通置業有限公司 (Linhai Ziyuan Yintong Real Estate Co., Ltd. "Linhai Ziyuan"). On 9 April 2020, the Group entered into two share transfer agreements with Hangzhou The Second Construction Co., Ltd. and Linhai Zhongsheng Property Development Co., Ltd. pursuant to which the Group disposed of its 10% and 31.5% equity interests in Linhai Ziyuan, respectively, and the Group retained a 58.5% equity interest in Linhai Ziyuan. According to the updated articles of association of Linhai Ziyuan, all shareholder resolutions shall be passed by shareholders representing two thirds of the voting rights. Therefore, Linhai Ziyuan was accounted for an investment in a joint venture after the share transfer. As at 31 December 2019, Linhai Ziyuan was classified as a subsidiary held for sale.

	31 December 2019
	<i>RMB'000</i>
Assets	
Property, plant and equipment	44
Land development for sale	573,605
Prepayments, deposits and other receivables	15,175
Cash and cash equivalents	3,159
Assets of a subsidiary classified as held for sale	591,983
Liabilities	
Other payables and accruals	(41,638)
Liabilities directly associated with the assets classified as held for sale	(41,638)
Net assets directly associated with the subsidiary classified as held for sale	550,345

40. RELATED PARTY TRANSACTIONS

(1) Name and relationship

<u>Name of related party</u>	<u>Relationship with the Group</u>
Chen Guoxiang	Controlling Shareholder
Zhu Guoling	A family member of the Controlling Shareholder
Chen Guanqun	A family member of the Controlling Shareholder
Chen Guoqing	A family member of the Controlling Shareholder
Chen Hongni	A family member of the Controlling Shareholder
Chen Xueyi	A family member of the Controlling Shareholder
Chen Zhihua	A family member of the Controlling Shareholder
Chen Zhiping	A family member of the Controlling Shareholder
Mao Weili	A family member of the Controlling Shareholder
Wang Hongzhen	A family member of the Controlling Shareholder
Chen Jianxi	Key management personnel
Gu Jianjun	Key management personnel
Han Bo	Key management personnel
Yao Xiaozhen	Key management personnel
Zhong Chao	Key management personnel
浙江祥磊澤義貿易有限公司 Zhejiang Xiangleizeyi Trading Co., Ltd.	Company controlled by a family member of the Controlling Shareholder

Name of related party	Relationship with the Group
諸暨市祥生園林綠化工程有限公司 Zhujì Shinsun Landscape Engineering Co., Ltd.	Company controlled by a family member of the Controlling Shareholder
江蘇濟龍投資管理有限公司 Jiangsu Qianlong Investment Development Co., Ltd.	Company controlled by the Controlling Shareholder
洪湖市祥生物業管理有限公司 Honghu Shinsun Property Management Co., Ltd.	Company controlled by the Controlling Shareholder
諸暨祥紳實業有限公司 Zhujì Xiangshen Industrial Co., Ltd.	Company controlled by the Controlling Shareholder
祥生實業集團有限公司 Shinsun Industrial Group Co., Ltd.	Company controlled by the Controlling Shareholder
岳陽祥生物業服務有限公司 Yueyang Shinsun Property Services Co., Ltd.	Company controlled by the Controlling Shareholder
杭州德抱投資有限公司 Hangzhou Debao Investment Co., Ltd.	Company controlled by the Controlling Shareholder
浙江聚屋霸信息技術有限公司 Zhejiang Juwuba Information Technology Co., Ltd.	Company controlled by the Controlling Shareholder
浙江祥生房地產銷售代理有限公司 Zhejiang Shinsun Real Estate Sales Agency Co., Ltd.	Company controlled by the Controlling Shareholder
浙江祥生建設工程有限公司 Zhejiang Xiangsheng Construction Co., Ltd.	Company controlled by the Controlling Shareholder
浙江祥生酒店管理有限公司 Zhejiang Xiangsheng Hotel Management Co., Ltd.	Company controlled by the Controlling Shareholder
浙江祥生物業服務有限公司 Zhejiang Shinsun Property Services Co., Ltd.	Company controlled by the Controlling Shareholder
諸暨市祥生花園酒店有限公司 Zhujì Shinsun Garden Hotel Co., Ltd.	Company controlled by the Controlling Shareholder
諸暨市祥生物業管理有限公司 Zhujì Shinsun Property Management Co., Ltd.	Company controlled by the Controlling Shareholder
諸暨市祥生新世紀綜合市場有限公司 Zhujì Shinsun New Century Integrated Market Co., Ltd.	Company controlled by the Controlling Shareholder
諸暨市祥生物資有限公司 Zhujì Shinsun Materials Co., Ltd.	Company controlled by the Controlling Shareholder
Anqing Jinshixiang Real Estate Development Co., Ltd.	Joint venture
Hangzhou Hongxuan Enterprise Management Consulting Co., Ltd.	Joint venture
Ningbo Ronghui Real Estate Co., Ltd.	Joint venture
Hangzhou Renyuan Real Estate Development Co., Ltd.	Joint venture
Hangzhou Shinsun Yijing Real Estate Development Co., Ltd.	Joint venture
Huzhou Jiaotou Shinsun Real Estate Development Co., Ltd.	Joint venture
Huzhou Wuxing Jiaotou Shinsun Real Estate Co., Ltd.	Joint venture
Jiangxi Futian Yishou Investment Development Co., Ltd.	Joint venture
Nanjing Yihui Real Estate Co., Ltd.	Joint venture
Zhejiang Fa Xian Dao Cultural tourism Co., Ltd.	Joint venture
Ningbo Shinsun Hongsheng Real Estate Development Co., Ltd.	Joint venture

Name of related party	Relationship with the Group
Wenzhou Shinsun Duofu Real Estate Co., Ltd.	Joint venture
Suqian Xiangsu Real Estate Development Co., Ltd.	Joint venture
Yangzhou Shinsun Keyu Real Estate Co., Ltd.	Joint venture
Zhuji Wanxiang Real Estate Development Co., Ltd.	Joint venture
Zhuji Shinsun Hongpeng Real Estate Co., Ltd.	Joint venture
Zhuji Shinsun Hongrui Real Estate Co., Ltd.	Joint venture
Zhuji Shinsun Xiangjun Real Estate Co., Ltd.	Joint venture
Linhai Ziyuan Yintong Real Estate Co., Ltd.	Joint venture
Dingyuan Yuanbi Real Estate Development Co., Ltd.	Associate
Hangzhou Shinsun Hongrui Real Estate Development Co., Ltd.	Associate
Ningbo Shinsun Hongyuan Real Estate Development Co., Ltd.	Associate
Ningbo Yuansheng Enterprise Management Consulting Co., Ltd.	Associate
Ningbo Zhongcheng United Property Co., Ltd.	Associate
Taixing Shinsun Real Estate Co., Ltd.	Associate
Zhenjiang Kesheng Real Estate Development Co., Ltd.	Associate
Zhuji Hongdi Shinsun Real Estate Development Co., Ltd.	Associate
Rudong Xinbi Real Estate Development Co., Ltd.	Associate
Zhuji Xiyuan Cultural tourism investment Co., Ltd.	Associate
Tianchang Xinbi Real Estate Development Co., Ltd.	Associate

(2) Significant related party transactions

The following transactions were carried out with related parties during the Relevant Periods:

	Year ended 31 December			Four months ended 30 April	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Advances from related parties:					
Joint ventures	–	163,077	502,434	110,820	217,227
Associates	18,250	862,078	539,489	294,979	42,580
Companies controlled by the Controlling Shareholder	12,309,201	13,337,404	7,512,798	93,073	138,405
Companies controlled by a member of key management personnel	–	–	139,200	–	–
Controlling Shareholder	6,006	–	–	–	–
A family member of the Controlling Shareholder	154,887	84,380	34,695	521	1,881
	154,887	84,380	34,695	521	1,881

	Year ended 31 December			Four months ended 30 April	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Repayment of advances from related parties:					
Joint ventures	–	–	305,018	–	102,516
Associates	–	687,352	383,840	179,223	9,826
Companies controlled by the Controlling Shareholder	9,475,678	14,239,933	8,919,696	2,022,184	75,499
Controlling shareholder	1,632	6,000	–	–	6
A family member of the Controlling Shareholder	100,111	216,008	2,367	2,290	100
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Management consulting services provided by:					
Companies controlled by the Controlling Shareholder	5,992	4,998	5,897	2,856	–
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Property and sales management services provided by:					
Companies controlled by the Controlling Shareholder	34,838	99,809	156,292	49,196	26,944
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Construction services provided by:					
Companies controlled by the Controlling Shareholder	4,386,254	9,610,131	9,832,415	3,236,454	1,770,710
Companies controlled by a family member of the Controlling Shareholder	77,500	209,800	699,432	130,396	147,626
A family member of the Controlling Shareholder	–	3,620	–	–	–
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Interest income from Joint ventures	–	36,472	65,195	10,452	–
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Management consulting services provided to:					
Joint ventures	–	5,889	3,260	–	5,989
Associate	–	3,083	16,083	4,915	–
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Advances to related parties:					
Joint ventures	2,137,756	3,399,645	3,541,490	1,526,359	674,680
Associates	278,810	2,314,566	784,394	63,300	150,500
Companies controlled by the Controlling Shareholder	2,220,556	182,943	1,472,599	1,423,089	3,853,896
Companies controlled by a family member of the Controlling Shareholder	–	579,759	197,659	–	269,381
A family member of the Controlling Shareholder	16,132	92,078	–	–	9,544
Key management personnel	10,000	10,000	–	–	–
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

	Year ended 31 December			Four months ended 30 April	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Repayment of advances to related parties:					
Joint ventures	102,300	2,440,561	3,935,883	2,510,471	744,455
Associates	–	1,875,215	649,011	19,731	94,546
Companies controlled by the Controlling Shareholder	2,107,128	69,500	193,962	18,000	4,328,557
Companies controlled by a family member of the Controlling Shareholder	–	–	–	–	77,463
A family member of the Controlling Shareholder	2,227	17,453	22,727	11,636	16,783
Key management personnel	–	10,000	10,000	–	–
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

These transactions were carried out in accordance with the terms and conditions mutually agreed after negotiation by the parties involved.

(3) Other transactions with related parties

	At 31 December			At 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Guarantees provided to related parties:				
Companies controlled by the Controlling Shareholder	27,450	27,450	152,450	447,850
Joint ventures	–	709,294	3,604,000	2,711,600
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Guarantees provided by related parties:				
Controlling shareholder	15,062,339	15,175,340	16,797,859	15,290,843
A family member of the Controlling Shareholder	12,950,739	13,968,687	11,447,515	10,158,355
Companies controlled by the Controlling Shareholder	3,080,005	1,947,082	1,449,440	910,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

As at 30 April 2020, the Group has guaranteed certain of the bank borrowings of up to RMB73,034,000 to 祥生實業集團有限公司 (“Shinsun Industrial Group Co., Ltd.”) by the assets of the Group with carrying amounts of approximately RMB26,360,000 (Notes 13, 15).

As at 30 April 2020, the Group has guaranteed certain of the bank borrowings of up to RMB364,641,000 to 浙江祥生建設工程有限公司 (“Zhejiang Xiangsheng Construction Co., Ltd.”) by the assets of the Group with carrying amounts of approximately RMB230,739,000 (Notes 13, 15).

The board of directors of the Company confirmed that the pledged assets provided to the companies controlled by the Controlling Shareholder will be fully released before the Listing.

As at 30 April 2020, the Group has guaranteed certain of the other borrowings of up to RMB33,000,000 to 安慶金世祥房地產開發有限公司 (“Anqing Jinshixiang Real Estate Development Co., Ltd.”) by the investment in a joint venture of the Group with carrying amounts of approximately RMB28,259,000.

The board of directors of the Company confirmed that the pledged assets provided to a joint venture will not be fully released before the Listing.

(4) Outstanding balances with related parties

	At 31 December			At 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Due from related parties:				
Trade-related:				
Joint ventures	5,726	52,740	41,578	41,617
Associates	5,576	–	–	–
Company controlled by the Controlling Shareholder	13,289	14,437	253,889	29,160
A family member of the Controlling Shareholder	10	10	9,373	19
Key management personnel	10	–	–	–
Due from related parties:				
Non-trade-related:				
Joint ventures	2,035,456	2,994,541	2,600,148	2,529,656
Associates	301,810	189,851	302,234	345,612
Companies controlled by the Controlling Shareholder*	113,428	226,872	1,505,508	1,018,148
A company controlled by a family member of the Controlling Shareholder*	–	579,759	777,418	150,729
A family member of the Controlling Shareholder*	18,803	93,427	70,701	63,461
Key management personnel*	10,000	10,000	–	–
Grand total	2,504,108	4,161,637	5,560,849	4,178,402

* The board of directors of the Company confirmed that the non-trade amounts due from those related parties of RMB1,232.3 million at 30 April 2020 will be fully settled before the Listing.

	At 31 December			At 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Due to related parties:				
Trade-related:				
Associates	–	–	9,805	–
Companies controlled by the Controlling Shareholder	1,271,677	3,329,741	4,458,991	3,345,071
Companies controlled by family members of the Controlling Shareholder	30,247	95,467	495,830	352,784
A family member of the Controlling Shareholder	4,070	440	–	144
Key management personnel	–	–	812	100

	At 31 December			At 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Due to related parties:				
Non-trade-related:				
Joint ventures	11,000	174,077	371,493	486,204
Associates	41,120	215,846	371,495	404,249
Companies controlled by the Controlling Shareholder*	2,988,004	2,085,475	68,270	134,176
Companies controlled by a family member of the Controlling Shareholder*	–	–	139,200	–
Controlling Shareholder* A family member of the Controlling Shareholder*	12,183	6,183	6,183	6,177
Key management personnel*	133,542	1,914	34,242	36,023
	–	–	–	51,000
Grand total	<u>4,491,843</u>	<u>5,909,143</u>	<u>5,956,321</u>	<u>4,815,928</u>

In accordance with the shareholders' agreements of the joint ventures and associates, the Group and other shareholders of the joint ventures and associates provided funds proportionately to the joint ventures and associates. In the opinion of the directors of the Company, these non-trade amounts due from or due to joint ventures and associates will be settled from time to time, depending on the progress of the construction, development and pre-sale or sale of the jointly-developed properties, until the final settlement and/or distribution of the jointly-developed properties. The Group does not intend to settle all non-trade amounts due from or due to joint ventures and associates prior to the Listing.

* The board of directors of the Company confirmed that the non-trade amounts due to those related parties of RMB227.4 million at 30 April 2020 will be fully settled before the Listing.

Balances with the above related parties were unsecured, non-interest-bearing and repayable on demand.

(5) Compensation of key management personnel of the Group

	Year ended 31 December			Four months ended 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Short-term employee benefits	2,484	27,999	30,472	8,088
Pension scheme contributions	350	690	1,127	415
Total compensation paid to key management personnel	<u>2,834</u>	<u>28,689</u>	<u>31,599</u>	<u>8,503</u>

Further details of directors' emoluments are included in note 8 to the Historical Financial Information.

41. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

31 December 2017

Financial assets

	Financial assets at amortised cost	Financial assets at FVTPL	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade and bills receivables (<i>note 22</i>)	35,429	–	35,429
Financial assets included in prepayments, deposits and other receivables (<i>note 24</i>)	3,891,115	–	3,891,115
Financial assets at fair value through profit or loss (<i>note 25</i>)	–	330,293	330,293
Due from related parties (<i>note 40</i>)	2,504,108	–	2,504,108
Restricted cash (<i>note 26</i>)	2,375,494	–	2,375,494
Pledged deposits (<i>note 26</i>)	195,133	–	195,133
Cash and cash equivalents (<i>note 26</i>)	3,229,359	–	3,229,359
	<u>12,230,638</u>	<u>330,293</u>	<u>12,560,931</u>

Financial liabilities

	Financial liabilities at amortised cost
	<i>RMB'000</i>
Trade and bills payables (<i>note 27</i>)	1,756,047
Financial liabilities included in other payables and accruals (<i>note 28</i>)	4,429,538
Due to related parties (<i>note 40</i>)	4,491,843
Interest-bearing bank and other borrowings (<i>note 30</i>)	24,164,325
Asset-backed securities (<i>note 32</i>)	1,710,080
Lease liabilities (<i>note 14</i>)	14,829
	<u>36,566,662</u>

31 December 2018

Financial assets

	Financial assets at amortised cost	Financial assets at FVTPL	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade and bills receivables (note 22)	226,136	–	226,136
Financial assets included in prepayments, deposits and other receivables (note 24)	4,066,256	–	4,066,256
Financial assets at fair value through profit or loss (note 25)	–	52,433	52,433
Due from related parties (note 40)	4,161,637	–	4,161,637
Restricted cash (note 26)	4,074,584	–	4,074,584
Pledged deposits (note 26)	670,560	–	670,560
Cash and cash equivalents (note 26)	3,113,634	–	3,113,634
	<u>16,312,807</u>	<u>52,433</u>	<u>16,365,240</u>

Financial liabilities

	Financial liabilities at amortised cost
	<i>RMB'000</i>
Trade and bills payables (note 27)	5,063,976
Financial liabilities included in other payables and accruals (note 28)	2,781,640
Due to related parties (note 40)	5,909,143
Interest-bearing bank and other borrowings (note 30)	26,003,223
Senior notes (note 31)	644,958
Asset-backed securities (note 32)	2,416,926
Lease liabilities (note 14)	58,743
	<u>42,878,609</u>

31 December 2019

Financial assets

	Financial assets at amortised cost	Financial assets at FVTPL	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade and bills receivables (note 22)	195,012	–	195,012
Financial assets included in prepayments, deposits and other receivables (note 24)	3,460,945	–	3,460,945
Financial assets at fair value through profit or loss (note 25)	–	20,567	20,567
Due from related parties (note 40)	5,560,849	–	5,560,849
Restricted cash (note 26)	4,207,533	–	4,207,533
Pledged deposits (note 26)	342,651	–	342,651
Cash and cash equivalents (note 26)	2,412,297	–	2,412,297
	<u>16,179,287</u>	<u>20,567</u>	<u>16,199,854</u>

Financial liabilities

	Financial liabilities at amortised cost
	<i>RMB'000</i>
Trade and bills payables (<i>note 27</i>)	5,102,436
Financial liabilities included in other payables and accruals (<i>note 28</i>)	3,911,073
Due to related parties (<i>note 40</i>)	5,956,321
Interest-bearing bank and other borrowings (<i>note 30</i>)	27,305,522
Asset-backed securities (<i>note 32</i>)	205,551
Lease liabilities (<i>note 14</i>)	125,590
Senior notes (<i>note 31</i>)	1,016,301
	<u>43,622,794</u>

30 April 2020*Financial assets*

	Financial assets at amortised cost	Financial assets at FVTPL	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade and bills receivables (<i>note 22</i>)	42,377	–	42,377
Financial assets included in prepayments deposits and other receivables (<i>note 24</i>)	3,253,614	–	3,253,614
Financial assets at fair value through profit or loss (<i>note 25</i>)	–	373,524	373,524
Due from related parties (<i>note 40</i>)	4,178,402	–	4,178,402
Restricted cash (<i>note 26</i>)	4,971,242	–	4,971,242
Pledged deposits (<i>note 26</i>)	617,363	–	617,363
Cash and cash equivalents (<i>note 26</i>)	2,446,901	–	2,446,901
	<u>15,509,899</u>	<u>373,524</u>	<u>15,883,423</u>

Financial liabilities

	Financial liabilities at amortised cost
	<i>RMB'000</i>
Trade and bills payables (<i>note 27</i>)	6,133,449
Financial liabilities included in other payables and accruals (<i>note 28</i>)	3,905,668
Due to related parties (<i>note 40</i>)	4,815,928
Interest-bearing bank and other borrowings (<i>note 30</i>)	30,663,856
Lease liabilities (<i>note 14</i>)	123,701
Senior notes (<i>note 31</i>)	1,550,428
	<u>47,193,030</u>

42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments as at the end of each of the Relevant Periods, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts				Fair values			
	31 December 2017	31 December 2018	31 December 2019	30 April 2020	31 December 2017	31 December 2018	31 December 2019	30 April 2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets								
Financial assets at FVTPL (note 25)	330,293	52,433	20,567	373,524	330,293	52,433	20,567	373,524
Financial liabilities								
Interest-bearing bank and other borrowings (note 30)	24,164,325	26,003,223	27,305,522	30,663,856	23,999,363	26,111,572	27,522,347	31,067,279

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, restricted cash, trade and bills receivables, amounts due from related parties, financial assets included in prepayments and other receivables, trade and bills payables, financial liabilities included in other payables and accruals, amounts due to related parties, lease liabilities, senior notes and asset-backed securities are approximate to their carrying amounts largely due to the short term maturities of these instruments.

Management has estimated the fair values of the financial assets at FVTPL by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair value measurement of the financial assets at FVTPL is categorised within Level 2 and Level 3 of the fair value hierarchy.

The fair values of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2017, 2018 and 2019 and 30 April 2020 was assessed to be insignificant.

For the fair values of other financial liabilities, management has estimated by discounting the expected future cash flows using expected return rates for the underlying assets in order to estimate the cash outflow amounts to settle the liability. The fair value measurement of the financial liability is categorised within Level 3 of the fair value hierarchy.

The Group's corporate finance team headed by the group financial controller is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the group financial controller and the board of directors. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the group financial controller. The valuation process and results are discussed with the board of directors twice a year for interim and annual financial reporting.

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and liabilities.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

*Assets measured at fair value:**Financial assets at FVTPL*

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2017	–	330,293	–	330,293
As at 31 December 2018	–	49,397	3,036	52,433
As at 31 December 2019	–	17,529	3,038	20,567
As at 30 April 2020	–	373,524	–	373,524

The unlisted equity investment which fell into level 3 in fair value measurement hierarchy is investment held for trading and the significant unobservable input is discount for lack of marketability (“DLOM”). When DLOM changes 5%/(5%), the valuation of the financial assets at FVTPL changes RMB(214,000)/RMB214,000 and RMB(233,000)/RMB233,000 as at 31 December 2018 and 2019 respectively.

*Liabilities for which fair values are disclosed:**Interest-bearing bank and other borrowings*

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2017	–	23,999,363	–	23,999,363
As at 31 December 2018	–	26,111,572	–	26,111,572
As at 31 December 2019	–	27,522,347	–	27,522,347
As at 30 April 2020	–	31,067,279	–	31,067,279

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments mainly include cash and bank equivalents, restricted cash, pledged deposits, trade and bills receivables, other receivables, trade and bills payables and other payables, which arise directly from its operations. The Group has other financial assets and liabilities such as interest-bearing bank and other borrowings, financial assets at fair value through profit or loss, other financial liabilities, amounts due to related parties and amounts due from related parties. The main purpose of these financial instruments is to raise finance for the Group's operations.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk, foreign currency risk and liquidity risk. Generally, the Group introduces conservative strategies on its risk management. To keep the Group's exposure to these risks to a minimum, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below:

(a) Interest rate risk

The Group's exposure to risk for changes in market interest rates relates primarily to the Group's interest-bearing bank and other borrowings set out in note 30. The Group does not use derivative financial instruments to hedge interest rate risk. The Group manages its interest cost using variable rate bank borrowings and other borrowings.

If the interest rate of bank and other borrowings had increased/decreased by 1% and all other variables were held constant, the profit before tax of the Group, through the impact on floating rate borrowings, would have decreased/increased by approximately RMB3,189,000, RMB5,328,000, RMB5,221,000 and RMB1,423,000 for the years ended 31 December 2017, 2018 and 2019 and the four months ended 30 April 2020, respectively.

(b) Credit risk

The Group classifies financial instruments on the basis of shared credit risk characteristics, such as instrument type and credit risk ratings for the purpose of determining significant increases in credit risk and calculation of impairment. To manage risk arising from trade and bills receivables, the Group has policies in place to ensure that credit terms are made only to counterparties with an appropriate credit history and management performs ongoing credit evaluations of the Group's counterparties. The credit period granted to the customers is generally six months and the credit quality of these customers is assessed, taking into account their financial position, past experience and other factors. The Group also has other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Group reviews regularly the recoverable amount of trade and bills receivables to ensure that adequate impairment losses are made for irrecoverable amounts. The Group has no significant concentrations of credit risk, with exposure spread over a large number of counterparties and customers.

Management makes periodic collective assessments for financial assets included in prepayments and other receivables and amounts due from related parties as well as individual assessments on the recoverability of other receivables and amounts due from related parties based on historical settlement records and past experience. The Group has classified financial assets included in prepayments and other receivables and amounts due from related parties in Stage 1 and continuously monitored their credit risk. The directors of the Company believe that there is no material credit risk inherent in the Group's outstanding balance of financial assets included in prepayments and other receivables and amounts due from related parties.

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

As at 31 December 2017

	12-month ECLs		Lifetime ECLs		Total RMB'000
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	
Trade and bills receivables*	–	–	–	35,429	35,429
Financial assets included in prepayments, deposits and other receivables					
– Normal**	3,891,115	–	–	–	3,891,115
Financial assets at fair value through profit or loss	330,293	–	–	–	330,293
Due from related parties	2,504,108	–	–	–	2,504,108
Restricted cash					
– Not yet past due	2,375,494	–	–	–	2,375,494
Pledged deposits					
– Not yet past due	195,133	–	–	–	195,133
Cash and cash equivalents					
– Not yet past due	3,229,359	–	–	–	3,229,359
	<u>12,525,502</u>	<u>–</u>	<u>–</u>	<u>35,429</u>	<u>12,560,931</u>

As at 31 December 2018

	12-month ECLs		Lifetime ECLs		Total RMB'000
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	
Trade and bills receivables*	–	–	–	226,136	226,136
Financial assets included in prepayments, deposits and other receivables					
– Normal**	4,066,256	–	–	–	4,066,256
Financial assets at fair value through profit or loss	52,433	–	–	–	52,433
Due from related parties	4,161,637	–	–	–	4,161,637
Restricted cash					
– Not yet past due	4,074,584	–	–	–	4,074,584
Pledged deposits					
– Not yet past due	670,560	–	–	–	670,560
Cash and cash equivalents					
– Not yet past due	3,113,634	–	–	–	3,113,634
	<u>16,139,104</u>	<u>–</u>	<u>–</u>	<u>226,136</u>	<u>16,365,240</u>

As at 31 December 2019

	12-month ECLs		Lifetime ECLs		Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	
Trade and bills receivables*	–	–	–	195,012	195,012
Financial assets included in prepayments, deposits and other receivables					
– Normal**	3,460,945	–	–	–	3,460,945
Financial assets at fair value through profit or loss	20,567	–	–	–	20,567
Due from related parties	5,560,849	–	–	–	5,560,849
Restricted cash					
– Not yet past due	4,207,533	–	–	–	4,207,533
Pledged deposits					
– Not yet past due	342,651	–	–	–	342,651
Cash and cash equivalents					
– Not yet past due	2,412,297	–	–	–	2,412,297
	<u>16,004,842</u>	<u>–</u>	<u>–</u>	<u>195,012</u>	<u>16,199,854</u>

As at 30 April 2020

	ECLs		Lifetime ECLs		Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	
Trade and bills receivables*	–	–	–	42,377	42,377
Financial assets included in prepayments, deposits and other receivables					
– Normal**	3,253,614	–	–	–	3,253,614
Financial assets at fair value through profit or loss	373,524	–	–	–	373,524
Due from related parties	4,178,402	–	–	–	4,178,402
Restricted cash					
– Not yet past due	4,971,242	–	–	–	4,971,242
Pledged deposits					
– Not yet past due	617,363	–	–	–	617,363
Cash and cash equivalents					
– Not yet past due	2,446,901	–	–	–	2,446,901
	<u>15,841,046</u>	<u>–</u>	<u>–</u>	<u>42,377</u>	<u>15,883,423</u>

* For trade and bills receivables to which the Group applies the simplified approach for impairment, information based on the expected credit losses is disclosed in note 22 to the Historical Financial Information. There is no significant concentration of credit risk.

** The credit quality of amounts due from related parties and the financial assets included in prepayments, deposits and other receivables is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition.

(c) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings. Cash flows are closely monitored on an ongoing basis.

The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods, based on contractual undiscounted payments, is as follows:

	<u>On demand</u>	<u>Less than 3 months</u>	<u>3 to 12 months</u>	<u>Over 1 year</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2017					
Trade and bills payables	1,756,047	–	–	–	1,756,047
Other payables	4,975,785	–	–	–	4,975,785
Due to related parties	4,491,843	–	–	–	4,491,843
Lease liabilities	–	1,732	5,560	10,336	17,628
Asset-backed securities	–	431,299	1,413,344	–	1,844,643
Interest-bearing bank and other borrowings	–	2,733,107	8,083,401	16,754,471	27,570,979
	<u>11,223,675</u>	<u>3,166,138</u>	<u>9,502,305</u>	<u>16,764,807</u>	<u>40,656,925</u>
31 December 2018					
Trade and bills payables	5,063,976	–	–	–	5,063,976
Other payables	3,759,979	–	–	–	3,759,979
Due to related parties	5,909,143	–	–	–	5,909,143
Lease liabilities	–	7,630	22,889	41,666	72,185
Asset-backed securities	–	2,492,443	1,471,452	–	3,963,895
Interest-bearing bank and other borrowings	–	4,108,184	10,411,217	17,318,793	31,838,194
Senior notes	–	–	685,934	–	685,934
	<u>14,733,098</u>	<u>6,608,257</u>	<u>12,591,492</u>	<u>17,360,459</u>	<u>51,293,306</u>
31 December 2019					
Trade and bills payables	5,102,436	–	–	–	5,102,436
Other payables	4,898,470	–	–	–	4,898,470
Due to related parties	5,956,321	–	–	–	5,956,321
Lease liabilities	–	12,592	37,775	94,742	145,109
Asset-backed securities	–	216,286	–	–	216,286
Interest-bearing bank and other borrowings	–	2,707,854	8,199,509	20,147,122	31,054,485
Senior notes	–	307,771	758,413	–	1,066,184
	<u>15,957,227</u>	<u>3,244,503</u>	<u>8,995,697</u>	<u>20,241,864</u>	<u>48,439,291</u>
30 April 2020					
Trade and bills payables	6,133,449	–	–	–	6,133,449
Other payables	4,645,376	–	–	–	4,645,376
Due to related parties	4,815,928	–	–	–	4,815,928
Lease liabilities	–	8,845	41,650	80,876	131,371
Interest-bearing bank and other borrowings	–	3,490,375	13,427,456	16,963,159	33,880,990
Senior notes	–	118,047	45,136	1,656,793	1,819,976
	<u>15,594,753</u>	<u>3,617,267</u>	<u>13,514,242</u>	<u>18,700,828</u>	<u>51,427,090</u>

(d) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes, within net debt, trade and bills payables, other payables and accruals, amounts due to related parties, interest-bearing bank and other borrowings and other financial liabilities, less cash and cash equivalents, pledged deposits and restricted cash. Capital represents equity attributable to owners of the parent. The gearing ratio as at the end of each of the Relevant Periods was as follows:

	At 31 December			At 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills payables	1,756,047	5,063,976	5,102,436	6,133,449
Other payables and accruals	4,975,785	3,759,979	4,898,470	4,645,376
Due to related parties	4,491,843	5,909,143	5,956,321	4,815,928
Senior notes	–	644,958	1,016,301	1,550,428
Interest-bearing bank and other borrowings	24,164,325	26,003,223	27,305,522	30,663,856
Asset-backed securities	1,710,080	2,416,926	205,551	–
Less: Cash and cash equivalents	(3,229,359)	(3,113,634)	(2,412,297)	(2,446,901)
Pledged deposits	(195,133)	(670,560)	(342,651)	(617,363)
Restricted cash	(2,375,494)	(4,074,584)	(4,207,533)	(4,971,242)
Net debt	31,298,094	35,939,427	37,522,120	39,773,531
Equity attributable to owners of the parent	681,545	1,957,796	4,617,425	4,329,489
Capital and net debt	31,979,639	37,897,223	42,139,545	44,103,020
Gearing ratio	98%	95%	89%	90%

44. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	At 31 December			At 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Percentage of equity interest held by non-controlling interests				
Taixing Xiangrui Real Estate Co., Ltd. ("Taixing Shinsun Xiangrui")	30%	30%	30%	30%
Zhuji Shinsun Hongyuan Real Estate Co., Ltd. ("Zhuji Shinsun Hongyuan")	49%	49%	49%	49%
Zhuji Shinsun Xiangqi Real Estate Co., Ltd. ("Zhuji Shinsun Xiangqi")	47%	47%	47%	47%
(Loss)/profit for the year allocated to non-controlling interests:				
Taixing Shinsun Xiangrui	(5,585)	30,689	68,959	(4,522)
Zhuji Shinsun Hongyuan	5,401	1,724	(2,190)	(38)
Zhuji Shinsun Xiangqi	357	(6,053)	141,892	410
	At 31 December			At 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Accumulated balances of non-controlling interests:				
Taixing Shinsun Xiangrui	33,596	64,285	133,244	65,498
Zhuji Shinsun Hongyuan	83,047	84,770	82,580	82,542
Zhuji Shinsun Xiangqi	35,607	29,554	171,446	171,856

The following table illustrates the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

For the year ended 31 December 2017

	Taixing Shinsun Xiangrui	Zhuji Shinsun Hongyuan	Zhuji Shinsun Xiangqi
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	1,293,067	190,317	–
Total expenses	(1,311,683)	(179,295)	759
(Loss)/profit for the year	(18,616)	11,022	759
Total comprehensive (loss)/income for the year	<u>(18,616)</u>	<u>11,022</u>	<u>759</u>
Attributable to:			
Owners of the parent	(13,031)	5,621	402
Non-controlling interests	<u>(5,585)</u>	<u>5,401</u>	<u>357</u>
	<u>(18,616)</u>	<u>11,022</u>	<u>759</u>
Current assets	3,976,925	199,065	315,215
Non-current assets	49,502	1,378	4,600
Current liabilities	(3,647,940)	(30,945)	(243,945)
Non-current liabilities	<u>(266,500)</u>	<u>(16)</u>	<u>(111)</u>
	<u>111,987</u>	<u>169,482</u>	<u>75,759</u>
Attributable to:			
Owners of the parent	78,391	86,436	40,152
Non-controlling interests	<u>33,596</u>	<u>83,046</u>	<u>35,607</u>
	<u>111,987</u>	<u>169,482</u>	<u>75,759</u>
Net cash flows generated from/(used in) operating activities	375,019	136,254	(17,394)
Net cash flows used in investing activities	(338,120)	(83,793)	(92)
Net cash flows (used in)/generated from financing activities	<u>(3,959)</u>	<u>(40,200)</u>	<u>89,900</u>
Net increase in cash and cash equivalents	<u>32,940</u>	<u>12,261</u>	<u>72,414</u>

For the year ended 31 December 2018

	Taixing Shinsun Xiangrui	Zhuji Shinsun Hongyuan	Zhuji Shinsun Xiangqi
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	843,989	15,921	–
Total expenses	(741,693)	(12,403)	(12,879)
Profit/(loss) for the year	102,296	3,518	(12,879)
Total comprehensive income/(loss) for the year	<u>102,296</u>	<u>3,518</u>	<u>(12,879)</u>
Attributable to:			
Owners of the parent	71,607	1,794	(6,826)
Non-controlling interests	<u>30,689</u>	<u>1,724</u>	<u>(6,053)</u>
	<u>102,296</u>	<u>3,518</u>	<u>(12,879)</u>
Current assets	5,186,903	185,296	1,218,037
Non-current assets	67,895	733	19,264
Current liabilities	(4,506,376)	(13,022)	(1,174,024)
Non-current liabilities	<u>(534,140)</u>	<u>(7)</u>	<u>(397)</u>
	<u>214,282</u>	<u>173,000</u>	<u>62,880</u>
Attributable to:			
Owners of the parent	149,997	88,230	33,326
Non-controlling interests	<u>64,285</u>	<u>84,770</u>	<u>29,554</u>
	<u>214,282</u>	<u>173,000</u>	<u>62,880</u>
Net cash flows generated from operating activities	423,696	37,947	680,604
Net cash flows used in investing activities	(886,305)	(39,000)	(795,282)
Net cash flows generated from financing activities	<u>557,046</u>	<u>–</u>	<u>59,100</u>
Net increase/(decrease) in cash and cash equivalents	<u>94,437</u>	<u>(1,053)</u>	<u>(55,578)</u>

For the year ended 31 December 2019

	Taixing Shinsun Xiangrui	Zhuji Shinsun Hongyuan	Zhuji Shinsun Xiangqi
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	1,971,262	34,417	1,104,816
Total expenses	(1,741,397)	(38,886)	(802,918)
Profit/(loss) for the year	229,865	(4,469)	301,898
Total comprehensive income/(loss) for the year	<u>229,865</u>	<u>(4,469)</u>	<u>301,898</u>
Attributable to:			
Owners of the parent	160,906	(2,279)	160,006
Non-controlling interests	<u>68,959</u>	<u>(2,190)</u>	<u>141,892</u>
	<u>229,865</u>	<u>(4,469)</u>	<u>301,898</u>
Current assets	4,343,867	174,187	695,200
Non-current assets	53,286	1,108	21
Current liabilities	(3,693,193)	(6,764)	(330,443)
Non-current liabilities	<u>(259,813)</u>	<u>–</u>	<u>–</u>
	<u>444,147</u>	<u>168,531</u>	<u>364,778</u>
Attributable to:			
Owners of the parent	310,903	85,951	193,332
Non-controlling interests	<u>133,244</u>	<u>82,580</u>	<u>171,446</u>
	<u>444,147</u>	<u>168,531</u>	<u>364,778</u>
Net cash flows generated from/(used in) operating activities	226,300	(7,726)	(100,479)
Net cash flows (used in)/generated from investing activities	(148,170)	–	163,038
Net cash flows used in financing activities	<u>(198,038)</u>	<u>–</u>	<u>(74,000)</u>
Net decrease in cash and cash equivalents	<u>(119,908)</u>	<u>(7,726)</u>	<u>(11,441)</u>

For the four months ended 30 April 2020

	Taixing Shinsun Xiangrui	Zhuji Shinsun Hongyuan	Zhuji Shinsun Xiangqi
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	10,808	–	1,871
Total expenses	(25,880)	(78)	(998)
(Loss)/profit for the period	(15,072)	(78)	873
Total comprehensive (loss)/income for the period	<u>(15,072)</u>	<u>(78)</u>	<u>873</u>
Attributable to:			
Owners of the parent	(10,550)	(40)	463
Non-controlling interests	<u>(4,522)</u>	<u>(38)</u>	<u>410</u>
	<u>(15,072)</u>	<u>(78)</u>	<u>873</u>
Current assets	4,549,785	174,101	644,511
Non-current assets	56,746	1,108	12
Current liabilities	(4,384,236)	(6,756)	(278,872)
Non-current liabilities	<u>(3,966)</u>	<u>–</u>	<u>–</u>
	<u>218,329</u>	<u>168,453</u>	<u>365,651</u>
Attributable to:			
Owners of the parent	152,831	85,911	193,795
Non-controlling interests	<u>65,498</u>	<u>82,542</u>	<u>171,856</u>
	<u>218,329</u>	<u>168,453</u>	<u>365,651</u>
Net cash flows used in operating activities	(549,780)	(86)	(6,095)
Net cash flows generated from investing activities	632,297	–	807
Net cash flows used in financing activities	<u>(83,870)</u>	<u>–</u>	<u>–</u>
Net decrease in cash and cash equivalents	<u>(1,353)</u>	<u>(86)</u>	<u>(5,288)</u>

45. COMMITMENTS

The Group had the following capital commitments at the end of each of the Relevant Periods:

	At 31 December			At 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Contracted, but not provided for:				
Property development activities	27,209,976	31,974,383	24,806,046	23,411,179
Acquisition of a land use right	5,416,306	531,558	2,388,549	3,605,764
	<u>32,626,282</u>	<u>32,505,941</u>	<u>27,194,595</u>	<u>27,016,943</u>

46. EVENTS AFTER THE RELEVANT PERIODS

As part of the Group reorganisation, on 7 May 2020, Zhejiang Xiangshen Business Consulting Co., Ltd. ("Xiangshen Business Consulting") made a capital injection of approximately RMB15.2 million into Zhuji Zhuojie Business Management Co., Ltd. ("Zhuji Zhuojie"), which was fully paid up in cash on 14 May 2020. Upon completion of such capital injection, Zhuji Zhuojie was owned as to 60.8081% by Xiangshen Business Consulting, 38.8% by Zhuji Xiangshen and 0.3919% by Golden Stone Hong Kong Limited. On 11 May 2020, Zhuji Xiangshen transferred its 38.8% equity interests in Zhuji Zhuojie to Xiangshen Business Consulting at a consideration of approximately RMB2.5 billion. The consideration was settled in cash by 14 May 2020. On 20 May 2020, Golden Stone transferred one share of Silver Rock, representing the entire issued share capital of Silver Rock to the Company, which was settled by way of issue and allotment of 10 ordinary shares to Golden Stone. On the same date, the Company issued and allotted 890 ordinary shares to Shinlight Limited for a cash consideration of US\$200 million which was settled by 6 August 2020.

On 20 May 2020, Xiang Sheng Holding Limited additionally issued US\$97.0 million aggregate principal amount of 12.5% senior notes due 2022 ("the 2020 Notes"). The Notes bear interest at the rate of 12.5% per annum, and are guaranteed by Shinsun Property Group Co., Ltd. and Mr. Chen Guoxiang, the Controlling Shareholder.

Since early 2020, the epidemic of Coronavirus Disease 2019 (the "COVID-19") has spread across China and other countries, currently the directors of the Company do not expect that the COVID-19 pandemic will have a material adverse impact on the results of operations and management will continue to monitor the COVID-19 situation and will take further actions as necessary and appropriate in response to the COVID-19 consequences.

As at the date of approval of the Historical Financial Information, apart from the events detailed elsewhere in this report, the Group did not have any other significant event subsequent to 30 April 2020.

47. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to 30 April 2020.

PRINCIPAL AND REGISTERED OFFICES

Headquarters and principal place of business in the PRC	Principal place of business in Hong Kong
Building 5, Henderson-CIFI Centre South Minhang District, Shanghai China	40th Floor, Sunlight Tower No. 248 Queen's Road East, Wanchai Hong Kong

TRUSTEE

China Construction Bank (Asia) Corporation Limited
28/F, CCB Tower
3 Connaught Road Central
Central, Hong Kong

PAYING AND TRANSFER AGENT AND REGISTRAR

China Construction Bank (Asia) Corporation Limited
28/F, CCB Tower
3 Connaught Road Central
Central, Hong Kong

LEGAL ADVISERS TO THE COMPANY

As to U.S. Law and Hong Kong Law

Sidley Austin
Level 39, Two International Finance Centre
8 Finance Street
Central, Hong Kong

As to PRC law

As to Cayman Islands law

Commerce & Finance Law Offices
6/F, NCI Tower
A12 Jianguomenwai Avenue
Chaoyang District
Beijing
China

Ogier
11th Floor, Central Tower
28 Queen's Road Central
Hong Kong

LEGAL ADVISERS TO THE INITIAL PURCHASERS

As to U.S. law

As to PRC law

Shearman & Sterling
21/F, Gloucester Tower
The Landmark
15 Queen's Road Central, Central
Hong Kong

Jingtian & Gongcheng
45/F, K.Wah Centre
1010 Huaihai Road (M)
Xuhui District
Shanghai
China

INDEPENDENT AUDITOR

Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong